

Framework Overview and Second Party Opinion

Mitsubishi UFJ Lease and Finance Green Bond

Evaluation Summary

Sustainalytics is of the opinion that the Mitsubishi UFJ Lease and Finance Green Bond Framework is transparent, will create meaningful impact, and aligns with the Green Bond Principles 2017. Sustainalytics views the following elements of the Framework as key considerations:



USE OF PROCEEDS The MUFJ Lease and Finance Green Bond identifies renewable energy as an eligibility criterion, which is recognized by the ICMA Green Bond Principles as impactful.



PROJECT EVALUTION / SELECTION The projects will be evaluated and selected considering their alignment with the eligibility criteria by the environmental energy division. This is in line with market practice.



MANAGEMENT OF PROCEEDS The treasury department will, on a quarterly basis, track budgets and actual spend for all the eligible green projects by using its internal management file. This is in line with market practice.



REPORTING Mitsubishi UFJ Lease and Finance has committed to reporting on amount of CO2 emissions reduced by the eligible green projects as an impact metric, in addition to amount of power generation, which aligns with market practice.

Evaluation date	April 2, 2018
Issuer Location	Japan

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For inquires, contact the Project Team:

Trisha Taneja (Toronto)
 Senior Associate, Advisory Services
 trisha.taneja@sustainalytics.com
 (+1) 647 317 3695

Wakako Mizuta (Tokyo)
 Associate, Advisory Services
 wakako.mizuta@sustainalytics.com
 (+81) 3 4510 7979

Introduction

Mitsubishi UFJ Lease & Finance has developed a green bond framework under which it plans to issue a green bond and use the proceeds to refinance loans that fund solar power generation projects in Japan. MUL has engaged Sustainalytics to provide a second party opinion on its framework and the framework's environmental credentials. As part of this engagement, Sustainalytics held conversations with various members of Mitsubishi UFJ Lease & Finance's project teams to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Mitsubishi UFJ Lease & Finance's Green Bond Framework. Sustainalytics also reviewed relevant public documents and non-public information. Following this engagement, some elements of the Green Bond Framework were clarified to ensure an alignment with the level of disclosure expected by ICMA's Green Bond Principles, 2017.

This document contains two sections: Framework Overview – summary of Mitsubishi UFJ Lease & Finance's Green Bond Framework; and Sustainalytics' Opinion – an opinion on the framework.

Overview of Issuer

Mitsubishi UFJ Lease & Finance was originally founded in 1971 as Diamond Lease and formed in 2007 through the merger with UFJ Central Leasing. Through operations of offices, subsidiaries and affiliates in Japan, Asia, North America and Europe, the company actively engages in leases and finance business as well as service business including used equipment purchase and sales and asset management. It is a member of the Mitsubishi UFJ Financial Group and headquartered in Tokyo, Japan.

In its management philosophy, the company identifies environment as one of its core values, stating that it aims to "play a part in the development of regions and society by pursuing environmentally considerate corporate activities."¹ Moreover, in accordance with its management philosophy, the company sets out an environmental policy with a commitment to promoting environmental preservation in every area of its business activities while achieving financial targets through leasing business².

Furthermore, Mitsubishi UFJ Lease and Finance, has developed a three-year medium-term management plan which began in fiscal 2017 and, aims to address social issues and improving profitability through the integration of finance and business³. As part of key areas of business in the management plan, the company is committed to environment and energy business with four priority areas such as i) reinforcing the equity business of solar power generation area, ii) participating in businesses in renewable energy generation such as biomass/wind power, iii) operating business focused on energy service provider, as well as expanding its asset management and iv) fund business of solar power generation in order to address social issues related to environment and energy as well as contribute to sustainability.

Mitsubishi UFJ Lease and Finance has provided finance to renewable energy projects such as wind and solar power generation facilities, as part of its environmentally conscious products. To further its commitment to environmental preservation, and to contribute to the environment-related fund business set out in the medium-term management plan, Mitsubishi UFJ Lease and Finance is planning to issue a green bond.

¹ Management Philosophy / Code of Ethics, Mitsubishi UFJ Lease & Finance: <http://www.lf.mufg.jp/english/corporate/idea/index.html>

² Environmental Policy (Japanese), Mitsubishi UFJ Lease & Finance: https://www.lf.mufg.jp/corporate/csr/environment_top.html

³ New Medium-term Management Plan "Breakthrough for the Next Decade", Mitsubishi UFJ Lease & Finance: http://www.lf.mufg.jp/english/investors/library/pressrelease/20170515_e2.pdf

Framework Overview

For the purpose of issuing a green bond Mitsubishi UFJ Lease and Finance has developed the following framework, which addresses the four key pillars of the Green Bond Principles (GBP): use of proceeds, project evaluation and selection process, management of proceeds, and reporting.

