

## Second-Party Opinion

# Mitsubishi UFJ Financial Group Green, Social, and Sustainability Bond Framework



## Evaluation Summary

Sustainalytics is of the opinion that the Mitsubishi UFJ Financial Group (MUFG) Green, Social, and Sustainability Bond Framework is credible and impactful, and aligns with the Green Bond Principles 2018 (GBP), the Social Bond Principles 2018 (SBP), and the Sustainability Bond Guidelines 2018 (SBG). This assessment is based on the following:



**USE OF PROCEEDS** The eligible categories for the use of proceeds - (i) Green Buildings, (ii) Renewable Energy, (iii) Healthcare, (iv) Education, (v) Employment Generation, and (vi) Affordable housing are aligned with those recognized by the GBP, SBP and SBG. Sustainalytics considers that MUFG's eligible green and social projects/loans will lead to positive environmental and social impacts and to advance the UN Sustainable Development Goals 3, 4, 7, 8, and 11.



**PROJECT EVALUATION / SELECTION** MUFG's eligible projects/loans will be respectively evaluated and selected by MUFG Bank's Solution Products Division, Corporate Finance & Strategic Advisory Division, and MUFG's Office of the CFO. The final decision will be given to MUFG's Office of the CFO. Sustainalytics views this process as aligned with market practice.



**MANAGEMENT OF PROCEEDS** Proceeds of green, social, and sustainability bonds will be tracked using by MUFG Bank's internal loan management system, which will be monitored by MUFG. Pending full allocation, MUFG will invest an equal amount of its unallocated proceeds in cash, cash equivalents or marketable securities. This process is in line with market practice.



**REPORTING** MUFG intends to publish allocation and impact reporting annually on its website. The allocation reporting will include the amount allocated and unallocated. MUFG intends to report impact reporting using quantitative metrics for all eligible green and social categories. Moreover, MUFG is committed to receiving a compliance review from Sustainalytics as an external review provider after the bond issuance. Sustainalytics considers MUFG's reporting commitments along with compliance review to be in line with market best practice.

<b>Evaluation date</b>	October 7, 2019
<b>Issuer Location</b>	Tokyo, Japan

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## Alignment with Japan's Green Bond Guidelines 2017

Sustainalytics is of the opinion that the MUFGs Green Bond Framework is in line with the Japan's Green Bond Guidelines 2017. The guidelines communicate what an issuer should do to issue a credible green bond, and also highlight what an issuer is recommended to do. Sustainalytics assessed the alignment between the green bond framework and the 'requirements of' items outlined in the Japan's Green Bond Guidelines 2017.

# Mitsubishi UFJ Financial Group Green, Social, and Sustainability Bond Framework

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## Introduction

Mitsubishi UFJ Financial Group (MUFG or the "company") is the largest Japanese bank holding company providing financial services in Japan and internationally, and is one of the world's largest financial institutions. MUFG operates several business segments including Retail & Commercial Banking Business Group, Japanese Corporate & Investment Banking Business Group, Global Corporate & Investment Banking Business Group, Global Commercial Banking Business Group, Asset Management & Investor Services Business Group and Global Markets Business Group.

MUFG has developed the Mitsubishi UFJ Financial Group Green, Social, and Sustainability Bond Framework (the "Framework") under which it intends to issue green, social and/or sustainability bonds and use the proceeds to finance or refinance projects and/or loans that provide environmental and social benefits in and outside Japan<sup>1</sup>. The Framework defines eligibility criteria in two green and four social areas:

Green eligible categories:

1. Green Buildings
2. Renewable Energy

Social eligible categories:

1. Healthcare
2. Education
3. Employment Generation
4. Affordable housing

MUFG engaged Sustainalytics to review the Framework dated August, 2019 and provide a second-party opinion on the Framework's environmental and social credentials and its alignment with the Green Bond Principles 2018 (GBP), Social Bond Principles 2018 (SBP), Sustainability Bond Guidelines 2018 (SBG)<sup>2</sup>, and Japan's Green Bond Guidelines 2017. A summary overview of this Framework has been provided in Appendix 1 and 2.

As part of this engagement, Sustainalytics held conversations with various members of MUFG's Office of the CFO, Financial Planning Division to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of MUFG's green, social and/or sustainability bond. 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.

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<sup>1</sup> MUFG intends to finance green buildings, renewable energy, healthcare, education and employment generation projects located in and outside Japan and affordable housing located in England

<sup>2</sup> The GBP, SBP and SBG are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>, <https://www.icmagroup.org/green-social-and-sustainability-bonds/social-bond-principles-sbp/>, <https://www.icmagroup.org/green-social-and-sustainability-bonds/sustainability-bond-guidelines-sbg/>

## Sustainalytics' Opinion

### Section 1: Sustainalytics' Opinion on the Mitsubishi UFJ Financial Group Green, Social, and Sustainability Bond Framework

#### Summary

Sustainalytics is of the opinion that the Framework is credible and impactful, and aligns with the four core components of the GBP, SBP and SBG. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
  - MUFG intends to invest in green and/or social projects and loans under the six eligible use of proceeds categories – (i) Green Buildings, (ii) Renewable Energy, (iii) Healthcare, (iv) Education, (v) Employment Generation (through financing businesses that contribute to reconstruction after natural disasters), and (vi) Affordable housing, are recognized as impactful by the GBP, SBP and SBG. Sustainalytics believes MUFG's use of proceeds will contribute to climate change mitigation and provide social benefits. For additional information, please see Section 3 for Sustainalytics' assessment on the use of proceeds.
  - MUFG's green use of proceeds includes green buildings as well as solar and wind power generation projects. Sustainalytics views positively the solar and wind power generation projects will contribute towards increasing the global share of renewable energy production and consumption, limiting the output of GHG emissions. Additionally, in the green building category, MUFG uses credible third party international and Japanese certification standards such as LEED, BREEAM, CASBEE and the DBJ Green Building Certification with a focus on the top two levels of certification. Sustainalytics views that the top two levels of certification as in line with market best practice. For an overview and comparison of green building certification schemes, please refer to Appendix 3.
  - With respect to social uses of proceeds, the Framework has defined the target, as recommended by the SBP. Sustainalytics views positively the following targeting of social projects/loans, limiting financing to:
    - *[Healthcare]* Hospitals operated by Social welfare corporations<sup>3</sup> in Japan which aims to serve the needs of vulnerable groups such as the elderly, people with disabilities, and infants.
    - *[Healthcare]* Hospitals operated by Social medical corporations<sup>4</sup> in Japan whose main areas of businesses are defined to serve the needs of those in vulnerable situations; emergency care, medical care in disasters, remote medical care, perinatal care, and pediatric medical care.
    - *[Healthcare & Education]* Public hospitals and schools. Sustainalytics views the Framework is sufficiently targeted while MUFG is committed to financing public institutions that will ensure accessibility to low-income groups for all healthcare and education projects.
    - *[Employment generation]* businesses contributing to reconstruction of areas affected by natural disasters in Japan, with priority given to the ones using the relevant Japanese government schemes; 'Compensation for Interest Rates on Special Zones

<sup>3</sup> Social welfare corporation system was founded in accordance with the Social Welfare Law of 1951 in Japan, with the aim of carrying out social welfare programs. More information available on the Ministry of Health, Labour and Welfare website 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) (Japanese only)

<sup>4</sup> Social medical corporations are defined to serve as the substitutes of public medical corporations and its system including the purposes of business is regulated by the Medical Care Act in Japan. More information available on the Ministry of Health, Labour and Welfare website 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) (Japanese only)

