



SECOND PARTY OPINION

MUFG BANK, LTD.

GREEN AND SUSTAINABILITY-LINKED FINANCE FRAMEWORK

Prepared by: DNV Business Assurance Japan K.K.

Location: Kobe, Japan

Date: 24 September 2024

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If there is any inconsistency between Japanese (original) and English texts, the Japanese text shall prevail.

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Revision history

Revision number	Date of issue	Remarks
0	24 September 2024	Initial

Disclaimer

Our assessment relies on the premise that the data and information provided by Fundraiser to us as part of our review procedures have been provided in good faith. Because of the selected nature (sampling) and other inherent limitation of both procedures and systems of internal control, there remains the unavoidable risk that errors or irregularities, possibly significant, may not have been detected. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied as per scope of work. DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Statement.

Statement of Competence and Independence

DNV applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17021:2011 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We have complied with the DNV Code of Conduct¹ during the assessment and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. DNV was not involved in the preparation of statements or data included in the Framework except for this Statement. DNV maintains complete impartiality toward stakeholders interviewed during the assessment process.

¹ DNV Code of Conduct is available from DNV website (www.DNV.com)



Executive Summary

MUFG Bank, Ltd. (hereinafter, “MUFGB” or the “**Enabler**”^{*1}) is a core subsidiary of Mitsubishi UFJ Financial Group, Inc. (hereinafter, “MUFG”) As a member of MUFG, MUFGB has adopted the “MUFG Way,” which is the most fundamental stance of MUFG in carrying out its management activities and guides all its activities. The “MUFG Way” is the basis for management decision-making, including the formulation of management strategies and plans, and is a basic policy for all corporate activities as a spiritual pillar for all directors and employees.

Against this backdrop, MUFGB has pioneered efforts to realize a sustainable environment and society through the origination and implementation of sustainable finance, including the origination of Japan's first green loan and sustainability-linked loan in 2019.

MUFGB has, using its knowledge and in view of the maturity of the sustainable finance market, newly developed the “Green and Sustainability-Linked Finance Framework” (hereinafter, the “Framework”) as a document equivalent to a framework based on international frameworks, in order to promote Green and Sustainability-Linked Finance as an Enabler that provides finance to others who contribute to the environment through their business.

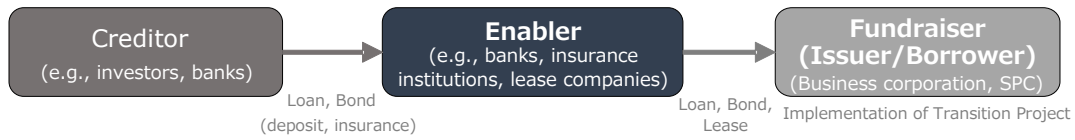
The Framework is composed as a comprehensive framework that includes the elements necessary for MUFGB, as an Enabler, to use the Framework to carry out the following as Green and Sustainability-Linked Finance:

- Green finance ((private placement) loans and bonds)
- Sustainability-linked finance ((private placement) loans and bonds)

DNV Business Assurance Japan K.K. (hereinafter, “DNV”), as the external reviewer, assessed the eligibility of the Framework. Specifically, DNV applied the frameworks (e.g., principles and guidelines), which focuses on the following, and conducted the eligibility assessment of MUFGB’s plans and structures to appropriately assess and determine that MUFGB contributes to the realization of the fundraisers’ (recipients’) eligible green projects and meets the KPIs/SPTs set by MUFGB.

- Green Bond Principles (GBP) International Capital Market Association (ICMA), 2021^{*}
* Includes appendix added in 2022
- Green Loan Principles (GLP) Loan Market Association (LMA) et al, 2023
- Sustainability-Linked Bond Principles (SLBP) ICMA, 2024
- Sustainability-Linked Loan Principles (SLLP) LMA et al, 2023

The following is a summary of the assessment results of MUFGB’s eligibility assessment process for fundraisers, against the common elements presented in the above frameworks.