3.1 Use of Proceeds

The proceeds of the green bond will be allocated towards refinancing loans that fund solar power generation projects and that meet the eligibility criteria described below. The eligibility criteria are defined by Mitsubishi UFJ Lease and Finance to ensure that the projects mitigate relevant environmental and social risks in accordance with MUL's internal examination criteria.

3.1.1 Eligibility Criteria

1. RENEWABLE ENERGY - SOLAR POWER

To be eligible for loans financed through the green bond proceeds, the projects funded must meet all of the following eligibility criteria:

- I. Expenditures are associated with the development, construction and operation of a solar power facility located in Japan,
- II. A client (power producer), on the contract, has confirmed compliance of both the environmental impact assessment and relevant regulations and law such as Japan's Forest Act in construction and installation of the facility, where applicable,
- III. A client (power producer) has provided explanation to and obtained understanding of the local residents prior to construction and installation of the facility, and
- IV. A loan that has been provided within the last 24 months prior to the date of green bond issuance.

3.2 Project Evaluation and Selection Process

Application of Eligibility and Exclusionary Criteria in Project

The projects refinanced through the proceeds had been evaluated for financial effectiveness by representatives from the sales department and from the environmental energy division, and the final decision had been made by an approver who hold positions from manager to board director levels, according to the amount of project's expenditure. The projects will be evaluated and selected considering their alignment with the eligibility criteria by the environmental energy division.

Sustainability Objectives

Mitsubishi UFJ Lease and Finance sets out an environmental policy, in line with its management philosophy, with four pillars: 1) Promotion of environmental preservation through every area of its business activities while achieving financial targets in leasing business, 2) Improvement of environmental performance by setting and reviewing the environmental targets, 3) Prevention of pollution through resources and energy saving and reduction of waste as well as promotion of waste reduction and resource recycling and reuse for completion of a property lease, and 4) compliance with the relevant laws, regulations and other requirements⁴. To realize the policy, it provides environment related-products and services including renewable energy finance, Energy Service Company (ESCO), purchase and sales of used equipment, and carbon offset programs. Furthermore, the company has recently created a three-year medium-term management plan beginning in fiscal 2017. As part of key areas of business in the plan, the company committed to expanding its environmental and energy business while achieving four objectives: i) reinforcing the equity business of solar power generation, ii) participating in renewable energy businesses such as biomass and wind power, iii) expanding its asset management and fund business, and iv) increasing efforts with respect to its business operation focused on energy services provision. Mitsubishi UFJ Lease

⁴ Environmental Policy (Japanese), Mitsubishi UFJ Lease & Finance: http://www.lf.mufg.jp/corporate/csr/environment_top.html

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and Finance is committed to investing in renewable energy projects while achieving its objectives on the environment and energy business,⁵ which helps to solve relevant environmental and social issues while improving its profitability.

Process to Mitigate Environmental and Social Risks

Mitsubishi UFJ Lease and Finance has an internal process to assess financial and non-financial risks and to confirm the validity of projects. As part of the process, Mitsubishi UFJ Lease and Finance, by the contract, checks and ensures that investees have a plan for environmental impact assessment where required by the laws and regulations, and an agreement from local residents for development of projects. This stage has been integrated into the eligibility criteria for project selection, as described in section 3.1.1.

As well as the above, MUFJ Lease and Finance will ensure that investees follow the relevant law and regulations through the contract. The requirements from those law and regulations include that the following steps are undertaken to avoid funding any solar power projects that may have environmental and social risks:

- A facility must be compliance with the Feed-in Tariff Law for renewable energy⁶ and the Business Planning Guidelines for Solar Power⁷, developed under the Revised Act on Special Measures Concerning Procurement of Electricity from Renewable Energy Sources by Electricity Utilities.⁸ These regulations provide guidance on necessary measures including land and environmental assessment as well as other measures for environmental preservation.

3.3 Management of Proceeds

The net proceeds of the green bond will be allocated and managed by the treasury department. The treasury department will, on a quarterly basis, track budgets and actual spend for all the eligible green projects by using its internal management file. In addition, pending the allocation to finance the eligible green projects, the amount equal to the balance of the proceeds will be temporarily invested in cash and/or cash equivalents.

