

## Second-Party Opinion

# Mitsubishi UFJ Financial Group Sustainable Finance Framework

## Evaluation Summary

Sustainalytics is of the opinion that the Mitsubishi UFJ Financial Group Sustainable Finance Framework is credible, impactful and aligned with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, Social Bond Principles 2023, Green Loan Principles 2023 and Social Loan Principles 2023. This assessment is based on the following:



**USE OF PROCEEDS** The eligible categories for the use of proceeds – Green Buildings, Renewable Energy, Access to Essential Services (Healthcare), Access to Essential Services (Education), Employment Generation (Natural Disaster) and Affordable Housing – are aligned with those recognized by the Green Bond Principles, Social Bond Principles, Green Loan Principles and Social Loan Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental or social impacts and advance the UN Sustainable Development Goals, specifically SDGs 3, 4, 7, 8, 9 and 11.



**PROJECT EVALUATION AND SELECTION** MUFG's Office of the CFO, Financial Planning Division ("The Office") is responsible for selecting the eligible projects. The Bank adheres to the Equator Principles and has in place a risk management framework to mitigate environmental and social risks associated with financed projects. Based on the established process for project selection and risk management system, Sustainalytics considers this process to be in line with market practice.



**MANAGEMENT OF PROCEEDS** MUFG's Office of the CFO is responsible for management and allocation of proceeds using the Bank's internal loan management systems. The Bank intends to allocate all proceeds immediately after each issuance. Pending full allocation, proceeds will be temporarily placed in cash, cash equivalents or marketable securities. This is in line with market practice.



**REPORTING** MUFG commits to report on allocation of proceeds on its website on an annual basis until full allocation. In addition, MUFG intends to report on the environmental and social impacts of the use of proceeds using relevant impact metrics. Sustainalytics considers the allocation and impact reporting commitments as aligned with market practice.

## Second-Party Opinion



Reviewed by:

MORNINGSTAR

SUSTAINALYTICS

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**Evaluation Date** July 29, 2024<sup>1</sup>

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**Issuer Location** Tokyo, Japan

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<sup>1</sup> This document updates the Second-Party Opinion dated May 2020.

## Introduction

Mitsubishi UFJ Financial Group (“MUFG” or the “Bank”) is a Japanese bank holding company, providing financial services in more than 2,100 locations and 40 markets, with around 150,000 employees worldwide.<sup>2,3</sup> The Bank was established in 2005 and is headquartered in Tokyo. MUFG covers the following business segments: Digital Service Business Group, Retail and Commercial Banking Business Group, Japanese Corporate and Investment Banking Business Group, Global Commercial Banking Business Group, Asset Management and Investor Services Business Group, Global Corporate and Investment Banking Business Group, and Global Markets Business Group.

MUFG has developed the Mitsubishi UFJ Financial Group Sustainable Finance Framework dated July 2024 (the “Framework”) under which it intends to issue green, social and sustainability bonds and loans, and use the proceeds to finance and refinance, in whole or in part, existing and future projects intended to contribute to positive environmental and social impacts. The Framework defines eligibility criteria in six areas:

The Framework defines eligibility criteria under the following environmental categories:

1. Green Buildings
2. Renewable Energy

The Framework defines eligibility criteria under the following social categories:

1. Access to Essential Services (Healthcare)
2. Access to Essential Services (Education)
3. Employment Generation (Natural Disaster)
4. Affordable Housing

MUFG engaged Sustainalytics to review the Framework and provide a Second-Party Opinion on the Framework’s environmental and social credentials and its alignment with the Sustainability Bond Guidelines 2021 (SBG), Green Bond Principles 2021 (GBP), Social Bond Principles 2023 (SBP),<sup>4</sup> Green Loan Principles 2023 (GLP) and Social Loan Principles 2023 (SLP)<sup>5</sup>. The Framework has been published in a separate document.<sup>6</sup>

### Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent<sup>7</sup> opinion on the alignment of the reviewed Framework with current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, and Social Bond Principles 2023, as administered by ICMA, and the Green Loan Principles 2023 and Social Loan Principles 2023, as administered by LMA, APLMA, and LSTA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.16, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of MUFG’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as

<sup>2</sup> MUFG, “About MUFG Asia Pacific”, at: <https://www.bk.mufg.jp/global/globalnetwork/asiapacific/index.html>

<sup>3</sup> MUFG, “Working at MUFG”, at: <https://www.mufigemea.com/careers/working-at-MUFG/>

<sup>4</sup> The Sustainability Bond Guidelines, Green Bond Principles and Social Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/>

<sup>5</sup> The Green Loan Principles and Social Loan Principles are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications and Trading Association and are available at: <https://www.lsta.org/content/green-loan-principles/#> and <https://www.lsta.org/content/social-loan-principles-slp/>

<sup>6</sup> The Mitsubishi UFJ Financial Group Sustainable Finance Framework is available on MUFG’s website at: [https://www.mufig.jp/english/ir/fixed\\_income/greenbond/index.html](https://www.mufig.jp/english/ir/fixed_income/greenbond/index.html)

<sup>7</sup> When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

well as management of proceeds and reporting aspects of the Framework. MUFG representatives have confirmed (1) they understand it is the sole responsibility of MUFG to ensure that the information provided is complete, accurate and up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with that Framework. Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and MUFG.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond and loan proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond and loan proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that MUFG has made available to Sustainalytics for the purpose of this Second-Party Opinion.