- for Reconstruction'<sup>5</sup> and 'Tsunami & Nuclear Disaster Area Employment Creation Business Siting Subsidy'<sup>6</sup>.
- [*Affordable housing*] Social housing providers who are registered with the Regulator of Social Housing in England.<sup>7</sup> Allocation of housing and rent setting will be conducted based on England's regulations where reasonable preference defined by Housing Act<sup>8</sup> is given to vulnerable groups including people who are homeless and people who need to move on medical or welfare grounds (including any grounds relating to a disability), and accommodation will be available for rent below market rate.
  - MUFG intends to refinance projects with a maximum lookback period of two years for eligible green projects/loans and of three years for eligible social projects/loans. Sustainalytics views MUFG's look-back periods as aligned with market preferences.
  - Project Evaluation and Selection:
    - MUFG's project selection and evaluation process will be executed by MUFG Bank's Solution Products Division based on green and social eligibility criteria (limited to projects/loans for renewable energy, green buildings as well as projects/loans for public hospitals outside Japan, education, and affordable housing). Projects/loans for public hospitals in Japan, hospitals operated by Social welfare corporations or Social medical corporations, and employment generation will be respectively evaluated and selected by Corporate Finance & Strategic Advisory Division, and MUFG's Office of the CFO, Financial Planning Division. Moreover, the final decision to select the eligible projects/loans will be made by MUFG's Office of the CFO, Financial Planning Division. MUFG's process in evaluating and selecting eligible green/social projects/loans is aligned with market practice.
  - Management of Proceeds:
    - Proceeds of the green, social, and sustainability bonds will be monitored by MUFG and traceability of the net proceeds will be secured through MUFG Bank's internal loan management. Pending full allocation, MUFG will invest an equal amount of its unallocated proceeds in cash, cash equivalents or marketable securities. Sustainalytics views MUFG's management of proceeds process to be aligned with market practice.
  - Reporting:
    - MUFG commits to reporting annually the allocation of proceeds as well as impact indicators on its website, until full allocation. The company also intends to disclose assertion regarding proceeds allocated to eligible projects/loans, from its management.
    - The allocation reporting will include the amount allocated by project category and amount of unallocated proceeds in the event the total or part of the proceeds of the green bonds are unallocated.
    - MUFG's environmental and social impact indicators cover all eligible categories, including CO2 emissions reduced by green building and renewable energy projects, renewable energy power generation, number of employment generated by and of loans provided to businesses contributing to reconstruction of areas affected by natural disaster, number of patients and/or hospital beds, number of students, number of affordable housing provided.
    - MUFG intends to receive a compliance review by Sustainalytics as an independent external provider annually until full allocation of proceeds, after the bond issuance.
    - Sustainalytics views MUFG's commitments on allocation and impact reporting along with the

<sup>5</sup> Special Zones for Reconstruction is defined as the regions affected by the Great East Japan Earthquake, occurred off the Pacific coast of the Tohoku region on March 11, 2011. More information on compensation available at the Reconstruction Agency's website at: <https://www.reconstruction.go.jp/topics/main-cat1/sub-cat1-13/20190412152225.html> (Japanese only)

<sup>6</sup> More information available on the Ministry of Economy, Trade and Industry at:

<https://www.meti.go.jp/information/publicoffer/kobo/2019/k190218002.html> (Japanese only)

<sup>7</sup> <https://www.gov.uk/government/publications/current-registered-providers-of-social-housing>

<sup>8</sup> <http://www.legislation.gov.uk/ukpga/1996/52/section/166A>

independent external review as aligned with market best practice, considering that it will further enhance the bond's transparency.

### Alignment with Green Bond Principles, Social Bond Principles, and Sustainability Bond Guidelines 2018

Sustainalytics has determined that the Framework align to the four core components of the GBP, SBP and SBG. For detailed information please refer to Appendix 4: Sustainability Bond/Sustainability Bond Programme External Review Form.

### Alignment with Japan's Green Bond Guidelines 2017

Japan's Green Bond Guidelines 2017<sup>9</sup> communicate what an issuer should do to issue a credible green bond, and also highlight what an issuer is recommended to do. Sustainalytics assessed the alignment between MUFG's green bond framework and the 'requirements of' items outlined in the Japan's Green Bond Guidelines 2017.

ICMA Green Bond Principles 2018 and Japan's Green Bond Guidelines 2017	Alignment with GBP and with Japan's Green Bond Guidelines	Sustainalytics' comments on alignment with Japan's Green Bond Guidelines 2017
1. Use of Proceeds	Yes	MUFG's eligibility criteria, green buildings and renewable energy, are clearly recognized as green projects with clear environmental benefits in the Japanese green bond guidelines. Additionally, the information on the green bond proceeds, green project categories as well as the process to mitigate negative impacts are all described in the framework for investors.
2. Process for Project Evaluation and Selection	Yes	MUFG, through its CSR objectives, clearly targets the reduction of greenhouse gases by supporting green building and renewable energy development. Furthermore, MUFG ensures that projects are evaluated and selected by MUFG Bank's Solution Products Division. Eligible Projects will be selected based on eligibility criteria aligned with the above-mentioned LEED, BREEAM, CASBEE, DBJ Green Building Certification levels (for green building projects) and the Equator Principles (for renewable energy projects). Additionally, J-REITs that opt to be assessed by MURC's ESG evaluation methodology for J-REIT and achieve a top three rating may have their loans for green buildings prioritized as "ESG evaluation loans for J-REIT" to green bond allocations.

<sup>9</sup> Green Bond Guidelines, 2017, Summary, Ministry of the Environment, Japan: <https://www.env.go.jp/en/policy/economy/gb/summary2017.pdf>.

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3. Management of Proceeds	Yes	MUFG's framework clearly explains that the proceeds will be tracked and managed by using MUFG Bank's internal loan management system and that the unallocated proceeds will be invested in cash, cash equivalents or marketable securities, in which MUFG will explain all the relevant information to the investors.
4. Reporting	Yes	MUFG has confirmed that its reporting on the bond will be released annually and will include an overview of the green bonds, an external review from Sustainalytics, management assertions with regards to the allocation of green bond proceeds, CO2 emissions reduction data for green buildings and renewable energy projects, and kWh of power generated from renewable energy sources.

## Section 2: Sustainability Performance of the Issuer

### Contribution of Framework to Issuer's sustainability strategy

MUFG's sustainability approach is underlined through its mission "to be a foundation of strength, committed to meeting the needs of our customers, serving society, and fostering shared and sustainable growth for a better world". Based on this mission, the company commits to addressing environmental and social issues through its core financial businesses while setting out the following policies, targets, and initiatives;

- MUFG outlines the following environmental and social issues as priority topics to address through its business: (i) aging population & low birth rate, (ii) business incubation & job creation, (iii) social infrastructure & town planning, (iv) global warming & climate change, (v) financial innovation, (vi) workstyle reforms, (vii) cross-sectoral environment and social issues.<sup>10</sup>
- In the MUFG Environmental Policy Statement,<sup>11</sup> MUFG is committed to taking actions to mitigate climate change, by supporting its clients renewable energy business, and supporting climate change related international agreements and initiatives such as the Paris Agreement, and Recommendations of Task Force on Climate-related Financial Disclosures (TCFD).
- With the aim of supporting the sustainable development of society and contributing to the achievement of the SDGs, MUFG has set Sustainable Finance Goals where the target of sustainable finance (including loans) is a total of 20 trillion JPY between FY2019 to FY2030. The company intends to provide 8 trillion JPY of finances to the environmental area, which include renewable energy and green buildings.<sup>12</sup> Sustainalytics highlights that MUFG has provided the largest amount of finance to the renewable energy sector as an arranger in the global private financial sector for three consecutive years since 2016. In 2018, MUFG provided approximately 3.9 billion USD, equivalent to the market share of 5.8%, to 59 renewable energy projects.<sup>13</sup>
- Within the MUFG's target for sustainable finance, the remaining amount (12 trillion JPY) is planned to be financed in the social area such as regional revitalization programs, and fundamental service businesses which include projects for essential services (e.g. hospitals and schools).<sup>14</sup>

<sup>10</sup> MUFG, "Our Responsibility", at: <https://www.mufig.jp/english/csr/groupcsr/>.

<sup>11</sup> MUFG, "MUFG Environmental Policy Statement", at <https://www.mufig.jp/english/csr/policy/>.

<sup>12</sup> MUFG, "MUFG Sets Sustainable Finance Goals and Revises Environmental and Social Policy Framework", at: [https://www.mufig.jp/english/vcms\\_if/news/pressrelease-20190515-001-e.pdf](https://www.mufig.jp/english/vcms_if/news/pressrelease-20190515-001-e.pdf).

<sup>13</sup> MUFG, "MUFG's continuing commitment to finance clean energy ranks first worldwide", at: [https://www.mufig.jp/english/pickup/201903\\_03/index.html](https://www.mufig.jp/english/pickup/201903_03/index.html).

<sup>14</sup> MUFG, "MUFG Sets Sustainable Finance Goals and Revises Environmental and Social Policy Framework", at: [https://www.mufig.jp/english/vcms\\_if/news/pressrelease-20190515-001-e.pdf](https://www.mufig.jp/english/vcms_if/news/pressrelease-20190515-001-e.pdf).

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- MUFG has supported reconstruction in areas affected by the Great East Japan Earthquake by providing financial assistance. By using the national interest subsidy program, MUFG offered a total amount of ¥33.8 billion to 46 projects in the disaster areas as loans as of March 2019.<sup>15</sup>

Sustainalytics is of the opinion that MUFG's sustainability strategy and actions demonstrate the importance the company places on achieving positive environmental and social impacts. Sustainalytics also believes that MUFG's green and/or social use of proceeds are aligned with the company's overall sustainability commitments and efforts.