3.4 Reporting

Allocation Reporting

Throughout the term of the green bond, Mitsubishi UFJ Lease and Finance has committed to annually reporting on allocation of proceeds on its corporate website, until the proceeds are fully allocated to the eligible green projects. Reporting on the bond will include, subject to confidentiality considerations, additional descriptions of select projects funded with green bond proceeds.

Impact Reporting

Mitsubishi UFJ Lease and Finance has confirmed that impact reporting will be annually disclosed on its corporate website and will include the following key performance indicators:

- CO₂ emissions reduced by the eligible green projects (theoretical value based on output standard)
- Amount of power generated by the eligible green projects (theoretical value based on output standard)

3.5 Compliance Review

⁵ Corporate Report 2017, Mitsubishi UFJ Lease & Finance: http://www.lf.mufj.jp/pdf/english/investors/cr_en_2017.pdf

⁶ Promulgation of the Partial Revision of the Act on Special Measures Concerning Procurement of Electricity from Renewable Energy Sources by Electricity Utilities, Ministry of Economy, Trade and Industry: http://www.meti.go.jp/english/press/2016/0603_06.html

⁷ Business Planning Guidelines (Japanese), Agency for Natural Resources and Energy: http://www.enecho.meti.go.jp/category/saving_and_new/saiene/kaitori/dl/fit_2017/legal/guideline_sun.pdf

⁸ Renewable Energy (Japanese), Agency for Natural Resources and Energy: http://www.enecho.meti.go.jp/category/saving_and_new/saiene/kaitori/fit_legal.html

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Before the first anniversary of the green bond issuance, Mitsubishi UFJ Lease and Finance will engage Sustainalytics to review the lending financed by Mitsubishi UFJ Lease and Finance's green bond in order to assess the compliance of the lending with the framework of the Mitsubishi UFJ Lease and Finance Green Bond. This review will be conducted annually until full allocation of the net proceeds from the Mitsubishi UFJ Lease and Finance's green bond. Sustainalytics will provide a report of the review, which Mitsubishi UFJ Lease and Finance will publish on its website. In an unlikely event that the annual review identifies allocations made to activities that do not comply with the framework of the Mitsubishi UFJ Lease and Finance Green Bond, Mitsubishi UFJ Lease and Finance will allocate the corresponding amounts to different lending activities that are compliant with the Mitsubishi UFJ Lease and Finance Green Bond eligibility criteria.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Mitsubishi UFJ Lease and Finance Green Bond Framework

Summary

Overall, Sustainalytics is of the opinion that the Mitsubishi UFJ Lease and Finance Green Bond Framework is transparent, will create meaningful impact, and aligns with the Green Bond Principles 2017. Sustainalytics views the following elements of the Framework as key considerations:

- Eligible criterion for the green bond, i.e. renewable energy, is recognized by ICMA's Green Bond Principles as having clear positive environmental impacts.
- Sustainalytics notes that management of proceeds and project selection process described in the framework aligns with market practice.
- Mitsubishi UFJ Lease and Finance has committed to reporting on amount of CO₂ emissions reduced by the eligible green projects as an impact metric, in addition to amount of power generation, which aligns with market standard.

Alignment with Green Bond Principles 2017:

Sustainalytics has determined that the Mitsubishi UFJ Lease and Finance's green bond aligns to the four pillars of the Green Bond Principles 2017. For detailed information please refer to Appendix B: Green Bond/Green Bond Programme External Review Form.

Section 2: Sustainability Strategy of the Issuer

Contribution of framework to issuer's sustainability strategy

Sustainalytics has reviewed Mitsubishi UFJ Lease and Finance's environmental policy, its environment related products and services, its three-year medium-term management plan (which began in fiscal 2017) and is confident that its Green Bond Framework aligns with the issuer's commitments on further advancing its sustainability strategy.

Sustainalytics is of the opinion that the strength of MUFJ Lease and Finance's environment commitment is derived from its environmental program as well as management plan. MUFJ Lease and Finance places a particular emphasis on its commitments for offering funding to companies that contribute to creating environmental impact through the development of renewable energy facilities including solar power. This is part of its objectives in the environment and energy business segment in its medium-term management plan⁹. Additionally, Mitsubishi UFJ Lease and Finance discloses the growth targets on the environment and energy business where the company plans an increase of 1 billion yen in the end of fiscal year 2019 from the end of the fiscal year 2016. Sustainalytics is of the opinion that providing disclosure on targets is indicative of the priority the company assigns to achieving results.