## Sustainalytics' Opinion

### Section 1: Sustainalytics' Opinion on the Mitsubishi UFJ Financial Group Sustainable Finance Framework

Sustainalytics considers the Mitsubishi UFJ Financial Group Sustainable Finance Framework to be credible, impactful and aligned with the four core components of the GBP, SBP, GLP and SLP. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
  - The eligible categories – Green Buildings, Renewable Energy, Access to Essential Services (Healthcare), Access to Essential Services (Education), Employment Generation (Natural Disaster) and Affordable Housing – are aligned with those recognized by the GBP, SBP, GLP, and SLP.
  - The Framework has defined a look-back period of 36 months for refinancing of operating expenditures, which Sustainalytics considers to be aligned with market practice.
  - Under the Green Buildings category, MUFG may finance or refinance the development, acquisition, retrofit, upgrade, renovation or refurbishment of office, logistics, residential and retail buildings<sup>8</sup> certified by at least one of the following green building certifications: i) LEED (Gold or Platinum);<sup>9</sup> ii) BREAAAM (Excellent or Outstanding);<sup>10</sup> iii) CASEBEE (A or S);<sup>11</sup> iv) DBJ Green Building Certification (4 or 5 stars).<sup>12</sup> Sustainalytics considers investments in this category to be aligned with market practice.
  - Under the Renewable Energy category, MUFG may finance or refinance the development, construction, operation, or expansion of new and existing solar thermal power generation, solar photovoltaic power generation and onshore and offshore wind farm projects in Japan, the EU and the USA. Sustainalytics notes the following:

<sup>8</sup> These buildings include those owned by Japanese real estate investment trusts and are confined to buildings with trackable CO<sub>2</sub> emissions.

<sup>9</sup> LEED: <https://www.usgbc.org/leed>

<sup>10</sup> BREAAAM: <https://bregroup.com/products/breem/>

<sup>11</sup> CASBEE: <https://www.ibecs.or.jp/CASBEE/english/certificationE.htm>

<sup>12</sup> DBJ: [https://www.dbj.jp/en/service/program/g\\_building/](https://www.dbj.jp/en/service/program/g_building/)

- Financing may be extended to solar and wind energy projects which fall under Category B or Category C in accordance with the Equator Principles.<sup>13,14</sup> MUFG has confirmed that financing will be limited to projects which have adequate environmental and social risk mitigation measures in place. Sustainalytics views these investments in line with market practice.
  - Sustainalytics notes that MUFG has not communicated the portion of fossil fuel backup it is relying on. For solar thermal and concentrated solar power projects, Sustainalytics considers reliance on non-renewable energy backup limited at 15% of the facility's electricity production as market practice and recommends MUFG to report on the limit of use of non-solar energy backup, especially fossil fuel sources.
- Under the Access to Essential Services (Healthcare) category, MUFG may finance or refinance healthcare-related projects or loans in Japan and other countries in Asia-Pacific and Europe, including Australia, Ireland, Turkey and United Kingdom. The proceeds will be directed to the construction, development and operation of healthcare facilities which include:
  - Public hospitals;
  - Hospitals within Japan, operated by social welfare corporations<sup>15</sup> that serve the needs of vulnerable groups, such as the elderly, people with disabilities and infants;
  - Hospitals operated by social medical corporations<sup>16</sup> in Japan that serve the needs of those in vulnerable situations, including emergency care, medical care in disasters, remote medical care, perinatal care, and paediatric medical care.
  - MUFG has confirmed that financing will be limited to healthcare facilities that provide their services to all segments of the population, regardless of the ability to pay.
  - Sustainalytics recognizes that financing such infrastructure may help to improve the quality of healthcare and considers such expenditures to create positive social impacts.
- Under the Access to Essential Services (Education) category, MUFG may finance or refinance the construction, development and operation of public schools in Japan. MUFG has confirmed that such public schools will be made accessible and affordable to all students, regardless of the ability to pay. Sustainalytics further notes that primary and lower secondary education is compulsory in Japan and is provided free of charge in public schools to all students. Sustainalytics considers that expenditures in this category may enhance access to education and improve its quality and considers the financing to be socially impactful.
- Under Employment Generation, MUFG intends to finance projects or extend loans to businesses to cover costs, exclusively for reconstruction of areas affected by natural disasters, thereby creating employment opportunities in the disaster-stricken zone. Sustainalytics notes that MUFG will only direct financing to businesses which align with the following schemes by the Japanese Government: i) Compensation for Interest Rates on Special Zones for Reconstruction;<sup>17</sup> and ii) Tsunami and Nuclear Disaster Area Employment Creation Business Sitting Subsidy.<sup>18</sup> Sustainalytics notes that owing to its geological positioning, Japan is prone to

<sup>13</sup> The Equator Principles, "Equator Principles, EP 4", at: [https://equator-principles.com/app/uploads/The-Equator-Principles\\_EP4\\_July2020.pdf](https://equator-principles.com/app/uploads/The-Equator-Principles_EP4_July2020.pdf)

<sup>14</sup> The Equator Principles define projects as Categories A, B and C depending on the magnitude of potential environmental and social risks and impacts, including those related to human rights, climate change, and biodiversity. The following are the definitions for each category:

"Category A – Projects with potential significant adverse environmental and social risks and/or impacts that are diverse, irreversible or unprecedented;"

"Category B – Projects with potential limited adverse environmental and social risks and/or impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures;"

"Category C – Projects with minimal or no adverse environmental and social risks and/or impacts."

<sup>15</sup> The social welfare corporation system was founded in accordance with the Social Welfare Law of 1951 to carry out social welfare programmes in Japan. Japan Ministry of Health, Labour and Welfare, "社会福祉法人の概要", at:

[https://www.mhlw.go.jp/seisakunitsuite/bunya/hukushi\\_kaigo/seikatsuhogo/shakai-fukushi-houjin-seido/01.html](https://www.mhlw.go.jp/seisakunitsuite/bunya/hukushi_kaigo/seikatsuhogo/shakai-fukushi-houjin-seido/01.html)

<sup>16</sup> Social medical corporations serve as the substitutes of public medical corporations and are regulated by the Medical Care Act in Japan.