* Edited extract from a METI material

*1 Enabler: In this report, the Enabler is defined as the green and sustainability-linked finance body (the entity that raise the proceeds, including investments and loans) underlined below, as described in the relevant questions in the “Climate Transition Finance Handbook” (ICMA)^{*1} and the “Basic Guidelines on Climate Transition Finance” (Financial Services Agency, Ministry of Economy, Trade and Industry, Ministry of the Environment)^{*2}.

“Financial institutions that finance (transition) projects”^{*1}

“Entities that plan to take initiatives that enable others to implement transition strategies through their own products and services. In such cases of financial institutions, a financier should articulate how the underlying projects or activities themselves fit into the fundraiser’s strategy”^{*2}.

<Green Finance eligibility assessment results>

From the documents and information provided by MUFGB, DNV has identified the following. Enabler GF-1 to 4 below are the findings and DNV’s opinions on the four elements (see GBP/GLP) required to manage green finance as an Enabler.

Enabler GF-1. Use of Proceeds:

MUFGB, as an Enabler, will finance the following green eligible projects. If a third-party assessment of the project’s eligibility as a green project has been obtained, such as in a framework developed by the fundraiser, the project will also be included in eligible projects.

Table-1: Green eligible projects

Eligible categories	Eligible projects
Businesses related to renewable energy	Acquisition, development, operation, and maintenance of projects/assets that generate electricity from the following <ul style="list-style-type: none"> • Solar power, onshore wind power, and hydropower (excluding large-scale projects*1)
Business related to green buildings	New or existing investments/expenditure on buildings that can reasonably be confirmed to have obtained the following green building certifications within the last 36 months from the date of the loan agreement or will obtain the same within six months from the date of the loan agreement <ul style="list-style-type: none"> • LEED (Gold or higher) • BREEAM (Excellent or higher) • CASBEE building (new construction), CASBEE real estate (A rank or higher) • BELS <ul style="list-style-type: none"> ➢ 2016 standard (old standard obtained): 4-star or more ➢ 2024 standard: 5-star or more • DBJ Green Building certification (4-star or more)
Business related to energy-saving	New or existing investments/expenditure on buildings with high energy-saving performance that can reasonably be confirmed to have obtained the following Net Zero Energy House (ZEH) and Net Zero Energy Building (ZEB) certifications within the last 36 months from the date of the loan agreement or will obtain the same within six months from the date of the loan agreement <ul style="list-style-type: none"> • ZEH*2, Nearly ZEH, ZEH Ready, ZEH Oriented* • ZEB, Nearly ZEB, ZEB Ready, ZEB Oriented*
Business related to clean transportation	<ul style="list-style-type: none"> • Development and manufacturing specific to electric vehicles (electric and fuel cell vehicles) and financing credits targeting these • Investments in railway-related equipment and introduction of railcars

*1: Construction of dams for hydropower stations with a wall height of more than 15 m and an output of more than 30 MW.
 *2: ZEH includes ZEH-M (the same applies below).
 * ZEB Oriented can be evaluated as a green building in terms of market practice, with a perspective equivalent to the TOP 2 rank of BELS certification. On the other hand, with the ongoing review of green building standards in Japan and abroad, including BELS, the active introduction of further energy-saving technologies after design may be required under certain conditions. ZEH Oriented is similarly subject to certain energy-saving performance and energy creation restrictions, therefore, higher energy-saving performance is expected.

Enabler GF-2. Process for Project Evaluation and Selection:

MUFGB has established the following decision-making process (evaluation flow) to ensure that each of the targets of green finance to be implemented as an Enabler fulfils Enabler GF-1 to 4. Each process is set to involve MUFGB’s relevant department with expertise to ensure that appropriate decisions and assessments will be made.