Given the considerations above, Sustainalytics believes that issuer is well position to issue a green bond, and that MUFJ Lease and Financing's Green Bond will contribute to its sustainability targets and commitments.

⁹ New Medium-term Management Plan "Breakthrough for the Next Decade", Mitsubishi UFJ Lease & Finance: http://www.lf.mufg.jp/english/investors/library/pressrelease/20170515_e2.pdf

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

The development of solar power facilities can carry environmental and social risks, such as unintentional land degradation, pollution, and negative impacts on nearby communities. Mitsubishi UFJ Lease and Finance's Green Bond Framework outlines that the company assesses non-financial risks during assessing financial risks. These processes ensure a plan of environmental impact assessment where required by the laws and regulations and understanding of the local residents, which helps to mitigate environmental risks and some of social risks. Additionally, the framework confirms that the company, through the contract, ensures the investees' compliance with the revised Feed-in Tariff (FIT) scheme and Business Planning Guidelines for Solar Power, which details requirements on complying items such as environmental prevention relevant laws and regulations for power producers. Sustainalytics has performed an assessment of the requirements of Feed-in Tariff (FIT) scheme and the Business Planning Guidelines for Solar Power and concludes that the processes where the Mitsubishi UFJ Lease and Finance ensures compliance with the relevant laws and regulations that include the revised Feed-in Tariff (FIT) scheme and Guideline by the contract are sufficient to mitigate environmental and social risks. Given these processes, Sustainalytics is confident that the project investees will ensure and confirm compliance with the relevant environment and social laws and will be well positioned to identify and mitigate potential environmental risks, reducing potential liabilities to Mitsubishi UFJ Lease and Finance. For more details on the environmental and social assessments performed, and Sustainalytics' assessment, please see Appendix A.

Section 3: Impact of Use of Proceeds

Impact of Solar Power in Japan

Japan is one of the world's major importers of natural energy such as oil, coal and natural gas (LNG) due to its limited domestic energy resources¹⁰ and mainly depends on its imported energy to meet its energy use. Furthermore, before the great earthquake in 2011, Japan, in addition to natural resources, heavily depended on nuclear energy as a national strategic priority since 1973¹¹. However, the strategy came under review following the earthquake and subsequent Fukushima Daiichi nuclear disaster and a new strategic energy plan for outlook 2030¹² was introduced by the government in 2015. Under the plan, the dependency of nuclear energy is to be reduced from 28% of the 2010 level to 20 – 22% in 2030 while renewable energy is increased from 1.1% to 22 – 24%¹³, considering improving the self-sufficiency rate and reducing CO2 emissions¹⁴. The solar power has also become one of important resources among renewable energy in the plan. It sets out solar power generation as 7% for the 2030 outlook, which is the second largest amount among renewable energy sources, while hydroelectric power is to 8.8 to 9.2%, biomass power is to 3.7 to 4.6%, wind power is to 1.7%, and geothermal power is 1.0 to 1.1%. Although there are concerns on solar power in Japan, such as relying heavily on it as a single renewable source and declining the price of its generation¹⁵, solar power generation can help to reduce the dependency of natural resources use and greenhouse gas in Japan while the strategic energy plan also recognizes solar power as one of reliable energy resources considering its characteristics. Given the context, solar power can have environmentally positive impact to generate energy in order to meet Japan's energy use as well as to achieve the government's strategy on 2030 energy supply and demand outlook.

¹⁰ County Analysis Brief: Japan, U.S. Energy Information Administration: http://www.iberglobal.com/files/2017/japon_eia.pdf

¹¹ Nuclear Power in Japan, World Nuclear Association: <http://www.world-nuclear.org/information-library/country-profiles/countries-g-n/japan-nuclear-power.aspx>

¹² Long-term Energy Supply and Demand Outlook, Ministry of Economy, Trade and Industry: http://www.meti.go.jp/english/press/2015/pdf/0716_01a.pdf

¹³ Japan's Energy, Ministry of Economy, Trade and Industry Agency for Natural Resources and Energy: http://www.enecho.meti.go.jp/en/category/brochures/pdf/japan_energy_2016.pdf

¹⁴ Long-term Energy Supply and Demand Outlook, Ministry of Economy, Trade and Industry: http://www.meti.go.jp/english/press/2015/pdf/0716_01a.pdf