Japan Ministry of Health, Labour and Welfare, "社会医療法人の認定について", at:

[https://www.mhlw.go.jp/stf/seisakunitsuite/bunya/kenkou\\_iryuu/iryuu/igyou/about\\_nintei.html](https://www.mhlw.go.jp/stf/seisakunitsuite/bunya/kenkou_iryuu/iryuu/igyou/about_nintei.html)

<sup>17</sup> The Special Zones for Reconstruction aims to support the rebuilding of communities and livelihoods, as well as the acceleration of reconstruction and investment in regions affected by natural disasters in Japan. This includes measures such as tax breaks, financial incentives, deregulation and simplified statutory processes, and land-use restructuring measures.

Reconstruction Agency, "Special Zones for Reconstruction", at: <https://www.reconstruction.go.jp/english/topics/2013/03/special-zones-for-reconstruction.html>

<sup>18</sup> The Tsunami and Nuclear Disaster Area Employment Creation Business Sitting Subsidy aims to support local economies and employment generation in parts of Fukushima Prefecture that were greatly damaged during tsunami floods, earthquakes and nuclear disasters. The scheme supports the land

earthquakes and consequential tsunamis and nuclear disasters. Hence, Sustainalytics recognises the importance of mobilizing finance towards social and economic restoration in this region and considers that expenditures in this category may increase employment generation in disaster-stricken zones. Sustainalytics views the financing to be socially impactful.

- Under the Affordable Housing category, MUFG may finance or refinance public housing suppliers involved in the construction, management or refurbishment of properties under UK's Affordable Housing Programme, namely the properties eligible for: i) social rent; ii) affordable rent; iii) shared ownership; or iv) supported housing, according to the following criteria:
  - Social rent properties provided by housing associations, whose rent levels are approximately 50% of market rents in the local area and whose rent increases are limited by the UK Government.
  - MUFG may finance accredited UK-based housing associations that provide affordable housing under the UK Government's Shared Ownership scheme, which sells homes to people for whom open-market purchases would otherwise be unattainable.<sup>19</sup> Purchasers buy a share of the property and pay rent on the remaining value. Eligibility for the scheme is determined by government criteria limiting eligible households to those with gross annual income of up to GBP 80,000 (USD 103,000) outside of London or GBP 90,000 (USD 116,000) in London.<sup>20</sup> Sustainalytics acknowledges that the scheme follows the practice for affordable housing as determined by the local regulator and recognizes the expected benefits for many first-time home buyers. In Sustainalytics' opinion, in order to ensure a contribution to increasing access to affordable housing, it is good practice to define a target population with an upper threshold at or below the annual median income at the municipal or regional level. Although the Framework follows the government's income cap, this is still well above the median fifth-decile annual gross household income in the UK, which was GBP 44,717 (USD 58,000) in FY2022.<sup>21</sup> Given the relatively high thresholds used by the UK Government's Shared Ownership scheme, Sustainalytics encourages MUFG to report on the positive social impact of its financing allocated to below-median-income populations through housing associations, to the extent possible.
  - To support accommodation for vulnerable population groups in the UK that require supervision or care to live independently, MUFG intends to target housing associations involved in the provision of supported housing. The UK Government has developed a National Statement of Expectations for the supported housing sector and announced in 2018 that costs for supported housing would be funded by the Housing Benefit.<sup>22</sup> Sustainalytics notes that the supported housing sector is diverse, with considerable variation among housing providers, schemes and associated support services, such as those offered by local council housing departments, housing associations, voluntary organizations and charities.
  - Sustainalytics considers financing public housing projects with affordability measures in place for clearly defined low-income beneficiaries to be socially impactful. However, Sustainalytics notes that the role of the Bank is limited to financing housing through affordable housing providers in the UK and that the Bank does not have control over the detailed criteria for determining the low-income income groups deemed eligible for public housing schemes and the corresponding affordability mechanisms. As such, Sustainalytics encourages the Bank, where feasible, to provide further disclosure on

development, land and building acquisition, and equipment costs for industries to build or expand facilities, such as factories, distribution facilities, testing and research facilities, call centres and data centres. Expenses covered are based on the number of new local employment created.

Fukushima Industrial Location Guide, "(National system) Tsunami & nuclear disaster area employment creation business siting subsidy", at: <http://www4.pref.fukushima.jp/investment/eng/reason/incentive/002.html>

<sup>19</sup> UK Government, "Shared Ownership", at: <https://www.ownyourhome.gov.uk/scheme/shared-ownership/>

<sup>20</sup> Ibid.

<sup>21</sup> UK Government, Office for National Statistics, "Average household income, UK: financial year ending 2022", at:

<https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/datasets/householddisposableincomeand%20inequality>

<sup>22</sup> UK Government, "Funding for Supported Housing", (2018), at:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/732692/Supported\\_Housing\\_Funding\\_Consultation\\_Response.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/732692/Supported_Housing_Funding_Consultation_Response.pdf)

- the affordable housing programmes financed, including relevant beneficiaries as defined by regional authorities and to report on the social impacts achieved.
- Sustainalytics notes that the Framework excludes financing for the following sectors and activities: i) fossil fuel-based assets; ii) fossil fuel-based transportation or infrastructure and transportation with the main objective of transporting fossil fuel; iii) defence and security; iv) palm oil; v) wood pulp; vi) nuclear power generation; vii) coal-fired power generation as well as viii) all mining and tobacco sectors.
  - Project Evaluation and Selection:
    - MUFG's Office of the CFO, Financial Planning ("The Office") is responsible for selecting the eligible projects. The Office is assisted by the Bank's Environmental and Social Assessment Department (ESAD), Sustainability Office, Corporate Planning Division and the Solutions Products Division which carries out the evaluation for eligible green projects. The evaluation for the eligible social projects is carried out by the Corporate Finance & Strategic Advisory Division, Solution Products Division.
    - The Bank adheres to the Equator Principles and has in place a risk management framework to mitigate environmental and social risks associated with financed projects.
    - Based on the established process for project selection and risk management system, Sustainalytics considers this process to be in line with market practice.
  - Management of Proceeds:
    - The Office will be responsible for management and allocation of proceeds using the Bank's internal loan management systems according to a portfolio approach as well as a project approach.
    - The Bank intends to allocate all proceeds immediately after each issuance. Pending full allocation, proceeds will be temporarily placed in cash, cash equivalents or marketable securities.
    - Based on the use of an internal tracking system and the disclosure of the temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.
  - Reporting:
    - MUFG will report on the allocation of proceeds generated from the green, social and sustainable bonds and loans in its allocation report annually until full allocation. Furthermore, the corresponding impacts will be reported on the Bank's annual impact report. Both reports will be published on the Bank's website.
    - Allocation report may include the allocation of net proceeds from the green, social and sustainable bonds and loans, unallocated amount and management assertions on the allocation of funds.
    - Impact report may include performance indicators such as CO<sub>2</sub> emission reduction; kWh of power generated for renewable energy projects; number of patients receiving the medical services; number of hospital beds; number of R&D; number of manufacturing facilities or number of medical machines; number of medical instruments, sanitary, vaccines or pharmaceuticals supplied; number of students receiving the educational services; number of employments created; system for provision of Compensation for Interest Rates on Special Zones for Reconstruction or Subsidy Program for New Business Establishment in the Areas Recovering from Tsunami and Nuclear Disaster towards Employment Creation; number of residences provided.
    - The Bank will appoint an independent external verifier to review the allocation report annually.
    - Based on the commitments to allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