Process 1: Business assessment

The department in charge of business assessment confirms the actual status of the fundraiser’s projects and their contribution to the sound development of society, based on an internal verification checklist.

Process 2: Green project eligibility assessment

The department in charge of greenness judgment assesses the appropriateness of the proceeds allocation management process and the environmental benefits calculation method for green finance eligibility, based on an internal verification checklist.

Process 3: Risk assessment

The department in charge of risk assessment assesses compliance with the MUFGB Environmental and Social Policy Framework, based on an internal verification checklist.

Process 4: Investment and financing decisions (and project execution)

The department in charge of investment and loan judgment decides investments and loans based on the results of processes 1-3 and credit risk.

Enabler GF-3. Management of Proceeds:

MUFGB stipulates in a contract that it will receive reporting from the fundraiser on the allocation of proceeds when the proceeds from green finance have been substantially allocated to the fundraiser’s green project. MUFGB will receive reporting from the fundraiser once a year on the management status of proceeds until the loan has been fully allocated to green projects.

Enabler GF-4. Reporting:

MUFGB will receive reporting from the fundraiser once a year on the environmental benefits of the green project to which the proceeds have been allocated, until the proceeds are fully repaid (Table-2).

Table-2: Reporting items (example)

Eligible categories	Reporting items (example)
Business related to renewable energy	<ul style="list-style-type: none"> • Amount of generated electricity, GHG emissions reduction
Business related to green building and energy-saving	<ul style="list-style-type: none"> • Energy use or type and rating of green building certification obtained
Businesses related to clean transportation	<ul style="list-style-type: none"> • GHG emissions reduction in the electric vehicle driving phase • GHG emissions reduction from the introduction of railcars and railway-related equipment

<Sustainability-Linked Finance eligibility assessment results>

From the documents and information provided by MUFGB, DNV has identified the following. Enabler SLF-1 to 5 below are the findings and DNV’s opinions on the five elements (see SLBP/SLLP) required to manage sustainability-linked finance as an Enabler.

Enabler SLF-1. Selection of KPIs:

MUFGB will only use the KPIs listed in Table-3, assuming that climate change response is positioned in the materiality of the fundraiser. It is assumed that eligible loans contain either or both of the KPIs in Table-3, and loans with KPIs that differ from these are not covered by the Framework.

Enabler SLF-2. Calibration of SPTs:

MUFGB will use the SPTs in Table-3 for each KPIs.

Table-3: KPIs and SPTs

KPIs	SPTs
CDP (climate change) score ^{*1}	<ul style="list-style-type: none"> • Maintain CDP (climate change) score A- or higher
GHG emissions reduction in line with the SBT 1.5°C target ^{*2} (for certified companies)	<ul style="list-style-type: none"> • GHG emissions reduction in line with the SBT 1.5°C target (including net zero certification) • Where emission reduction for a calendar year that are not explicitly stated in the SBT certification are set as SPT, emission reduction at a level that is on a linear basis up to the explicitly stated calendar year (e.g., 2030) are set as SPT. • Where Scope 1&2 and Scope 3 are certified in the normal version of the SBT, SPTs are required to set both for Scope 1&2 and Scope 3. • Where the SME version of SBT is obtained, SPTs are required to set for the total of Scope 1 and 2.

*1: If the CDP score question categories are merged, the merged CDP score is used as the KPI/SPT.

*2: Includes SBT for SMEs

Enabler SLF-3. Finance Characteristics:

MUFGB will judge the achievement of the SPTs determined by the Enabler SLF-1 and SLF-2. MUFGB and the fundraiser will, as stipulated in the contract, also implement any or all of i) “stepping up in interest rate,” ii) “stepping down in interest rate,” or iii) “donation,” depending on whether the SPTs have been achieved.

Enabler SLF-4. Reporting:

MUFGB will receive reporting from the fundraiser once a year on i) the actual performance of the KPIs for the reporting period and ii) the achievement status of the SPTs for the reporting period, from the year following the implementation of the sustainability-linked finance until the final judgment date. The reporting may be published on the fundraiser’s website.