¹⁵ Balance of power: Shift toward renewable energy appears to be picking up steam, the Japan Times:

<https://www.japantimes.co.jp/news/2017/10/14/business/balance-power-shift-toward-renewable-energy-appears-picking-steam/#.WmGRV6iWaUk>

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Alignment with SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 and form an agenda for achieving sustainable development by the year 2030. This green bond advances the following SDG goals and targets:

Use of Proceeds Category	SDG	SDG target
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix

Conclusion

Mitsubishi UFJ Lease and Finance's Green Bond Framework is transparent and provides clarity regarding use of proceeds, which will contribute to the production of renewable energy, reducing greenhouse gas emission and the dependency of limited natural resources. Sustainalytics has also performed an assessment on the required social and environmental impact considerations, and considers that the company has sufficient processes to address environmental and social negative impacts. Furthermore, the management of proceeds and project selection process align with market expectations. Sustainalytics is of the opinion that The Mitsubishi UFJ Lease and Finance's Green Bond Framework aligns with the Green Bond Principles 2017, is in line with its four pillars as well as is credible and robust and thus has a positive view on the framework.

Appendices

Appendix A: Overview and assessment of Mitsubishi UFJ Lease and Finance’s Requirements Towards a client (power producer)

<p>Background</p>	<p>Mitsubishi UFJ Lease and Finance, through the contract, requires its client (power producer) to confirm the relevant project(s) is in compliance with the relevant laws and regulations which include requirements by the Feed-in Tariff Law for renewable energy and the Business Planning Guidelines for Solar Power¹⁶, developed under the Revised Act on Special Measures Concerning Procurement of Electricity from Renewable Energy Sources by Electricity Utilities¹⁷.</p>
<p>Areas of assessment</p>	<p>Business Planning Guidelines for Solar Power was developed with an aim of ensuring appropriate business of renewable energy power generation, and it details items required and recommended to solar power producers. The Guidelines lay out guidance in processes of plan, design, construction, operation/management, and removal of facilities, as well as the list of requirements by the Feed-In Tariff Law.</p> <p>Some areas of environmental and social relevant assessment (including required and recommended items) concerned in the guidelines include:</p> <ul style="list-style-type: none"> • (Required by the Feed-In Tariff Law) Complying with the provisions of relevant laws (including ordinance) in implementing the renewable energy generation project and removing the facilities, some of which include Landscape Law, Natural Environment Conservation Act, Forest Law, Act on Conservation of Endangered Species of Wild Fauna and Flora, Noise Regulation Act, Protection and Control of Wild Birds and Mammals and Hunting Management Law, Waste Management and Public Cleansing Act, and Act on Protection of Cultural Properties • (Recommended) Assessing land and surrounding environment according to relevant laws and regulations, some of which include considerations for protection of water resources, natural revegetation, and protection of rare endangered species • (Required) Proceeding with environmental impact assessment or the relevant documents where required by regulations of local government • (Recommended) Selecting appropriate land and establishing development plan from the view of environmental conservation • (Recommended) Obtaining understanding of the residents with respect to the business by providing explanatory meeting to explain the overview of business and impact on environment and landscape • (Recommended) Designing appropriate land development considering environmental conservation, which includes prevention of water turbidity from water resources • (Recommended) Designing power generation facility considering environmental conservation • (Recommended) Adopting appropriate measures to avoid giving impact to residents and surrounding environment by operation sound of facility in design and construction

¹⁶ Business Planning Guidelines (Japanese), Agency for Natural Resources and Energy:
http://www.enecho.meti.go.jp/category/saving_and_new/saiene/kaitori/dl/fit_2017/legal/guideline_sun.pdf

¹⁷ Renewable Energy (Japanese), Agency for Natural Resources and Energy:
http://www.enecho.meti.go.jp/category/saving_and_new/saiene/kaitori/fit_legal.html

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	<ul style="list-style-type: none"> • (Recommended) Confirming at any time whether measures concerning disaster prevention, facility safety, environmental conservation, landscape preservation are properly implemented as planned • (Recommended) Taking appropriate measures and considering disaster prevention and natural environment for neighborhood, in case unexpected problems occur in the planning stage • (Required) Recycling in compliance with Construction Material Recycling Law and complying with requirements for discharging undertaker defined under Waste Disposal Law
<p>Sustainalytics' view</p>	<p>Although most items described in the Business Planning Guidelines are recommended, Sustainalytics considers that the Feed-In Tariff Law and the Guidelines cover relevant requirements for power producers to ensure compliance with environment and social laws in addition to environmental impact assessment where required by regulations of local government. Sustainalytics views that, through the compliance with the guidelines, the power investees will have sufficient due diligence to address common environment and social risks associated with the projects.</p>