#### **Alignment with Sustainability Bond Guidelines 2021**

Sustainalytics has determined that the Mitsubishi UFJ Financial Group Sustainable Finance Framework aligns with the four core components of the GBP, SBP, GLP and SLP.

## Section 2: Sustainability Strategy of MUFG

### Contribution to MUFG's sustainability strategy

Sustainalytics is of the opinion that MUFG demonstrates a commitment to sustainability by integrating environmental and social considerations into its lending activities. MUFG has established a Sustainability Management strategy targeting several focus areas, including: i) achieving a carbon neutral society; ii) respecting human rights; iii) increasing access to financial services; and iv) industry development and innovation support.<sup>23</sup>

In 2021, MUFG committed to achieve net zero emissions for its financed portfolio by 2050, and joined the Net-Zero Banking Alliance<sup>24</sup> and Net Zero Asset Managers.<sup>25,26</sup> To fulfil this commitment, the Bank has set interim targets for 2030 and sector-specific decarbonization approaches for carbon-intensive sectors, including the power, oil and gas, real estate, steel, automotive, aviation and coal sectors.<sup>27,28</sup> Specifically for coal-fired power generation projects, the Bank has committed to reduce its loan balance by 50% by FY2030 and to zero by FY2040, compared to FY2019.<sup>29</sup> To support the decarbonization of clients in such carbon-intensive sectors, MUFG has implemented a transition assessment framework, which evaluates and screens clients' transition status to monitor their progress and provide support.<sup>30</sup> MUFG has also set an updated target in 2024 to mobilize JPY 50 trillion (USD 313 billion) of cumulative sustainable finance from FY2019 to FY2030 to support its clients' environmental efforts in areas such as renewable energy, energy efficiency and green buildings.<sup>31</sup> Additionally, the Bank has committed to reducing CO<sub>2</sub> emissions by 70 million tonnes in its overall sustainable financing, with renewable energy being a major component of this target.<sup>32</sup> As of FY2022, the Bank has mobilized JPY 8.9 trillion (USD 153 billion) of cumulative sustainable finance for environmental issues and reduced CO<sub>2</sub> emissions by 36.63 million tonnes.<sup>33</sup>

In 2024, MUFG committed to an updated cumulative financing target of JPY 50 trillion (USD 313 billion) from FY2019 to FY2030 for social and other sustainability issues by financing social projects such as access to healthcare and education, affordable housing, microfinance and social infrastructure.<sup>34</sup> To achieve this goal, MUFG has been issuing social loans to support the construction of hospitals and schools.<sup>35</sup> MUFG also supports the U-Smile Program under the National Federation of UNESCO Association in Japan,<sup>36</sup> which provides housing and educational support for Japanese children living in poverty or other difficult circumstances.<sup>37</sup> Furthermore, MUFG has supported employment generation at areas recovering from natural disasters and tsunamis.<sup>38</sup> Through its social bond issuance in December 2019, MUFG reported the following social impacts as of March 2020: i) the creation of 130 new jobs through 27 loans provided to businesses recovering from natural disasters; ii) 3,578 low-income patients receiving medical services from public hospitals per day; and iii) the provision of 240 hospital beds.<sup>39</sup> As of FY2022, the Bank has mobilized JPY 6.4 trillion (USD 39.6 billion) of cumulative sustainable finance out of the committed JPY 50 trillion (USD 320.3 billion) for social issues.<sup>40</sup>

MUFG also supports and participates in international initiatives on sustainability and climate change, including the United Nations Environment Programme Finance Initiative,<sup>41</sup> United Nations Global Compact,<sup>42</sup> Principles

<sup>23</sup> MUFG, "MUFG Sustainability Report 2023", (2023), at: [https://www.mufig.jp/dam/csr/report/2023/sr2023\\_en.pdf](https://www.mufig.jp/dam/csr/report/2023/sr2023_en.pdf)

<sup>24</sup> UNEPFI, "Net-Zero Banking Alliance", at: <https://www.unepfi.org/net-zero-banking/>

<sup>25</sup> Net Zero Asset Managers initiative, at: <https://www.netzeroassetmanagers.org/commitment/>

<sup>26</sup> MUFG, "MUFG Sustainability Report 2023", (2023), at: [https://www.mufig.jp/dam/csr/report/2023/sr2023\\_en.pdf](https://www.mufig.jp/dam/csr/report/2023/sr2023_en.pdf)

<sup>27</sup> Ibid.