Enabler SLF-5. Verification:

MUFGB will receive reporting from the fundraiser once a year on the verification results of the fundraiser's KPIs figures by an independent third-party organization. The verification results may be published on the fundraiser's website.

DNV has confirmed, based on the Framework and other relevant documentation and information provided by MUFGB, that the Framework of MUFGB to implement the Green and Sustainability-Linked Finance as an Enabler provides the assessment procedure based on the criteria required by GBP/GLP and SLBP/SLLP, and is eligible.

I. Introduction

i. About MUFGB

MUFG Bank, Ltd. (hereinafter, “MUFGB” or the “Enabler”) is a core subsidiary of Mitsubishi UFJ Financial Group, Inc. (hereinafter, “MUFG”) Originating from four city banks (Mitsubishi Bank, Bank of Tokyo, Sanwa Bank, and Tokai Bank), it was established in 2004 as a commercial bank and a major subsidiary of a diversified financial group, following the announcement of a merger between the Mitsubishi Tokyo Financial Group and UFJ Holdings.

MUFGB strives to build appropriate cooperative relationships with all stakeholders and conducts its management activities based on the belief that sustainable corporate development and medium- to long-term growth in corporate value can only be achieved through contributions to customers, employees, local communities, and other stakeholders. As its most basic stance, the “MUFG Way” has been adopted to guide all activities in the execution of MUFG’s management activities. The “MUFG Way” is the basis for management decision-making, including the formulation of management strategies and plans, and is a basic policy for all corporate activities as a spiritual pillar for all directors and employees.

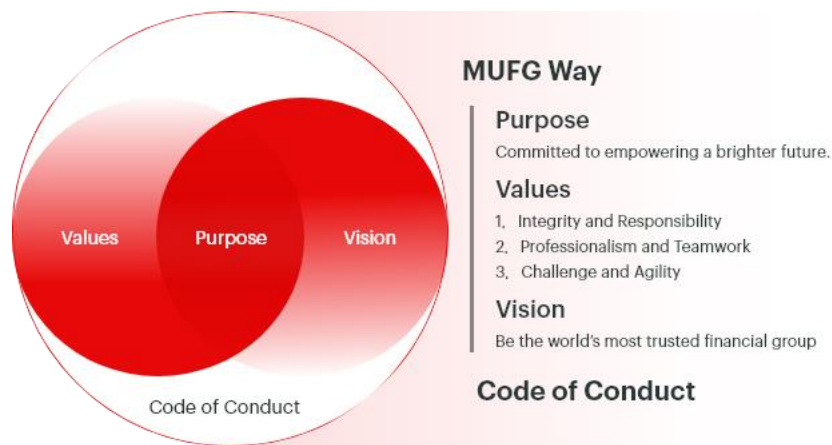


Figure-1: MUFG Way

ii. MUFG's initiatives for sustainability

MUFG has adopted the Purpose: "Committed to empowering a brighter future" and is strengthening its efforts integrated with its management strategies by setting “Drive Social & Environmental Progress” as one of the three pillars of its new medium-term management plan, which started in FY2024. In addition, MUFG reviewed priority issues in sustainability management and set as shown in Figure-2.



Figure-2: Priority issues in sustainability management

MUFG has established the promotion structure for sustainability management, centered by the “Sustainability Committee” (Figure-3), under the supervision of the Board of Directors. The Sustainability Committee is chaired by the Group Chief Sustainability Officer (CSuO), who is responsible for MUFG’s overall sustainability initiatives. CSuO is promoting sustainability initiatives in tandem with management strategies under the Group Chief Strategy Officer (CSO), who is in charge of corporate planning and strategy.