### Well positioned to address common environmental and social risks associated with the projects

While MUFG's use of green and social proceeds intends to generate environmental and social benefits, Sustainalytics recognizes that these projects may expose developers to negative environmental and social risks, which may damage MUFG's reputation as a lender to projects. Those risks mainly relate to biodiversity loss from construction and infrastructure for large renewable energy projects, workers' health and safety, and community relations related to renewable energy and green building projects. Moreover, social projects/loans may have the risk of increasing inequality if not well targeted at vulnerable populations. Sustainalytics considers MUFG is well prepared to manage environmental and social risks related to the use of proceeds based on the following:

- MUFG's Environmental and Social Policy Framework which is applied to all new finance including loans, sets out restrictions and exclusionary criteria for businesses that MUFG considers to be exposed to severe environmental and social risks. In accordance to this framework, for business applicable to the restriction list, such as transactions with impact on high conservation value areas or involved in land expropriation leading to involuntary resettlement, financing to sectors related to forestry, palm oil sector, coal fired power generation, and coal mining, additional due diligence on client's risk management approach is to be performed, and finance will be permitted only when meeting the circumstances stated in the framework. Moreover, through the framework, MUFG commits to prohibiting finance to cluster munitions manufacturing companies, and transaction involving the use of child labor or forced labor.<sup>16</sup>
- MUFG intends to finance loans for green building, applying Mitsubishi UFJ Research and Consulting's ("MURC") ESG evaluation methodology for J-REIT as loan prioritization. Sustainalytics views positively this application as it prioritizes eligible loans that undergo an ESG risk assessment screen while the methodology considers overall aspects of their environmental social and governance risks. (For the overview of the MURC ESG methodology for J-REIT, please see Appendix 2.)
- MUFG's core banking unit, MUFG Bank has been a signatory to the Equator Principles since 2005, a globally recognized risk management framework to manage environmental and social risks in project finance. Due diligence in accordance with the Equator Principles standards, is performed on all large-scale projects including real-estate development and the construction of electric power plants, and providing finance to projects that do not comply with the standards is prohibited. Results of the assessment is disclosed and undergoes external assurance on an annual basis.<sup>17</sup>
- Additionally, while MUFG's social eligible projects/loans are limited to healthcare, education, employment generation and affordable housing, the company's target populations are well defined by applying third parties' criteria (Please refer to Section 1 for details).

Given the context above, Sustainalytics believes that MUFG is well positioned to mitigate potential environmental and social risks associated with the projects funded by the green, social, and sustainability bonds.

## Section 3: Impact of Use of Proceeds

All six use of proceeds categories are recognized as impactful by the GBP and the SBP. Sustainalytics has assessed the categories below where the impact is specially relevant in local context.

<sup>15</sup> MUFG, "Emergency Disaster Assistance", at: [https://www.mufg.jp/english/csr/contribution/disaster\\_support/](https://www.mufg.jp/english/csr/contribution/disaster_support/).

<sup>16</sup> MUFG, "Environmental and Social Policy Framework", at: <https://www.mufg.jp/english/csr/policy/>.

<sup>17</sup> MUFG, "The Equator Principles", at: <https://www.mufg.jp/english/csr/environment/equator/index.html>.



### Importance of the renewable energy generation and green buildings in Japan

Following the 2011 Great East Japan earthquake and the subsequent Fukushima Daiichi nuclear accident, Japan's government issued its fourth Strategic Energy Plan in April 2014<sup>18</sup> introducing safety among its key objectives of energy policy along with energy security, economic efficiency and environmental protection, and supporting the acceleration of renewable energy production in order to rebalance its energy mix. Japan's Fifth Strategic Energy Plan<sup>19</sup> approved by the cabinet in July 2018 reconfirmed Japan's newly adopted position towards renewable energy by identifying renewable energy generation as a primary measure for supporting Japan's intended nationally determined contribution (INDC) formulated in accordance with the Paris Climate Agreement in which the country committed to reduce its GHG emissions by 26% by 2030.<sup>20</sup> Furthermore, in the Long-Term Strategy Under the Paris Agreement as Growth Strategy, approved by Japan's Cabinet in June 2019, the government sets out its long-term goal of cutting GHG emissions by 80% by 2050 and achieving zero GHG emissions as early as possible in the second half of this century.<sup>21</sup> Sustainalytics holds a positive view of MUFG's provision of loans to renewable projects given alignment with Japan's policy to support clean energy generation and the rebalancing of its energy mix. MUFG's loans for renewable energy projects will expand Japan's low-carbon energy generation capacities and help to advance safe energy generation, in line with the government's policies.

Separately, Japan's buildings account for about 30% of the country's CO2 emissions, with the Commercial and Other sector comprised mainly of office and retail buildings accounting for 17.4% and the Residential sector accounting for 15.6% of all CO2 emissions in FY2017.<sup>22</sup> Furthermore, Japan's Fifth Strategic Energy Plan sets out a target to reduce the national final energy consumption by 14% in 2030 compared to 2013, to achieve Japan's 2030 energy mix, while indicating that buildings have much room for energy conservation. In order to enhance energy efficiency in buildings, the government has been promoting various measures such as the introduction of the Act for the Improvement of the Energy Saving Performance of Buildings<sup>23</sup> in 2015 which mandates compliance with energy conservation standards for non-residential buildings.<sup>24</sup> Sustainalytics is of the opinion that MUFG's proposed investments in green buildings certified with above-average ratings ensure a strong framework for the company to contribute to Japan's decarbonization efforts.

### Importance of medical service and educational infrastructure in Japan

Japan provides universal healthcare coverage with relatively low cost-sharing compared to OECD nations. As a result of good access to healthcare and high quality of care, the country has achieved favorable health outcomes, such as the highest life expectancy.<sup>25</sup> In terms of resources, Japan has the highest number of beds per capita in the OECD nations,<sup>26</sup> but confronts a shortage of doctors with doctors per capita below OECD average.<sup>27</sup> As Japan faces a rapid aging population, growing demand is seen in medical services, and the country is expected to face challenges related to aging. The number of elderly population (ages 65 and above) which was 34.0 million in 2015, is predicted to increase to 36.6 million in 2025 and reaches its peak at 2042 to 38.8 million.<sup>28</sup>

<sup>18</sup> Ministry of Economy, Trade and Industry, "Strategic Energy Plan (2014)", at:

[http://www.enecho.meti.go.jp/en/category/others/basic\\_plan/pdf/4th\\_strategic\\_energy\\_plan.pdf](http://www.enecho.meti.go.jp/en/category/others/basic_plan/pdf/4th_strategic_energy_plan.pdf).

<sup>19</sup> Ministry of Economy, Trade and Industry, "Strategic Energy Plan (2018)", at: [https://www.meti.go.jp/english/press/2018/pdf/0703\\_002c.pdf](https://www.meti.go.jp/english/press/2018/pdf/0703_002c.pdf).

<sup>20</sup> UNFCCC, "Submission of Japan's Intended Nationally Determined Contribution (INDC)", at: [https://www.env.go.jp/en/earth/cc/2030indc\\_mat01.pdf](https://www.env.go.jp/en/earth/cc/2030indc_mat01.pdf).

<sup>21</sup> Ministry of the Environment, "The Long-term Strategy Under the Paris Agreement", at: <https://unfccc.int/sites/default/files/resource/The%20Long-term%20Strategy%20under%20the%20Paris%20Agreement.pdf>.

<sup>22</sup> Ministry of the Environment, "Greenhouse Gas Emissions in Fiscal Year 2017 (Final Figures)(Japanese only)", at:

<https://www.env.go.jp/earth/ondanka/ghg-mrv/emissions/results/honbun2017-2.pdf>.

<sup>23</sup> Overview of the Act on the Improvement of Energy Consumption Performance of Buildings, Ministry of Land, Infrastructure, Transport and Tourism, Japan: <https://www.mlit.go.jp/common/001134876.pdf>.

<sup>24</sup> Ministry of Economy, Trade and Industry, "Strategic Energy Plan (2018)", at: [https://www.meti.go.jp/english/press/2018/pdf/0703\\_002c.pdf](https://www.meti.go.jp/english/press/2018/pdf/0703_002c.pdf).

<sup>25</sup> OECD, "Health at a Glance 2017: OECD Indicators", at: <https://www.oecd.org/japan/Health-at-a-Glance-2017-Key-Findings-JAPAN-in-English.pdf>.

<sup>26</sup> OECD, "Hospital beds", at: <https://data.oecd.org/health/hospital-beds.htm>.

<sup>27</sup> OECD, "Health at a Glance 2017: OECD Indicators", at: <https://www.oecd.org/japan/Health-at-a-Glance-2017-Key-Findings-JAPAN-in-English.pdf>.