<sup>28</sup> MUFG, "MUFG Climate Report 2024", (2024), at: [https://www.mufig.jp/dam/csr/report/progress/climate2024\\_en.pdf](https://www.mufig.jp/dam/csr/report/progress/climate2024_en.pdf)

<sup>29</sup> MUFG, "MUFG Sustainability Report 2023", (2023), at: [https://www.mufig.jp/dam/csr/report/2023/sr2023\\_en.pdf](https://www.mufig.jp/dam/csr/report/2023/sr2023_en.pdf)

<sup>30</sup> MUFG, "MUFG Climate Report 2024", (2024), at: [https://www.mufig.jp/dam/csr/report/progress/climate2024\\_en.pdf](https://www.mufig.jp/dam/csr/report/progress/climate2024_en.pdf)

<sup>31</sup> Ibid.

<sup>32</sup> MUFG, "MUFG Sustainability Report 2023", (2023), at: [https://www.mufig.jp/dam/csr/report/2023/sr2023\\_en.pdf](https://www.mufig.jp/dam/csr/report/2023/sr2023_en.pdf)

<sup>33</sup> MUFG, "MUFG Sustainability Report 2023", (2023), at: [https://www.mufig.jp/dam/csr/report/2023/sr2023\\_en.pdf](https://www.mufig.jp/dam/csr/report/2023/sr2023_en.pdf)

<sup>34</sup> MUFG, "MUFG Climate Report 2024", (2024), at: [https://www.mufig.jp/dam/csr/report/progress/climate2024\\_en.pdf](https://www.mufig.jp/dam/csr/report/progress/climate2024_en.pdf)

<sup>35</sup> MUFG, "MUFG Sustainability Report 2023", (2023), at: [https://www.mufig.jp/dam/csr/report/2023/sr2023\\_en.pdf](https://www.mufig.jp/dam/csr/report/2023/sr2023_en.pdf)

<sup>36</sup> National Federation of UNESCO Associations in Japan, "Activities", at: <https://www.unesco.or.jp/en-activities/#usmile>

<sup>37</sup> MUFG, "MUFG Sustainability Report 2023", (2023), at: [https://www.mufig.jp/dam/csr/report/2023/sr2023\\_en.pdf](https://www.mufig.jp/dam/csr/report/2023/sr2023_en.pdf)

<sup>38</sup> MUFG, "MUFG Social Bond Reporting (Issue Date December 12, 2019)", (2020), at:

[https://www.mufig.jp/english/ir/fixed\\_income/greenbond/191212/index.html](https://www.mufig.jp/english/ir/fixed_income/greenbond/191212/index.html)

<sup>39</sup> Ibid.

<sup>40</sup> MUFG, "Sustainability Management", at: <https://www.mufig.jp/english/csr/groupcsr/index.html>

<sup>41</sup> United Nations Environment Programme Finance Initiative: <https://www.unepfi.org/>

<sup>42</sup> United Nations Global Compact: <https://unglobalcompact.org/>

for Responsible Banking,<sup>43</sup> Principles for Responsible Investment,<sup>44</sup> CDP,<sup>45</sup> Partnership for Carbon Accounting Financials<sup>46</sup> among others.

Sustainalytics is of the opinion that the Mitsubishi UFJ Financial Group Sustainable Finance Framework is aligned with the company's overall sustainability strategy and initiatives and will further the Company's action on its key environmental priorities.

### Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that the proceeds from the instruments issued under the Framework will be directed towards eligible projects that are expected to generate positive environmental and social impacts. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Sustainalytics acknowledges that the Bank plays a limited role in the development of the projects and the financed assets, but it remains exposed to environmental and social risks associated with the projects that it may finance or refinance through its lending activities. Some key environmental and social risks possibly associated with the eligible projects may include issues involving: i) emissions, effluents and waste generated in the manufacturing or construction; ii) land use change and biodiversity issues associated with large-scale infrastructure development; iii) occupational health and safety; iv) community relations; and v) business ethics.

Sustainalytics is of the opinion that MUFG is able to manage and mitigate potential risks through implementation of the following:

- The projects under the green and social use of proceeds and categories will primarily be financed in Japan, Asia-Pacific, the US and parts of Europe. This includes countries that are recognized as Designated Countries under the Equator Principles,<sup>47</sup> indicating the presence of strong environmental and social governance systems, legislation and institutional capacity to mitigate environmental and social risks associated with projects intended to be financed and refinanced under the Framework. For financing in Non-Designated Countries, MUFG complies with the IFC Performance Standards on Environmental and Social Sustainability<sup>48</sup> and World Bank's Environmental, Health and Safety General Guidelines<sup>49</sup> in their environmental and social assessment process.<sup>50</sup>
- For risks related to emissions, effluents and waste, the Bank has in place an Environmental and Social Policy Framework, which includes guidance on prohibited transactions, sector-specific guidance for high-risk risk sectors and due diligence processes to identify and assess environmental and social risks.<sup>51</sup> The framework is periodically reviewed by MUFG's Sustainability and Executive Committees, and supervised by its Board of Directors and Risk Committee.<sup>52</sup> Additionally, when making loan decisions in its lending activities, the Bank categorizes proposed projects for financing based on the magnitude of potential risks.<sup>53</sup> MUFG also uses climate risk assessment tools to check its alignment with regional and national transition strategies in its provision of project finance support.<sup>54</sup>
- MUFG abides by its policies for natural capital, which is guided by its Environmental Policy Statement, to mitigate risks associated with land use change and biodiversity issues.<sup>55</sup> These help the Bank to identify risks and adopt appropriate measures to reduce negative impacts on natural capital and biodiversity, such as supporting businesses that protect biodiversity in their products and services and conducting environmental and social diligence in accordance with its Environmental and Social Policy Framework to prevent negative impacts on biodiversity.