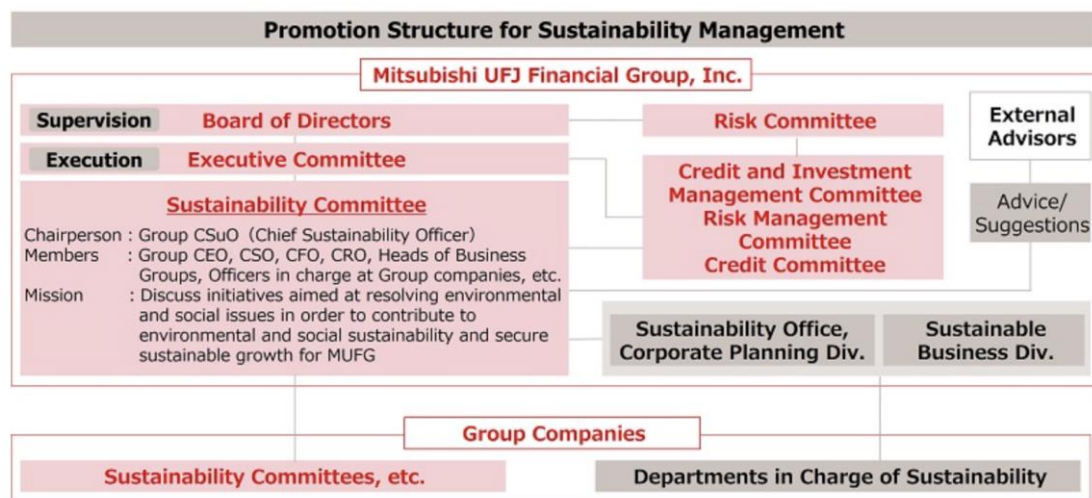


Figure-3: MUFG's promotion structure for sustainability management

iii. MUFG's initiatives for climate change

In April 2021, MUFG defined its Purpose (raison d'être) as "Committed to empowering a brighter future" and positioned “Climate Change Measures & Environmental Protection” as one of the priority issues to be resolved. In May 2022, the “MUFG Carbon Neutrality Declaration” is presented, which states to achieve net zero GHG emissions in its investment and loan portfolio by 2050 and its own operations by 2030.



MUFGB, as a member of MUFG, has clearly stated that it will support fundraisers' efforts toward green and technological innovation in order to make the maximum contribution to "Achievement of carbon neutral society," which it has set as one of the priority issues to be addressed in its sustainability management.

iv. About the Green and Sustainability-Linked Finance Framework

MUFGB has established the "Green and Sustainability-Linked Finance Framework" (hereinafter, the "Framework") as a document equivalent to a framework based on international frameworks, in order to promote Green and Sustainability-Linked Finance as an Enabler that provides finance to fundraisers who contribute to the environment through their business.

The Framework is accompanied by an internal verification checklist as a related document and is composed as a comprehensive document containing the elements necessary for MUFGB, as an Enabler, to implement Green and Sustainability-Linked Finance based on the Framework.

The criteria to which the Framework specifically referred is described in the "Standards/guidelines to be applied" in Section II below.

Name of Enabler: MUFJ Bank, Ltd.

Name of Framework: Green and Sustainability-Linked Finance Framework

Name of external reviewer: DNV Business Assurance Japan K.K.

Date of report: 24 September 2024



II. Scope and Objectives

MUFGB has commissioned DNV to conduct an eligibility assessment of the Framework. The objective of the eligibility assessment of DNV is to conduct an assessment to confirm that MUFGB, as an Enabler, meets the criteria such as GBP/GLP and SLBP/SLLP necessary for the implementation and management of the individual finance against the fundraiser, and to provide a second party opinion on the eligibility of the Framework.

DNV, as an independent external reviewer, has identified no real or perceived conflict of interest associated with the delivery of this second party opinion for MUFGB.

In this paper, no assurance is provided regarding the financial performance of the Green and Sustainability-Linked Finance, the value of any investments, or the long-term environmental benefits of the transaction.