<sup>28</sup> Ministry of Health, Labour and Welfare, "Projections of Elderly Populations", at:

[https://www.mhlw.go.jp/seisakunitsuite/bunya/hukushi\\_kaigo/kaigo\\_koureisha/chiiki-houkatsu/dl/link1-1.pdf](https://www.mhlw.go.jp/seisakunitsuite/bunya/hukushi_kaigo/kaigo_koureisha/chiiki-houkatsu/dl/link1-1.pdf).



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Separately, with respect to educational institutions, though the enrolment rate of primary and secondary school students (5-14 year old) in Japan is one of the highest among OECD nations, the funding by the government for educational institutions (including secondary and post-secondary non-tertiary education) is relatively low.<sup>29</sup> While over 90% of the funding on primary and secondary schools is publicly sourced, tertiary schools heavily rely on private funding sources (68% of expenditure is privately funded, which indicates over twice the OECD average of 30%).<sup>30</sup>

Sustainalytics believes that MUFG's offering of loans to hospitals and schools will further improve the country's healthcare to adequately meet the rising demand of medical services, as well as education institutions to ensure equal educational opportunities including tertiary education.

### Impact of employment generation in natural disaster-affected areas in Japan

Due to climate and topography characteristics, Japan is vulnerable to natural disasters and prone to earthquakes, tsunamis, typhoons, heavy snow, flooding, landslides, and volcanic explosion. While Japan's surface area occupies only 0.25% of the world, the country experienced 19% of earthquakes with a magnitude of six or higher in the world and accounted for 17.5% of the world's total amount of financial damage caused by natural disasters.<sup>31</sup>

Among the experienced disasters, the largest damage was caused by the Great East Japan Earthquake that occurred in 2011. The magnitude 9.0 earthquake and the ensuing tsunami caused the Fukushima Daichi Nuclear Power Plant accident, which resulted in a meltdown and release of radioactive materials. As a result of this complex disaster, more than 15,000 deaths, 2,500 missing, 120,000 buildings fully destroyed, and 280,000 buildings half-destroyed was reported.<sup>32</sup> The World Bank estimated that the financial damage from the disaster could reach up to USD 235 billion.<sup>33</sup> In response to the disaster, the Japanese government have set out a timeframe for 10 years as the reconstruction period, and as of July 2019, construction of public housings for disaster survivors and relocation of communities to safer locations, recovery of transportation systems have almost completed.<sup>34</sup> Furthermore, the government implemented the System of Special Zones for Reconstruction, and has provided a range of incentives applied for approved municipalities, such as grants, tax benefits, and interest subsidy for reconstruction projects, and deregulation.<sup>35</sup> Nevertheless, 50,000 people are still evacuating,<sup>36</sup> and revitalization of local industries, rebuilding the livelihoods of disaster-affected people, and other challenges are needed to be addressed from a long-term perspective.

MUFG intends to provide loans to businesses that contributes to reconstruction of the areas hit by natural disaster including ones intended to support reconstruction of afflicted areas of Great East Japan Earthquake. Sustainalytics is of opinion that the use of proceeds will contribute to employment generation while leading to the reconstruction of the disaster-hit areas including the Tohoku-region in Japan.

### Importance of expanding affordable and social housing in England

In England, "social housing" is defined by the Housing and Regeneration Act 2008, as accommodation made available for rent below the market rate, or for occupation in accordance with shared ownership schemes,

<sup>29</sup> OECD, "Japan Overview of the education system (EAG 2018)" at

<http://gpseducation.oecd.org/CountryProfile?primaryCountry=JPN&threshold=10&topic=EO>

<sup>30</sup> OECD, "Education at a Glance 2018" at <https://www.oecd.emb-japan.go.jp/files/000398873.pdf>

<sup>31</sup> Ministry of Land, Infrastructure, Transport and Tourism, "Disaster Risks that Japan Faces (Japanese only)", at:

<http://www.mlit.go.jp/river/bousai/library/pdf/kokudo.pdf>.

<sup>32</sup> Reconstruction Agency, "Great East Japan Earthquake", at: <https://www.reconstruction.go.jp/english/topics/GEJE/index.html>.

<sup>33</sup> The World Bank, "The recent earthquake and tsunami in Japan: implications for East Asia", at:

[http://siteresources.worldbank.org/INTEAPHALFYEARLYUPDATE/Resources/550192-1300567391916/EAP\\_Update\\_March2011\\_japan.pdf](http://siteresources.worldbank.org/INTEAPHALFYEARLYUPDATE/Resources/550192-1300567391916/EAP_Update_March2011_japan.pdf).

<sup>34</sup> Reconstruction Agency, "Progress of reconstruction of public infrastructure (Japanese only)", at: [https://www.reconstruction.go.jp/topics/main-cat1/sub-cat1-2/20190830\\_FukkoShihyo.pdf](https://www.reconstruction.go.jp/topics/main-cat1/sub-cat1-2/20190830_FukkoShihyo.pdf).

<sup>35</sup> Reconstruction Agency, "Outline of the System of Special Zone for Reconstruction", at:

[http://www.reconstruction.go.jp/english/topics/outline\\_of\\_Special\\_Zone\\_for\\_Reconstruction.pdf](http://www.reconstruction.go.jp/english/topics/outline_of_Special_Zone_for_Reconstruction.pdf).

<sup>36</sup> Reconstruction Agency, "Numbers of Evacuees (Japanese only)", at: [https://www.reconstruction.go.jp/topics/main-cat2/sub-cat2-1/20190809\\_hinansha.pdf](https://www.reconstruction.go.jp/topics/main-cat2/sub-cat2-1/20190809_hinansha.pdf).

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which are targeted for people whose needs are not adequately served by the commercial housing market.<sup>37</sup> In allocation of housing, the Housing Act 1996 mandates local housing authorities to establish an allocation scheme that ensures reasonable preference is given to vulnerable populations such as people who are homeless, living in insanitary or overcrowded housing conditions, and in need to move on medical or welfare purposes.<sup>38</sup> The government statistics show that in FYE 2018, 30% of new lettings of social housings were allocated to households given the aforementioned preferences. Furthermore, in FYE 2018 the median household income (including pensions and benefits) for social housing (GBP 221 per week) was about an equivalent to 40% of the national median household income (GBP 545 per week).<sup>39,40</sup> These figures demonstrate that social houses are provided to those in need, the low-income and vulnerable populations in particular.

Between 1981 and 2015, the population grew by 8 million, or 17% in England. However, while the housing stock in the private sector increased during this period, the number of social rented homes fell from 5.5 million in 1981 to 4 million in 2015.<sup>41</sup> This resulted in the proportion of people living in social houses to decrease to 17% in 2018<sup>42</sup>, almost half of its peak of around one-third in 1981.<sup>43</sup> In 2018, 1.1 million households were listed on the waiting list for social houses,<sup>44</sup> indicating the strong demand for the increase of supply for social housings.

Given this affordability challenges in England, Sustainalytics is opinion that MUFG's planned financing to Registered Social Landlords will create clear social benefits by improving the supply of social housing and providing access to housing for low-income and vulnerable populations.

## Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 and form an agenda for achieving sustainable development by the year 2030. MUFG's green, social, and/or sustainability bond advances the following SDG goals and targets:

Use of Proceeds Category	SDG	SDG target
Green Buildings	11. Sustainable Cities and Communities	11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Healthcare	3. Good Health and Well-Being	3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and

<sup>37</sup> "Housing and Regeneration Act 2008", at: <http://www.legislation.gov.uk/ukpga/2008/17/part/2/chapter/1/crossheading/social-housing>.

<sup>38</sup> "Housing Act 1996", at: <http://www.legislation.gov.uk/ukpga/1996/52/section/166A>.

<sup>39</sup> National median household income (GBP/week): National median household income 28,400 (GBP/year) ÷ 52.14 weeks.

Office for National Statistics, "Average household income, UK: Financial year ending 2018", at: <https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/bulletins/householddisposableincomeandinequality/yearending2018>.

<sup>40</sup> Ministry of Housing, Communities & Local Government, "Social Housing Lettings: April 2017 to March 2018, England", at: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/759738/Social\\_Housing\\_Lettings\\_April2017\\_to\\_March2018\\_England.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/759738/Social_Housing_Lettings_April2017_to_March2018_England.pdf).

<sup>41</sup> Department for Communities and Local Government, "Housing in England: overview", at: <https://www.nao.org.uk/wp-content/uploads/2017/01/Housing-in-England-overview.pdf>.