<sup>43</sup> Principles for Responsible Banking: <https://www.unepfi.org/banking/bankingprinciples/>

<sup>44</sup> Principles for Responsible Investment: <https://www.unpri.org/>

<sup>45</sup> CDP: <https://www.cdp.net/en>

<sup>46</sup> Partnership for Carbon Accounting Financials: <https://carbonaccountingfinancials.com/>

<sup>47</sup> The Equator Principles account for environmental and social risks and impacts associated with the financing of large-scale projects, and are available at: [https://equator-principles.com/app/uploads/The-Equator-Principles\\_EP4\\_July2020.pdf](https://equator-principles.com/app/uploads/The-Equator-Principles_EP4_July2020.pdf)

<sup>48</sup> IFC, "IFC's Performance Standards on Environmental and Social Sustainability", (2012), at: <https://www.ifc.org/en/insights-reports/2012/ifc-performance-standards>

<sup>49</sup> World Bank Group, "Environmental, Health, and Safety General Guidelines", (2007), at:

<https://documents1.worldbank.org/curated/en/157871484635724258/pdf/112110-WP-Final-General-EHS-Guidelines.pdf>

<sup>50</sup> MUFG, "MUFG Sustainability Report 2023", (2023), at: [https://www.mufg.jp/dam/csr/report/2023/sr2023\\_en.pdf](https://www.mufg.jp/dam/csr/report/2023/sr2023_en.pdf)

<sup>51</sup> MUFG, "Policies and Guidelines", at: <https://www.mufg.jp/english/csr/policy/index.html>

<sup>52</sup> MUFG, "MUFG TNFD Report", (2024), at: [https://www.mufg.jp/dam/csr/report/tnfd/2024\\_en.pdf](https://www.mufg.jp/dam/csr/report/tnfd/2024_en.pdf)

<sup>53</sup> MUFG, "MUFG Sustainability Report 2023", (2023), at: [https://www.mufg.jp/dam/csr/report/2023/sr2023\\_en.pdf](https://www.mufg.jp/dam/csr/report/2023/sr2023_en.pdf)

<sup>54</sup> MUFG, "MUFG Climate Report 2024", (2024), at: [https://www.mufg.jp/dam/csr/report/progress/climate2024\\_en.pdf](https://www.mufg.jp/dam/csr/report/progress/climate2024_en.pdf)

<sup>55</sup> MUFG, "MUFG TNFD Report", (2024), at: [https://www.mufg.jp/dam/csr/report/tnfd/2024\\_en.pdf](https://www.mufg.jp/dam/csr/report/tnfd/2024_en.pdf)



- To manage risks associated with occupational health and safety, and community relations, MUFG's Environmental Policy Statement, Environmental and Social Policy Framework, and Human Rights Policy Statement promote stakeholder engagement with relevant stakeholders through dialogues and consultations to identify relevant environmental and social risks in thematic areas, such as health and safety.<sup>56,57</sup>
- Regarding business ethics, MUFG relies on its Group of Code of Conduct, which outlines the Bank's procedures and adherence to regulations to manage bribery, corruption, financial crimes, customer safety and conflict of interest.<sup>58</sup> MUFG also conducts human rights due diligence in accordance with its Human Rights Policy Statement<sup>59</sup>, as well as the UN Universal Declaration of Human Rights,<sup>60</sup> UN Guiding Principles on Business and Human Rights<sup>61</sup>, ILO Declaration on Fundamental Principles and Rights at Work,<sup>62</sup> and OECD Due Diligence Guidance for Responsible Business Conduct.<sup>63,64</sup> Additionally, MUFG is part of the United Nations Global Compact<sup>65</sup> and adheres to its principles.<sup>66</sup>

Based on these policies, standards and assessments, Sustainalytics is of the opinion that MUFG has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

### Section 3: Impact of Use of Proceeds

All six use of proceeds categories are aligned with those recognized by the GBP, SBP, GLP or SLP. Sustainalytics has focused below on where the impact is specifically relevant in the local context.

#### Importance of financing renewable energy projects in Japan, the EU and the US

In 2021, the energy sector accounted for more than two-thirds of global GHG emissions.<sup>67</sup> In the same year, energy-related emissions increased by 6% as compared to 2020.<sup>68</sup> Given the global electricity demand is expected to nearly double between 2020 and 2050,<sup>69</sup> for the global energy sector to achieve net zero by 2050, the share of renewables in total global electricity generation would need to increase from 29% in 2020 to more than 60% in 2030 and nearly 90% in 2050.<sup>70</sup> Additionally, in order to achieve net zero emissions by 2050 annual global investment in the energy sector is required to grow to USD 5 trillion by 2030 from USD 2 trillion in 2021.<sup>71</sup>

In Japan, 88% of the primary energy supply in 2019 was sourced from fossils, where the electricity and heating sector accounted for 48.7% of CO<sub>2</sub> emissions<sup>72</sup>. Within this, thermal plants accounted for 70% of electricity and heating production.<sup>73,74</sup> In 2020, Japan set a goal to achieve climate neutrality by 2050 and reduce its

<sup>56</sup> MUFG, "Policies and Guidelines", at: <https://www.mufg.jp/english/csr/policy/index.html>

<sup>57</sup> MUFG, "MUFG Sustainability Report 2023", (2023), at: [https://www.mufg.jp/dam/csr/report/2023/sr2023\\_en.pdf](https://www.mufg.jp/dam/csr/report/2023/sr2023_en.pdf)

<sup>58</sup> MUFG, "MUFG Group Code of Conduct 2024", (2024), at:

[https://www.mufg.jp/dam/profile/governance/ethics/pdf/codeofconduct\\_en.pdf](https://www.mufg.jp/dam/profile/governance/ethics/pdf/codeofconduct_en.pdf)

<sup>59</sup> MUFG, "Policies and Guidelines", at: <https://www.mufg.jp/english/csr/policy/index.html>

<sup>60</sup> UN, "Universal Declaration of Human Rights", at: <https://www.un.org/en/about-us/universal-declaration-of-human-rights>

<sup>61</sup> UN, "Guiding Principles on Business and Human Rights", at: <https://www.undp.org/asia-pacific/bizhumanrights/publications/guiding-principles-business-and-human-rights>