Green Finance

(1) Scope of review

The review assessed the following elements and confirmed their alignment with four core elements in GBP/GLP.

- | | |
|--|--|
| <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 |

* The adequacy of the Enabler's eligibility assessment process against GBP/GLP for fundraisers is included in the scope of review.

(2) Role(s) of review provider

- | | |
|---|--|
| <input checked="" type="checkbox"/> Second Party Opinion | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |



Sustainability-Linked Finance *Listed centered on SLBP but may be replaced with loan-specific items where appropriate.

(1) Structure of bonds at the time of issuance

- Stepping up the structure
- Changes in reimbursement structures

* Either of the above or otherwise set individually based on the fundraiser’s internal process at the time of finance implementation.

(2) Scope of review

The review assessed the following elements and confirmed their alignment with five core elements in SLBP/SLLP.

- Assess all of the following elements (comprehensive review)
- Assess only some elements (partial review)
- Selection of KPIs
- Bond Characteristics
- Calibration of SPTs
- Reporting
- Verification
- Furthermore, check alignment with SLBP

* The adequacy of the Enabler’s eligibility assessment process against SLBP/SLLP for fundraisers is included in the scope of review.

(3) Role(s) of review provider

- Second Party Opinion
- Certification
- Verification
- Rating

Standards/guidelines to be applied

No.	Standards/guidelines	Scheme owner	Applied level*1
1.	Green Bond Principles (GBP)	International Capital Market Association (ICMA), 2021	Apply
2.	Green Loan Principles (GLP)	Loan Market Association (LMA) et al, 2023	Apply
3.	Sustainability-Linked Bond Principles (SLBP)	ICMA, 2024	Apply
4.	Sustainability-Linked Loan Principles (SLLP)	LMA et al, 2023	Apply

*1 Apply: Assess that MUFGB is eligible or has an eligibility assessment process for all elements of each principle and guideline required to implement the Green and Sustainability-Linked Finance as an Enabler.



III. Responsibilities of MUFGB and DNV

MUFGB has provided the information and data used by DNV during the delivery of this review. Our statement represents an independent opinion and is intended to inform MUFGB and other interested stakeholders in the finance as to whether the established criteria have been met, based on the information provided to us. In our work, we have relied on the information and the facts presented to us by MUFGB. DNV is not responsible for any aspect of the nominated assets or organizations referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV shall not be held liable if any of the information or data provided by MUFGB and its related parties and used as a basis for this assessment were not correct or complete.



IV. Basis of DNV's Opinion

To provide as much flexibility as possible for MUFGB, as an Enabler, DNV has adapted our green and sustainability-linked finance assessment methodology, which incorporates the requirements of GBP/GLP and SLBP/SLLP, to create MUFGB-specific Green and Sustainability-Linked Finance Eligibility Assessment Protocol (hereinafter, the "Protocol"). Please refer to Schedule-4 and 5. The Protocol is applicable to green and sustainability-linked finance to be implemented by MUFGB as an Enabler under GBP/GLP and SLBP/SLLP.

DNV conducts an assessment under the Protocol to provide a second party opinion as an independent external reviewer.

The Protocol includes a set of suitable criteria that can be used to underpin DNV's opinion. The overarching principle behind the criteria is that green and sustainability-linked finance should "enable capital-raising and investment for new and existing projects with environmental benefits" and "encourage fundraisers' ESG achievements through KPIs and SPTs that are material, quantifiable, pre-determined, ambitious, regularly monitored, and externally verifiable."

As per the Protocol, the criteria against which the green finance has been reviewed are grouped under the four Principles indicated in GBP/GLP and SLBP/SLLP:

Green Finance eligibility assessment as an Enabler (against four common elements of GBP/GLP)

DNV reviews whether MUFGB, as an Enabler, has an appropriate eligibility assessment process for the following elements when assessing a fundraiser's green finance initiatives:

Principle 1: Use of Proceeds

The Use of Proceeds criteria are guided by the requirement that the proceeds from green finance with specific use of proceeds should be used through the Enabler and/or fundraiser of green finance to eligible projects. The eligible projects should produce clear environmental benefits.