Appendix B: Green Bond/Green Bond Programme External Review Form

Green Bond / Green Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	Mitsubishi UFJ Lease and Finance
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable: <i>[specify as appropriate]</i>	
Review provider's name:	Sustainalytics
Completion date of this form:	March 16, 2018
Publication date of review publication: <i>[where appropriate, specify if it is an update and add reference to earlier relevant review]</i>	April 2, 2018

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:

- | | |
|--|--|
| <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 nd 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 Green Bond Framework and Second Opinion Document above.

Mitsubishi UFJ Lease and Finance Green Bond

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*):

Sustainalytics is of the opinion that all the use of proceeds outlined by Mitsubishi UFJ Lease and Finance are recognized as eligible by the Green Bond Principles 2017, and have a clear environmental benefit specifically in the context of Japan. Proceeds of the bonds will be used to refinance in lending to solar power generation projects.

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 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 (<i>please specify</i>): |

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

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

The projects refinanced through the proceeds had been evaluated for financial effectiveness by representatives from the sales department and from the environmental energy division, and the final decision had been made by an approver who hold positions from manager to board director levels, according to the amount of project's expenditure. The projects will be evaluated and selected considering the alignment with the eligibility criteria by the environmental energy division. Considering the processes above, Sustainalytics is of the opinion that this is in line with market norms.

Evaluation and selection

- | | |
|---|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
|---|---|

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- | | |
|--|--|
| <input type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (<i>please specify</i>): |

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 (<i>please specify</i>): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

The net proceeds of the green bond will be allocated and managed by the treasury department. The treasury department will, on a quarterly basis, track budgets and actual spend for all the eligible green projects by using its internal management file. In addition, pending to the allocation to finance the eligible green projects, the amount equal to the balance of the proceeds will be temporarily invested in cash and/or cash equivalents.

Sustainalytics is of the opinion that this is in line with market norms.

Tracking of proceeds:

- Green 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 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 checked="" type="checkbox"/> Other (<i>please specify</i>): Allocation to refinance existing investment only |

4. REPORTING

Overall comment on section (if applicable):

Mitsubishi UFJ Lease and Finance Green Bond

Allocation Reporting
 Throughout the term of the green bond, Mitsubishi UFJ Lease and Finance has committed to annually reporting on allocation of proceeds on its corporate website, until the proceeds are fully allocated to the eligible green projects. Reporting of the bond will include, subject to confidentiality considerations, additional descriptions of select projects funded with green bond proceeds.

Impact Reporting
 Mitsubishi UFJ Lease and Finance has confirmed that impact reporting will be annually disclosed on its corporate website and will include the following key performance indicators:

- CO2 emissions reduced by the eligible green projects (theoretical value based on output standard)
- Amount of power generation by the eligible green projects (theoretical value based on output standard)

Sustainalytics is of the opinion that reporting is in line with market norms.

Use of proceeds reporting:

- | | |
|--|--|
| <input checked="" 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"/> Green 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 type="checkbox"/> Other (please specify): | |

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 type="checkbox"/> Other (please specify): | |

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"/> Other ESG indicators (please specify): |

Means of Disclosure

Mitsubishi UFJ Lease and Finance Green Bond

- | | |
|---|---|
| <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): Corporate 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 nd 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:

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- i. **Consultant Review:** An issuer can seek advice from consultants and/or institutions with recognized expertise in environmental sustainability or other aspects of the issuance of a Green Bond, such as the establishment/review of an issuer's Green Bond framework. "Second Party Opinions" may fall into this category.
- ii. **Verification:** An issuer can have its Green Bond, associated Green Bond framework, or underlying assets independently verified by qualified parties, such as auditors. In contrast to certification, verification may focus on alignment with internal standards or claims made by the issuer. Evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria.
- iii. **Certification:** An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against an external green assessment standard. An assessment standard defines criteria, and alignment with such criteria is tested by qualified third parties / certifiers.
- iv. **Rating:** An issuer can have its Green Bond or associated Green Bond framework rated by qualified third parties, such as specialised research providers or rating agencies. Green Bond ratings are separate from an issuer's ESG rating as they typically apply to individual securities or Green Bond frameworks / programmes.

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