<sup>62</sup> ILO, "ILO Declaration on Fundamental Principles and Rights at Work, (2022), at: <https://www.ilo.org/ilo-declaration-fundamental-principles-and-rights-work>

<sup>63</sup> OECD, "Due Diligence for Responsible Business Conduct", at: <https://www.oecd.org/investment/due-diligence-guidance-for-responsible-business-conduct.htm>

<sup>64</sup> MUFG, "MUFG Sustainability Report 2023", (2023), at: [https://www.mufg.jp/dam/csr/report/2023/sr2023\\_en.pdf](https://www.mufg.jp/dam/csr/report/2023/sr2023_en.pdf)

<sup>65</sup> United Nations Global Compact, at: <https://unglobalcompact.org/>

<sup>66</sup> MUFG, "MUFG Sustainability Report 2023", (2023), at: [https://www.mufg.jp/dam/csr/report/2023/sr2023\\_en.pdf](https://www.mufg.jp/dam/csr/report/2023/sr2023_en.pdf)

<sup>67</sup> IEA, "Greenhouse Gas Emissions from Energy Data Explorer", (2023), at: <https://www.iea.org/data-and-statistics/data-tools/greenhouse-gas-emissions-from-energy-data-explorer>

<sup>68</sup> IEA, "Global Energy Review: CO<sub>2</sub> Emissions", (2021), at: <https://iea.blob.core.windows.net/assets/c3086240-732b-4f6a-89d7-db01be018f5e/GlobalEnergyReviewCO2Emissionsin2021.pdf>

<sup>69</sup> IEA, "Net Zero by 2050: A Roadmap for the Global Energy Sector", (2021), at: [https://iea.blob.core.windows.net/assets/deebef5d-0c34-4539-9d0c-10b13d840027/NetZeroBy2050-ARoadmapfortheGlobalEnergySector\\_CORR.pdf](https://iea.blob.core.windows.net/assets/deebef5d-0c34-4539-9d0c-10b13d840027/NetZeroBy2050-ARoadmapfortheGlobalEnergySector_CORR.pdf)

<sup>70</sup> Ibid.

<sup>71</sup> Ibid.

<sup>72</sup> IEA, "Japan 2021 Energy Policy Review", (2021), at: [https://iea.blob.core.windows.net/assets/3470b395-cfdd-44a9-9184-0537cf069c3d/Japan2021\\_EnergyPolicyReview.pdf](https://iea.blob.core.windows.net/assets/3470b395-cfdd-44a9-9184-0537cf069c3d/Japan2021_EnergyPolicyReview.pdf)

<sup>73</sup> Ding, D. (2022), "The impacts of carbon pricing on the electricity market in Japan", Humanities and Social Sciences Communication, at: <https://www.nature.com/articles/s41599-022-01360-9>

<sup>74</sup> IEA, "Japan 2021 Energy Policy Review", (2021), at: [https://iea.blob.core.windows.net/assets/3470b395-cfdd-44a9-9184-0537cf069c3d/Japan2021\\_EnergyPolicyReview.pdf](https://iea.blob.core.windows.net/assets/3470b395-cfdd-44a9-9184-0537cf069c3d/Japan2021_EnergyPolicyReview.pdf)

GHG emissions by 46% in 2030 compared to 2013.<sup>75</sup> To achieve this, Japan intends to: i) expand offshore wind power to 30-45 GW by 2040; ii) prioritize research and development of next generation solar cells to achieve commercialization by 2030; iii) achieve a market scale of more than JPY 1 trillion (USD 6.3 billion);<sup>76</sup> and iv) increase hydrogen production to 3 million tonnes by 2030 and 50 million tonnes by 2050.<sup>77</sup> Japan’s 2020 Green Growth Strategy sets policies and an action plan for the country to achieve carbon neutrality and promote renewable energy installation to meet 50-60% of its electricity demand by 2050.<sup>78</sup>

In 2022, the energy industry in the EU accounted for 6.2% of worldwide power sector emissions and 75% of the bloc’s overall greenhouse gas emissions.<sup>79</sup> As part of its goal to achieve climate neutrality by 2050, the European Commission has committed to reducing GHG emissions by 55% by 2030 relative to 1990 levels.<sup>80</sup> In 2022, the European Commission released its REPowerEU Plan, proposing to increase the share of renewable energy in the EU’s final energy consumption from 40% to 45% by 2030.<sup>81</sup> The plan also set targets to: i) install new solar PV systems, targeting a total capacity of over 320 GW by 2025 and nearly 600 GW by 2030;<sup>82</sup> and ii) increase the installed capacity of offshore wind to more than 60 GW by 2030 and 300 GW by 2050.<sup>83</sup>

In the US, as of 2022 the electric power sector is responsible for 25% of total GHG emissions, the second-largest contributor after transportation.<sup>84</sup> The US has committed to reducing GHG emissions by at least 50% to 52% from a 2005 baseline by 2030 and achieving economy-wide net zero emissions by 2050 as part of its Nationally Determined Contribution.<sup>85</sup> In line with these targets, the US government set a goal to achieve 100% carbon pollution-free electricity by 2035.<sup>86</sup> Additionally, the 2022 Inflation Reduction Act targets a 40% reduction in carbon emissions by 2030<sup>87</sup> creating measures to expedite the deployment of clean energy through a combination of grants, loans, tax provisions and other incentives intended to accelerate investments in expanding the electricity grid and developing domestic clean technology manufacturing in the US.<sup>88</sup>

Based on the above, Sustainalytics is of the opinion that MUFG’s investments in renewable energy projects are expected to contribute to lowering energy related GHG emissions and contribute to national climate goals in Japan, the EU and the US.