<sup>42</sup> Ministry of Housing, Communities & Local Government, "Social Housing Lettings: April 2017 to March 2018, England", at: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/759738/Social\\_Housing\\_Lettings\\_April2017\\_to\\_March2018\\_England.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/759738/Social_Housing_Lettings_April2017_to_March2018_England.pdf).

<sup>43</sup> Institute for Fiscal Studies, "Social Housing in England: A Survey", at: <https://www.ifs.org.uk/uploads/publications/bns/BN178.pdf#page=9>.

<sup>44</sup> Ministry of Housing, Communities & Local Government, "Local Authority Housing Statistics: Year ending March 2018, England", at: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/773079/Local\\_Authority\\_Housing\\_Statistics\\_England\\_year\\_ending\\_March\\_2018.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/773079/Local_Authority_Housing_Statistics_England_year_ending_March_2018.pdf).

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		access to safe, effective, quality and affordable essential medicines and vaccines for all
Education	4. Quality Education	<p>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</p> <p>4.3 By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university</p>
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
Employment Generation	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

## Conclusion

MUFG has developed Green, Social, and Sustainability Bond Framework, under which it is planning to issue green, social, and/or sustainability bonds. The proceeds will be used to finance or refinance projects and loans under the six eligible categories; (i) Green Buildings, (ii) Renewable Energy, (iii) Healthcare, (iv) Education, and (v) Employment Generation (through financing businesses contributing to reconstruction of areas affected by natural disasters), and (vi) Affordable housing. Sustainalytics considers that the eligible projects described in the framework will lead to decrease GHG emissions and provide social benefits while contributing to MUFG's sustainability commitments as well as the advancement of the SDGs, specially 3, 4, 7, 8, and 11.

Furthermore, MUFG displays market practices in (i) MUFG's project evaluation and selection processes respectively executed by MUFG Bank's Solution Product Division, Corporate Finance & Strategic Advisory Division, as well as MUFG's Office of the CFO, Financial Planning Division, with the final approver of MUFG's Office of the CFO, Financial Planning Division, and (ii) its management of proceeds tracked by MUFG using MUFG Bank's internal loan management system, and market best practice in MUFG's allocation and impact reporting along with independent external compliance review.

Based on the above, Sustainalytics is of opinion that the Framework is credible and transparent, and aligned with by the Green Bond Principles 2018, Social Bond Principles 2018, Sustainability Bond Guidelines 2018, and Japan's Green Bond Guidelines 2017.

## Appendices

### Appendix 1: Framework Overview

For the purpose of issuing green, social, and/or sustainability bonds, MUFG developed the following framework which addresses the four key core components of GBP, SBP, and SBG: use of proceeds, project evaluation and selection process, management of proceeds, and reporting, in August 2019. The framework belongs to MUFG, and a summary overview has been provided below.

#### 1. Use of proceeds

The proceeds of the green, social and/or sustainability bond will be allocated towards the financing or refinancing of projects that meet one or more of the following eligibility criteria:

##### 1.1 Green Eligible Categories

###### Criterion 1 – Green Buildings

- Proceeds of the green bonds may be allocated towards new and existing loans from MUFG Bank to eligible green buildings owned by J-REITs (Japanese Real Estate Investment Trusts)
- The eligible green buildings are buildings which have received or will receive at least one of the following classifications within 24 months preceding the green bond issuance or reporting dates:<sup>45</sup>
  - LEED: Platinum or Gold (confined to buildings of which the CO2 emissions are trackable)
  - BREEAM: Outstanding or Excellent (confined to buildings of which CO2 emissions are trackable)
  - CASBEE: S Rank or A Rank (confined to buildings of which the CO2 emissions are trackable)
  - DBJ Green Building Certification: 5 Stars or 4 Stars (confined to buildings of which the CO2 emissions are trackable)

###### Criterion 2 – Renewable Energy

- Proceeds of the green bonds may be allocated towards new and existing eligible renewable energy projects, such as solar thermal power generation, solar photovoltaic power generation and onshore and offshore wind farm projects
- All projects must meet the following eligibility criterion:
  - Expenditures related to the development construction, operation, or expansion of facilities for new and existing solar thermal power generation, solar photovoltaic power generation and onshore and offshore wind farm projects that are (i) determined as Category B or Category C in accordance with the Equator Principles, and (ii) signed within 24 months preceding the date of the green bond issuance or after the issuance.

As per the Equator Principles, Category A projects have potential significant adverse environmental and social risks and/or impacts that are diverse, irreversible or unprecedented. Category B projects have 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 have minimal or no adverse environmental and social risks and/or impacts.<sup>46</sup>

<sup>45</sup> The DBJ Green Building Certification Scheme only specifies the certification date by year without indicating the day/ month of the certification received. MUFG clarified that the green bond allocation may therefore target assets with DBJ Green Building Certification dates longer than 24 months, but no longer than three years.

<sup>46</sup> The Equator Principles: <http://equator-principles.com/>.

## 1.2 Social Eligible Categories

### Criterion 1 – Projects/loans of MUFG Bank that contributes reconstruction after disasters including earthquakes and typhoons

- Priority to be allocated to loans to operators using the Scheme for 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
  - Project category  
“Employment generation through financing businesses contributing to reconstruction of areas affected by natural disasters”
  - Target populations  
“Businesses operating in the affected area and residents in the area”

### Criterion 2 – Projects/loans of MUFG Bank for medical facilities

- Medical institutions to which MUFG Bank may make loans must be those providing medical services accessible to low-income people, specifically, the loans in this category are meant for following facilities:
  - *Overseas institutions*: Public hospitals
  - *Domestic institutions*: Public hospitals, and hospitals run by a social medical care corporation or a social welfare corporation
- Project category  
“Affordable basic infrastructure” and “access to essential services”
- Target populations  
“General public” and “living below the poverty line”

### Criterion 3 – Projects/loans of MUFG Bank for schools

- Schools to which MUFG Bank may make loans must be those accessible to low-income people. Loans in this criterion are for public schools.
  - Project category  
“Affordable basic infrastructure” and “access to essential services”
  - Target populations  
“General public” and “living below the poverty line”

### Criterion 4 – Projects/loans of MUFG Bank to public housing suppliers that are registered in England<sup>47</sup>

- Project category  
“Affordable basic infrastructure” and “access to essential services”
- Target populations  
“General public” and “living below the poverty line”

## 2. Process for project evaluation and selection

### 2.1 Application of Eligibility and Exclusionary Criteria in Project Selection

#### 2.1.1 Green projects/loans

With regards to the selection of eligible green buildings, MUFG Bank’s Solution Products Division, will select projects complying with Criterion 1, green buildings which have received the above-mentioned LEED,

<sup>47</sup> UK government lists the current registered providers of social housing (applies to England) at: <https://www.gov.uk/government/publications/current-registered-providers-of-social-housing>.

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BREEAM, CASBEE, or DBJ Green Building Certifications. Furthermore, new loans, including refinancing to J-REITs, may be prioritized if they are made to J-REITs that have requested an assessment using an ESG evaluation methodology developed by MURC (See Appendix 2). In particular, new loans for green buildings of J-REITs which have achieved the top three ratings of MURC's ESG evaluation methodology for J-REIT may be given priority compared to others in the project evaluation and selection process when applying loans as "ESG evaluation loans for J-REIT". All renewable energy projects financed using green bond proceeds will be selected based on compliance with Criterion 2 by the Solution Products Division of MUFG Bank. Additionally, eligible renewable energy projects will be evaluated against the Equator Principles by the Sustainable Business Team of MUFG Bank's Solution Products Division. This process includes the selection of those projects categorized as Category B or C, which have limited or minimal adverse environmental and social risks and impacts. The final decision to select the eligible projects will be made by MUFG's Office of the CFO, Financial Planning Division.

## 2.1.2 Social projects/loans

- Loans to be selected from among those meeting one of the criteria for use of proceeds
- The loans must have been executed during the three years preceding the payment or reporting date or must be executed in the future.
- The teams responsible for selection and determination of projects in each of the categories are as follows. The responsible team checks and selects the projects for the use of proceeds based on the eligibility criteria, and the final decision to select the eligible projects will be made by the Office of the CFO of the Financial Planning Department of MUFG.

Project type	To be selected by
Employment Generation	Corporate Finance & Strategic Advisory Division
Healthcare	Solution Products Division (facilities outside Japan:), Office of the CFO, Financial Planning Division (facilities in Japan)
Education	Solution Products Division
Affordable housing	Solution Products Division

## 2.2 Environmental and Social Objectives

In line with the company's mission statement "to be a foundation of strength, committed to meeting the needs of our customers, serving society, and fostering shared and sustainable growth for a better world", MUFG has a group-wide CSR Committee whose goal is to contribute to solve environmental and social issues through our core financial businesses as well as fulfilling the company's mission as the foundation of society. To this end, MUFG have determined priority issues to be addressed and set a cumulative total of 20 trillion yen in Sustainable Finance Goals (of this, 8 trillion yen is for the area of environment) between FY2019 and FY2030.