Principle 2: Process for Project Evaluation and Selection

The Process for Project Evaluation and Selection criteria are guided by the requirements that the Enabler and/or fundraiser of green finance should outline the process they follow when determining eligibility of an investment using green finance proceeds and outline any impact objectives they will consider.

Principle 3: Management of Proceeds

The Management of Proceeds criteria are guided by the requirements that green finance should be tracked by the Enabler and/or fundraiser, that separate portfolios should be created when necessary, and that a declaration of how unallocated proceeds will be handled should be made.



Principle 4: Reporting

The Reporting criteria are guided by the recommendation that at least annual reporting to the Enabler should be made by the fundraiser of the allocation status of proceeds and that quantitative and/or qualitative performance indicators should be used, where feasible.

Sustainability-Linked Finance eligibility assessment as an Enabler (against five common elements of SLBP/SLLP) ^{*1}

Principle 1: Selection of Key Performance Indicators (KPIs)

The fundraiser of sustainability-linked finance needs to clearly communicate (to lenders) the overarching sustainability goals set out in its sustainability strategy and how these goals align with the proposed SPTs. KPIs should be credible, reflect the fundraiser's core sustainability and business strategies, should address relevant ESG issues in the industry sector, and be under the control of the organization.

Principle 2: Calibration of Sustainability Performance Targets (SPTs)

SPTs should be ambitious, meaningful, and realistic. SPTs should be set in good faith and based on sustainability improvements in relation to pre-set performance target benchmarks.

Principle 3: Finance Characteristics

Finance should include the financial and/or structural characteristics of achieving (or not achieving) the pre-defined SPTs with respect to the selected KPIs. Documents related to the finance are required to include definitions of KPIs and SPTs, and a description of potential changes in the financial and/or structural characteristics of SLB/SLL. Some fallback alternatives should be described in case the SPTs cannot be adequately calculated or observed.

Principle 4: Reporting

The fundraiser should publish a validation report (see Principle 5) that provides up-to-date information on the performance of the selected KPIs and their performance against the SPTs, and an overview of the associated impacts and timing of such impacts on the financial and/or structural characteristics of the finance, make it readily available and easily accessible. Such information should be disclosed to investors or lenders at least once a year for the duration of their participation in the finance.

Principle 5: Verification

The fundraiser must have its achievement status (performance) against the SPTs verified at least once a year by a qualified third-party organization with relevant expertise. The verification results of achievement status (performance) against the SPTs should be made publicly available.

^{*1}: DNV's Sustainability-Linked Finance Assessment Protocol consists of five requirements set out based on SLBP (2024)/SLLP (2023).



V. Work Undertaken

Our work constituted a high-level review of the available information, based on the understanding that this information was provided to us by the Enabler in good faith. We have not performed an audit or other tests to check the veracity of the information provided to us. The work undertaken to form our opinion included:

i. Green and Sustainability-Linked Finance pre-implementation assessment

- Creation of an Enabler-specific Protocol, adapted to the purpose of the Green and Sustainability-Linked Finance, as described above and in Schedule-4 and 5 to this Assessment;
- Assessment of documentary evidence provided the Enabler on the Green and Sustainability-Linked Finance and supplemented by a high-level desktop research. These checks refer to current assessment best practices and standards methodology;
- Discussions with the Enabler and review of relevant documentation;
- Documentation of findings against each element of the criteria; and
- Where necessary, preparation of an eligibility assessment report against the assessment results of the fundraiser's green and sustainability-linked finance conducted by the Enabler.

ii. Green and Sustainability-Linked Finance post-implementation assessment (not included in this report*)**

- Interview with the Enabler and review of the relevant documentation;
- Field research and inspection (if necessary); and
- Document creation of post-implementation observation result.