**Contribution to SDGs**

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The instruments issued under the Mitsubishi UFJ Financial Group Sustainable Finance Framework are expected to help advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
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<sup>75</sup> UNFCCC, “The Long-Term Strategy under the Paris Agreement”, (2021), at: [https://unfccc.int/sites/default/files/resource/Japan\\_LTS2021.pdf](https://unfccc.int/sites/default/files/resource/Japan_LTS2021.pdf)

<sup>76</sup> Government of Japan, Ministry of Economy, Trade and Industry, “Green Growth Strategy Through Achieving Carbon Neutrality in 2050: 01\_Offshore wind pwr. Solar, heat energy”, at [https://www.meti.go.jp/english/policy/energy\\_environment/global\\_warming/ggs2050/pdf/01\\_offshore.pdf](https://www.meti.go.jp/english/policy/energy_environment/global_warming/ggs2050/pdf/01_offshore.pdf)

<sup>77</sup> Government of Japan, Ministry of Economy, Trade and Industry, “Green Growth Strategy Through Achieving Carbon Neutrality in 2050: 02\_Hydrogen, Fuel Ammonia”, at: [https://www.meti.go.jp/english/policy/energy\\_environment/global\\_warming/ggs2050/pdf/02\\_hydrogen.pdf](https://www.meti.go.jp/english/policy/energy_environment/global_warming/ggs2050/pdf/02_hydrogen.pdf)

<sup>78</sup> IEA, “Japan 2021 Energy Policy Review”, (2021), at: [https://iea.blob.core.windows.net/assets/3470b395-cfdd-44a9-9184-0537cf069c3d/Japan2021\\_EnergyPolicyReview.pdf](https://iea.blob.core.windows.net/assets/3470b395-cfdd-44a9-9184-0537cf069c3d/Japan2021_EnergyPolicyReview.pdf)

<sup>79</sup> European Council and Council of the European Union, “5 facts about the EU’s goal of climate neutrality”, (2023), at: <https://www.consilium.europa.eu/en/5-facts-eu-climate-neutrality/#:~:text=Energy%20production%20and%20use%20is,of%20EU%20greenhouse%20gas%20emissions>.

<sup>80</sup> European Commission, “2030 climate & energy framework”, at: [https://ec.europa.eu/clima/policies/strategies/2030\\_en](https://ec.europa.eu/clima/policies/strategies/2030_en)

<sup>81</sup> European Commission, “REPowerEU: A plan to rapidly reduce dependence on Russian fossil fuels and fast forward the green transition”, (2022), at: [https://ec.europa.eu/commission/presscorner/detail/en/IP\\_22\\_3131](https://ec.europa.eu/commission/presscorner/detail/en/IP_22_3131)

<sup>82</sup> European Commission, “EU Solar Energy Strategy”, (2022), at: [https://eur-lex.europa.eu/resource.html?uri=cellar:516a902d-d7a0-11ec-a95f-01aa75ed71a1.0001.02/DOC\\_1&format=PDF](https://eur-lex.europa.eu/resource.html?uri=cellar:516a902d-d7a0-11ec-a95f-01aa75ed71a1.0001.02/DOC_1&format=PDF)

<sup>83</sup> European Commission, “Offshore renewable energy”, at: [https://energy.ec.europa.eu/topics/renewable-energy/offshore-renewable-energy\\_en](https://energy.ec.europa.eu/topics/renewable-energy/offshore-renewable-energy_en)

<sup>84</sup> US Environment Protection Agency, “Sources of Greenhouse Gas Emissions”, at: <https://www.epa.gov/ghgemissions/sources-greenhouse-gas-emissions#>

<sup>85</sup> UNFCCC, “The United States of America Nationally Determined Contribution”, (2022), at: <https://unfccc.int/sites/default/files/NDC/2022-06/United%20States%20NDC%20April%2021%202021%20Final.pdf>

<sup>86</sup> The White House, “FACT SHEET: President Biden Sets 2030 Greenhouse Gas Pollution Reduction Target Aimed at Creating Good-Paying Union Jobs and Securing U.S. Leadership on Clean Energy Technologies”, (2021), at: <https://www.whitehouse.gov/briefing-room/statements-releases/2021/04/22/fact-sheet-president-biden-sets-2030-greenhouse-gas-pollution-reduction-target-aimed-at-creating-good-paying-union-jobs-and-securing-u-s-leadership-on-clean-energy-technologies/>

<sup>87</sup> IEA, “Inflation Reduction Act of 2022”, (2023), at: <https://www.iea.org/policies/16156-inflation-reduction-act-of-2022>

<sup>88</sup> Ibid.

Green Buildings	9. Industry, Innovation and Infrastructure	9.4. By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
Renewable Energy	7. Affordable and Clean Energy	7.2. By 2030, increase substantially the share of renewable energy in the global energy mix
Access to Essential Services (Healthcare)	3. Good Health and Wellbeing	3.8. Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all
Access to Essential Services (Education)	4. Quality Education	4.1. By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes
Employment Generation (Natural Disaster)	8. Decent Work and Economic Growth	8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services
Affordable Housing	11. Sustainable Cities and Communities	11.1. By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums

## Conclusion

MUFG has developed the Mitsubishi UFJ Financial Group Framework, under which it may issue green, social and sustainability bonds and loans, and use the proceeds to finance projects related to the following categories: Green Buildings, Renewable Energy, Access to Essential Services (Healthcare), Access to Essential Services (Education), Employment Generation (Natural Disaster) and Affordable Housing. Sustainalytics considers that the eligible projects are expected to facilitate positive environmental and social impacts.

The Mitsubishi UFJ Financial Group Sustainable Finance Framework outlines a process for tracking, allocation and management of proceeds, and makes commitments for reporting on allocation and impact. Sustainalytics considers that the Framework is aligned with the overall sustainability strategy of MUFG and that the use of proceeds will contribute to advance the UN Sustainable Development Goals 3, 4, 7, 8, 9 and 11. Additionally, Sustainalytics is of the opinion that MUFG has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects.

Based on the above, Sustainalytics is confident that MUFG is well positioned to issue sustainability bonds and loans, and that Mitsubishi UFJ Financial Group Sustainable Finance Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles 2021, Social Bond Principles 2023, Green Loan Principles 2023 and Social Loan Principles 2023.

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