MUFG is a signatory to the UN Global Compact, the United Nations Environment Program Finance Initiative (UNEPFI), the Principles of Responsible Investment (signed by Mitsubishi UFJ Trust and Banking Corporation, a wholly owned subsidiary of MUFG), CDP, the Principles for Responsible Banking and MUFG Bank is a signatory to the Equator Principles.

### 2.2.1 Environmental Objectives

MUFG Group is actively pursuing its environmental objectives through (i) adherence to the Equator Principles, (ii) the promotion of consulting services related to climate change measures, (iii) the issuance of green bonds and (iv) the dissemination of products and services for reducing environmental impacts. MUFG views the financing of renewable energy as a way to help reduce greenhouse gases and to integrate the CSR pillar of responsible finance into its business operations, in line with MUFG's newly adopted Environmental Policy Statement and Environmental and Social Policy Framework.<sup>48</sup>

<sup>48</sup> MUFG adopted the Environmental Policy Statement and the Environmental and Social Policy Framework in May 15<sup>th</sup>, 2018 and revised the Environmental and Social Policy Framework in May 15<sup>th</sup>, 2019. The document is available at:  
[https://www.mufig.jp/dam/pressrelease/2018/pdf/pressrelease-20180515-005\\_en.pdf](https://www.mufig.jp/dam/pressrelease/2018/pdf/pressrelease-20180515-005_en.pdf)  
[https://www.mufig.jp/english/vcms\\_lf/news/pressrelease-20190515-001-e.pdf](https://www.mufig.jp/english/vcms_lf/news/pressrelease-20190515-001-e.pdf).



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## 2.2.2 Social Objectives

MUFG aims to contribute to social development through financing, the primary function representing its business operations. In particular, we provide services unique to MUFG to address such issues as the “aging population & low birth rate”, “business incubation & job creation”, and “social infrastructure & town planning” among priority issues to be addressed by MUFG.

## 2.3 Process to Mitigate Environmental and Social Risks

### 2.3.1 Green projects/loans

For Green Buildings MUFG Bank will select all eligible green buildings based on a clear set of external third-party green building certification levels (LEED, BREEAM, CABSEE and DBJ Green Building Certification). Additionally, J-REITs have the option of being assessed by MURC’s ESG evaluation methodology for J-REIT, which assess their management of sustainability issues. For renewable energy projects, to address environmental and social risks related to renewable energy projects, MUFG Bank categorizes projects as A, B or C, as per the Equator Principles, based on its internal environmental and social risk assessment process. As a part of this process, MUFG Bank evaluates a project for minimal, limited or significant potential adverse environmental and social impact based on the International Finance Corporation (IFC)’s eight Performance Standards on Environmental and Social Sustainability. For each Performance Standard where limited or significant risk is identified, MUFG Bank’s internal process requires the Solution Products Division to work in partnership with its clients to assess and manage these environmental and social risks and impacts. The final project categorization awarded through this process is reviewed by PricewaterhouseCoopers Sustainability LLC. The most recent PricewaterhouseCoopers Sustainability Assurance Report will be published on the MUFG website.

### 2.3.2 Social projects/loans

In order to reduce potential risks, the teams responsible for selection check applicability with the following external criteria, etc. as specified in the eligibility criteria.

Project type	External criteria, etc.
Employment Generation	Priority given to operators using the “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”
Healthcare	Overseas facilities: Public hospitals Domestic facilities: Public hospitals, or hospitals run by a social medical care corporation or a social welfare corporation
Education	Public schools
Affordable housing	Registered Social Landlord with the UK government agency

## 3. Management of Proceeds

MUFG will monitor and track the allocation of proceeds to eligible green and social projects/loans using MUFG Bank’s internal loan management system. While the bond will be issued by MUFG, proceeds will be loaned to MUFG Bank, a wholly-owned subsidiary of MUFG. As soon as MUFG receives the proceeds of the bond, MUFG will remit an amount equivalent to the proceeds to MUFG Bank, based on a loan agreement made between MUFG and MUFG Bank. Pending allocation of an amount equal to the net proceeds to eligible green and social projects/loans, MUFG Bank is expected to invest an amount equal to any unallocated balance of such net proceeds in cash, cash equivalents or marketable securities.

## 4. Reporting

### Allocation Reporting

MUFG has confirmed that it will, at least annually until full allocation and in a timely manner, in case of material developments, provide information on below:

- Allocation of the net proceeds by the project category and amount of unallocated proceeds

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Assertions by management with respect to the allocation of green, social, and sustainability bond proceeds will be provided annually until full allocation, along with a compliance review from Sustainalytics. The allocation reporting will be made on the company's website within three months by June from the fiscal year end of March.<sup>49</sup>

## Impact Reporting

MUFG has committed to publishing an impact report annually, throughout the term of the bond, containing the following impact metrics:

Green projects/loans:

- CO2 emission reduction for green building projects and renewable energy projects
- kWh of power generated for renewable energy projects

Social projects/loans:

- For employment generation projects, the "number of employments created" and "number of loans provided to businesses including ones using the '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' will be used as KPIs.
- For healthcare projects, the "number of patients receiving the medical services" or the "number of hospital beds" will be used as KPIs.
- For education projects, the "number of students receiving the educational services" will be used as KPIs.
- For affordable housing projects, the "number of residences provided" will be used as KPIs.

The reporting will be made on the company's website.

## 5. Compliance Review

Before the first anniversary of the green, social, and sustainability bond issuance, MUFG will engage Sustainalytics to review the projects/loans financed by MUFG's green, social and sustainability bond in order to assess compliance with the Framework. This review will be conducted annually until full allocation of the net proceeds from MUFG's green, social, and sustainability bond. Sustainalytics will provide a report of the review, which MUFG will publish on its investor relations website. In the unlikely event that the annual review identifies allocations made to activities that do not comply with the Framework, MUFG will allocate the corresponding amounts to different lending activities that are compliant with the Framework.

<sup>49</sup> Allocation reporting will be made available at: <https://www.mufg.jp/>

## Appendix 2: Overview of ESG Evaluation Methodology for J-REIT

### List of Ratings

S Rank	Outstanding
A Rank	Excellent
B + Rank	Good
B - Rank	Slightly poor
C Rank	Poor

### List of ESG Issues

ESG Issues	Indicators	Sub indicators
Overall ESG	Management	▪ Top management commitment
		▪ Establishment of ESG management internal structure
	Vision and Policy	
	Management of Risks and Opportunities	Identification of materiality, risks and opportunities relevant to ESG/Sustainability
	Disclosure	
Environment	Vision, policy and objectives	▪ Environmental vision, policy and quantitative targets
		▪ Long/mid-term CO2 emissions reduction targets
		▪ Assessment for achievement of environmental targets
	Management of Risks and Opportunities	
	Stakeholder engagement	Promotion of environmental initiatives in collaboration with tenants, suppliers, and local communities
	External green building certifications	
	Climate changes	▪ Measurement of energy consumption
		▪ Use of renewable energy
		▪ Measurement of Scope 1, 2, and 3 emissions
		▪ Obtaining external certification for Scope 1, 2 and 3 emissions
		▪ Implementation of CO2 emission reduction activities
		▪ Consideration of symbiosis with nature
	Resource management	Measurement and management of water consumption, waste consumption, and reduction for any environment relevant activities including water and waste consumption
Social	Vision and Policy	

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		Stakeholder engagement	▪ Tenant Health & Comfort, convenience, safety and satisfaction
			▪ Relationship with local communities
		Labor standard	▪ Employment (including disclosure of data for new employment, turnover, average length of service, reinstatement/retention after maternity leave)
			▪ Management of working hours
			▪ Implementation of initiatives for reducing working hours
			▪ Implementation of initiatives for increasing usage rate of paid holidays
		Human rights	
	Governance	Governance structure	▪ Establishment of ESG committee that involves executive level
			▪ Board effectiveness
			▪ Selection of board directors
			▪ Independence of top managements between investment corporations and asset managers
			▪ Soundness of assets
		Anti-corruption	▪ Identification of corporate value, mission, and code of conduct
			▪ Implementation of employee training
			▪ Implementation of top management's initiatives for anti-corruption
		Relationships with clients	Implementation of restraint of trade with the interested parties
		Compliance	Compliance promotion structure
		Compensation and incentive	Directors compensation and incentive

### Appendix 3: Overview and Comparison of Green Building Certification Schemes

	LEED <sup>50</sup>	BREEAM <sup>51</sup>	CASBEE Certification <sup>52</sup>	DBJ Green Building Certification Program <sup>53</sup>
<b>Background</b>	Leadership in Energy and Environmental Design (LEED) is a US Certification System for residential and commercial buildings used worldwide. LEED was developed by the non-profit U.S. Green Building Council (USGBC) and covers the design, construction, maintenance and operation of buildings.	BREEAM (Building Research Establishment Environmental Assessment Method) was first published by the Building Research Establishment (BRE) in 1990. Based in the UK. Used for new, refurbished and extension of existing buildings.	CASBEE (Comprehensive Assessment System for Built Environment Efficiency) represents a green building management system from Japan, evaluating and rating the environmental performance of buildings and the built environment. CASBEE is formed of four assessment tools tailored to different scales: housing, building, district and city.	DBJ Green Building Certification Programme was launched by Development Bank of Japan in 2011 and is operated together with Japan Real Estate Institute (JREI). The programme is recognized as one of regional standards. The certification is available for office buildings, logistics, residential & retail facilities.
<b>Certification levels</b>	Certified Silver Gold Platinum	Pass Good Very Good Excellent Outstanding	C (Poor) B- (Slightly Poor) B+ (Good) A (Very Good) S (Excellent)	1 Star (Properties with satisfactory environmental & social awareness)  2 Stars (Properties with high environmental & social awareness)  3 Stars (Properties with excellent environmental and social awareness)  4 Stars (Properties with exceptionally high environmental & social awareness)  5 Stars (Properties with the best class environmental & social awareness)

<sup>50</sup> More information on the LEED certification scheme at: <https://new.usgbc.org/leed>.

<sup>51</sup> More information on the BREEAM certification scheme at: <https://www.breeam.com/>.

<sup>52</sup> More information on the CASBEE certification scheme at: <http://www.ibec.or.jp/CASBEE/english/>.

<sup>53</sup> More information on the DBJ Green Building certification scheme at: [http://www.dbj.jp/en/service/finance/g\\_building/outline.html](http://www.dbj.jp/en/service/finance/g_building/outline.html).

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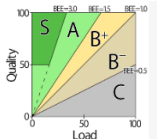
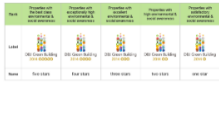
<b>Areas of Assessment: Environmental Project Management</b>		Management (Man) addresses various aspects: project management, deployment, minimal environmental disturbance worksite and stakeholder engagement.	CASBEE assesses two main factors: inside and outside the building site, which translate into Q (Built Environment Quality) and, respectively, L (Built Environment Load).	Evaluation of DBJ Green Building Certification includes construction specifications, environmental features as well as the following factors: - Disaster-prevention and anticrime measures; - Tenants' comfort and convenience; - Harmony with the surrounding environment; - Collaboration with stakeholders (including tenants and investors); and - Environmental Investor Relations activities.
<b>Areas of Assessment: Environmental Performance of the Building</b>	<ul style="list-style-type: none"> <li>• Energy and atmosphere</li> <li>• Sustainable Sites</li> <li>• Location and Transportation</li> <li>• Materials and resources</li> <li>• Water efficiency</li> <li>• Indoor environmental quality</li> <li>• Innovation in Design</li> <li>• Regional Priority</li> </ul>	<ul style="list-style-type: none"> <li>• Energy</li> <li>• Land Use and Ecology</li> <li>• Pollution</li> <li>• Transport</li> <li>• Materials</li> <li>• Water</li> <li>• Waste</li> <li>• Health and Wellbeing</li> <li>• Innovation</li> </ul>	<ul style="list-style-type: none"> <li>• Energy Efficiency</li> <li>• Resource efficiency</li> <li>• Local environment</li> <li>• Indoor environment</li> </ul>	<p>Assessment include three areas with some examples of following subcategories:</p> <p>Ecology</p> <ul style="list-style-type: none"> <li>• Energy conservation</li> <li>• Water resources conservation</li> <li>• 3R (Reduce, Reuse and Recycle)</li> <li>• Use of renewable energy</li> </ul> <p>Risk management &amp; amenities/diversity</p> <ul style="list-style-type: none"> <li>• Security &amp; Safety of tenant users</li> <li>• Convenience of tenant users</li> </ul> <p>Community &amp; partnership</p> <ul style="list-style-type: none"> <li>• Landscape</li> <li>• Biodiversity</li> <li>• Relation with the local community</li> <li>• Owner &amp; stakeholder relationship</li> </ul>
<b>Requirements</b>	Prerequisites (independent of level of certification) + Credits with associated points.	Prerequisites depending on the levels of certification + Credits with associated points	Score-based performance level  CASBEE uses the BEE (Built Environment	Score-based performance level Assessment structure composed of the following three pillars:



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	<p>These points are then added together to obtain the LEED level of certification</p> <p>There are several different rating systems within LEED. Each rating system is designed to apply to a specific sector (e.g. New Construction, Major Renovation, Core and Shell Development, Schools-/Retail-/Healthcare New Construction and Major Renovations, Existing Buildings: Operation and Maintenance).</p>	<p>This number of points is then weighted by item<sup>54</sup> and gives a BREEAM level of certification, which is based on the overall score obtained (expressed as a percentage). Majority of BREEAM issues are flexible, meaning that the client can choose which to comply with to build their BREEAM performance score.</p> <p>BREEAM has two stages/ audit reports: a 'BREEAM Design Stage' and a 'Post Construction Stage', with different assessment criteria.</p>	<p>Efficiency) as its assessment indicator, which is calculated from Q (Built Environment Quality) as the numerator and L (Built Environment Load) as the denominator. Q and L are obtained through the classification and rearrangement of the four areas of assessment.</p> <p>Buildings may receive ranks ranging from C (poor) to S (excellent), in order of increasing BEE value.</p> <p>For authorization, a building must receive a report from the CASBEE Certification system, which is afterwards assessed by the local government.</p>	<p>1. Areas of assessment The features and characteristics of the green building will be classified into three main categories: ecology, risk management &amp; amenities/diversity, and community &amp; partnership. Each main area consists of five subcategories and has a full score of 100 points. The entire assessment consists of 58 questions.</p> <p>2. Comprehensive assessment Among the conventional assessment points, some particular importance is attached to the owner operation of the property, such as, in the risk management part, disaster prevention &amp; anticrime measures, and in the community &amp; partnership part, local environment-awareness initiatives.</p> <p>3. Innovation point system An additional point system is adopted to reflect exceptionally innovative initiatives in each subcategory. Such initiatives need not fit in the scope of the respective questions.</p> <p>JREI will conduct on the ground review of building performance on the indicators above, and a</p>
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<sup>54</sup> BREEAM weighting: Management 12%, Health and wellbeing 15%, Energy 19%, Transport 8%, Water 6%, Materials 12.5%, Waste 7.5%, Land Use and ecology 10%, Pollution 10% and Innovation 10%. One point scored in the Energy item is therefore worth twice as much in the overall score as one point scored in the Pollution item

				committee set in JREI will decide the result of certification rank. <sup>55</sup>
<b>Performance Display</b>				
<b>Qualitative considerations</b>	Worldwide recognition and application	Worldwide recognition and application	In Japan, many local governments have made CASBEE assessment results mandatory for building permits compared to similar tools available.	In addition to LEED and CASBEE, DBJ Green Buildings Certification Programme is considered as one of the green building standards in Japan. According to its website, as of March 2019, 695 properties in Japan are certified by the programme. <sup>56</sup>

<sup>55</sup> DBJ Green Building, "Process of certification (Japanese only)", at: <http://igb.jp/flow.html>.

<sup>56</sup> DBJ Green Building, "DBJ Green Building", at: <http://igb.jp/en/index.html>.

## Appendix 4: Sustainability Bond / Sustainability Bond Programme - External Review Form

### Section 1. Basic Information

<b>Issuer name:</b>	Mitsubishi UFJ Financial Group, Inc.
<b>Sustainability Bond ISIN or Issuer Sustainability Bond Framework Name, if applicable:</b> <i>[specify as appropriate]</i>	Mitsubishi UFJ Financial Group Green Bond, Social Bond, and Sustainability Bond Framework
<b>Review provider's name:</b>	Sustainalytics
<b>Completion date of this form:</b>	7 October 2019
<b>Publication date of review publication:</b> <i>[where appropriate, specify if it is an update and add reference to earlier relevant review]</i>	

### Section 2. Review overview

#### SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBPs and SBPs:

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds        | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting                                    |

#### ROLE(S) OF REVIEW PROVIDER

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 <sup>nd</sup> opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification   | <input type="checkbox"/> Rating        |
| <input type="checkbox"/> Other <i>(please specify)</i> :                        |  |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

**EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (if applicable)**

Please refer to Evaluation Summary above.

**Section 3. Detailed review**

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

**1. USE OF PROCEEDS**

Overall comment on section (if applicable):

The eligible categories for the use of proceeds - (i) Green Buildings, (ii) Renewable Energy, (iii) Healthcare, (iv) Education, (v) Employment Generation, and (vi) Affordable housing are aligned with those recognized by the GBP, SBP and SBG. Sustainalytics considers that MUFG's eligible green and social projects/loans will lead to positive environmental and social impacts and to advance the UN Sustainable Development Goals 3, 4, 7, 8, and 11.

**Use of proceeds categories as per GBP:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Renewable energy   | <input type="checkbox"/> Energy efficiency   |
| <input type="checkbox"/> Pollution prevention and control  | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation   | <input type="checkbox"/> Clean transportation  |
| <input type="checkbox"/> Sustainable water and wastewater management   | <input type="checkbox"/> Climate change adaptation   |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes                             | <input checked="" type="checkbox"/> Green buildings  |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | <input type="checkbox"/> Other (please specify):   |

If applicable please specify the environmental taxonomy, if other than GBPs:

**Use of proceeds categories as per SBP:**

- |  |  |
|--|--|
| <input type="checkbox"/> Affordable basic infrastructure | <input checked="" type="checkbox"/> Access to essential services                                   |
| <input checked="" type="checkbox"/> Affordable housing   | <input checked="" type="checkbox"/> Employment generation (through SME financing and microfinance) |

- |  |  |
|--|--|
| <input type="checkbox"/> Food security   | <input type="checkbox"/> Socioeconomic advancement and empowerment |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBPs | <input type="checkbox"/> Other (please specify):                   |

If applicable please specify the social taxonomy, if other than SBPs:

## 2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

MUFG's project selection and evaluation process will be executed by MUFG Bank's Solution Products Division based on green and social eligibility criteria (limited to projects/loans for renewable energy, green buildings, hospitals outside Japan, education, and affordable housing). Projects/loans for hospitals in Japan and employment generation will be respectively evaluated and selected by Corporate Finance & Strategic Advisory Division, and MUFG's Office of the CFO, Financial Planning Division. Moreover, the final decision to select the eligible projects will be made by MUFG's Office of the CFO, Financial Planning Division. MUFG's process in evaluating and selecting eligible green/social projects/loans is aligned with market practice.

### Evaluation and selection

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's social and green objectives                                 | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories               |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Sustainability Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input type="checkbox"/> Summary criteria for project evaluation and selection publicly available                           | <input type="checkbox"/> Other (please specify):  |

### Information on Responsibilities and Accountability

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (please specify):   |  |

## 3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):

Proceeds of green, social, and sustainability bonds will be tracked using by MUFG Bank's internal loan management system, which will be monitored by MUFG. Pending full allocation, MUFG will invest an equal amount of its unallocated proceeds in cash, cash equivalents or marketable securities. This process is in line with market practice.

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## Tracking of proceeds:

- ☒ Sustainability Bond proceeds segregated or tracked by the issuer in an appropriate manner
- ☐ Disclosure of intended types of temporary investment instruments for unallocated proceeds
- ☐ Other *(please specify)*:

## Additional disclosure:

- |  |   |
|--|---|
| <input type="checkbox"/> Allocations to future investments only                  | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
| <input type="checkbox"/> Allocation to individual disbursements                  | <input type="checkbox"/> Allocation to a portfolio of disbursements                     |
| <input type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other <i>(please specify)</i> :                                |

## 4. REPORTING

Overall comment on section (if applicable):

MUFG intends to publish allocation and impact reporting annually on its website. The allocation reporting will include the amount allocated/unallocated. MUFG intends to report impact reporting using quantitative metrics for all eligible green and social categories. Moreover, MUFG is committed to receiving a compliance review from an independent external provider after the bond issuance. Sustainalytics considers MUFG's reporting commitments along with compliance review to be in line with market best practice.

## Use of proceeds reporting:

- |  |  |
|--|--|
| <input type="checkbox"/> Project-by-project            | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other <i>(please specify)</i> :         |

## Information reported:

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Allocated amounts    | <input type="checkbox"/> Sustainability Bond financed share of total investment |
| <input type="checkbox"/> Other <i>(please specify)</i> : |   |

## Frequency:

- |  |                                      |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual   | <input type="checkbox"/> Semi-annual |
| <input checked="" type="checkbox"/> Other (please specify): and on a timely basis in case of material developments |                                      |



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## Impact reporting:

- |  |  |
|--|--|
| <input type="checkbox"/> Project-by-project            | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify):                 |

## Frequency:

- |  |                                      |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual   | <input type="checkbox"/> Semi-annual |
| <input checked="" type="checkbox"/> Other (please specify): and on a timely basis in case of material developments |                                      |

## Information reported (expected or ex-post):

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input type="checkbox"/> Energy Savings   |
| <input type="checkbox"/> Decrease in water use              | <input type="checkbox"/> Number of beneficiaries  |
| <input checked="" type="checkbox"/> Target populations      | <input checked="" type="checkbox"/> Other ESG indicators (please specify):  |
|   | <ul style="list-style-type: none"> <li>- kWh of renewable energy produced</li> <li>- Number of employments generated by and of loans provided to business that contributes to reconstruction of disaster affected areas,</li> <li>- Number of patients or hospital beds treated,</li> <li>- Number of students treated by schools,</li> <li>- Number of affordable housing supported</li> </ul> |

## Means of Disclosure

- |   |  |
|---|--|
| <input type="checkbox"/> Information published in financial report  | <input type="checkbox"/> Information published in sustainability report  |
| <input type="checkbox"/> Information published in ad hoc documents  | <input checked="" type="checkbox"/> Other (please specify): MUFG website |
| <input type="checkbox"/> Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): |  |

Where appropriate, please specify name and date of publication in the useful links section.

**USEFUL LINKS** (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

## SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

## Type(s) of Review provided:

- |  |  |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 <sup>nd</sup> opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit                        | <input type="checkbox"/> Rating        |
| <input type="checkbox"/> Other ( <i>please specify</i> ):            |  |

Review provider(s):

Date of publication:

## ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE GBP AND THE SBP

- i. Second Party Opinion: An institution with sustainability expertise that is independent from the issuer may provide a Second Party Opinion. The institution should be independent from the issuer's adviser for its Sustainability Bond framework, or appropriate procedures such as information barriers will have been implemented within the institution to ensure the independence of the Second Party Opinion. It normally entails an assessment of the alignment with the Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy, and/or processes relating to sustainability and an evaluation of the environmental and social features of the type of Projects intended for the Use of Proceeds.
- ii. Verification: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or sustainability criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally or socially sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Sustainability Bond proceeds, statement of environmental or social impact or alignment of reporting with the Principles may also be termed verification.
- iii. Certification: An issuer can have its Sustainability Bond or associated Sustainability Bond framework or Use of Proceeds certified against a recognised external sustainability standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. Green, Social and Sustainability Bond Scoring/Rating: An issuer can have its Sustainability Bond, associated Sustainability Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental and/or social performance data, process relative to the Principles, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material sustainability risks.

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## Sustainalytics

Sustainalytics is a leading independent ESG and corporate governance research, ratings and analytics firm that supports investors around the world with the development and implementation of responsible investment strategies. With 13 offices globally, the firm partners with institutional investors who integrate ESG information and assessments into their investment processes. Spanning 30 countries, the world's leading issuers, from multinational corporations to financial institutions to governments, turn to Sustainalytics for second-party opinions on green and sustainable bond frameworks. Sustainalytics has been certified by the Climate Bonds Standard Board as a verifier organization, and supports various stakeholders in the development and verification of their frameworks. In 2015, Global Capital awarded Sustainalytics "Best SRI or Green Bond Research or Ratings Firm" and in 2018 and 2019, named Sustainalytics the "Most Impressive Second Party Opinion Provider". The firm was recognized as the "Largest External Reviewer" by the Climate Bonds Initiative as well as Environmental Finance in 2018, and in 2019 was named the "Largest Approved Verifier for Certified Climate Bonds" by the Climate Bonds Initiative. In addition, Sustainalytics received a Special Mention Sustainable Finance Award in 2018 from The Research Institute for Environmental Finance Japan and the Minister of the Environment Award in the Japan Green Contributor category of the Japan Green Bond Awards in 2019.

For more information, visit [www.sustainalytics.com](http://www.sustainalytics.com)

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