VI. Findings and DNV's Opinion

DNV's findings and opinions are listed below:

DNV reviewed whether MUFGB, as an Enabler, has an appropriate eligibility assessment process for the following elements when assessing a fundraiser's green and sustainability-linked finance initiatives.

The eligibility assessment process consists of the Framework and relevant documentation, which MUFGB uses to determine the conformity of each element of a green and sustainability-linked finance fundraiser's (borrower's) project with the various green and sustainability-linked finance guidelines etc., and has been developed as an internal standard document of MUFGB in the form of an "Internal Verification Checklist."

The following Enabler GF-1 to 4 outlines the eligibility assessment process against the four common elements of GBP/GLP, and Enabler SLF-1 to 5 against the five common requirements of SLBP/SLLP.

Through the assessment to MUFGB, DNV has confirmed that the eligibility assessment process (the Framework and relevant documentation) is an assessment procedure aligned with GBP/GLP and SLBP/SLLP.

(1) Adequacy of the Enabler’s eligibility assessment process against the four elements (see GBP/GLP) required for the management of green finance (GF) and DNV’s opinion

Enabler GF-1. Use of Proceeds:

- MUFGB, as an Enabler, will finance the following green eligible projects.

Table-1: Green eligible projects

Eligible categories	Eligible projects
Businesses related to renewable energy	Acquisition, development, operation, and maintenance of projects/assets that generate electricity from the following <ul style="list-style-type: none"> • Solar power, onshore wind power, and hydropower (excluding large-scale projects*¹)
Business related to green buildings	New or existing investments/expenditure on buildings that can reasonably be confirmed to have obtained the following green building certifications within the last 36 months from the date of the loan agreement or will obtain the same within six months from the date of the loan agreement <ul style="list-style-type: none"> • LEED (Gold or higher) • BREEAM (Excellent or higher) • CASBEE building (new construction), CASBEE real estate (A rank or higher) • BELS <ul style="list-style-type: none"> ➢ 2016 standard (old standard obtained): 4-star or more ➢ 2024 standard: 5-star or more • DBJ Green Building certification (4-star or more)
Business related to energy-saving	New or existing investments/expenditure on buildings with high energy-saving performance that can reasonably be confirmed to have obtained the following Net Zero Energy House (ZEH) and Net Zero Energy Building (ZEB) certifications within the last 36 months from the date of the loan agreement or will obtain the same within six months from the date of the loan agreement <ul style="list-style-type: none"> • ZEH*², Nearly ZEH, ZEH Ready, ZEH Oriented* • ZEB, Nearly ZEB, ZEB Ready, ZEB Oriented*
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*1: Construction of dams for hydropower stations with a wall height of more than 15 m and an output of more than 30 MW.

*2: ZEH includes ZEH-M (the same applies below).

* ZEB Oriented can be evaluated as a green building in terms of market practice, with a perspective equivalent to the TOP 2 rank of BELS certification. On the other hand, with the ongoing review of green building standards in Japan and abroad, including BELS, the active introduction of further energy-saving technologies after design may be required under certain conditions. ZEH Oriented is similarly subject to certain energy-saving performance and energy creation restrictions, therefore, higher energy-saving performance is expected.

- If a third-party assessment of the project’s eligibility as a green project has been obtained, such as in a framework developed by the fundraiser, the project will also be included in eligible projects.

Enabler GF-2. Process for Project Evaluation and Selection:

- MUFGB has established the following decision-making process (evaluation flow) to ensure that each of the targets of green finance to be implemented as an Enabler fulfils Enabler GF-1 to 4. Each process is set to involve MUFGB’s relevant department with expertise to ensure that appropriate decisions and assessments will be made.

Process 1: Business assessment

The department in charge of business assessment confirms the actual status of the fundraiser’s projects and their contribution to the sound development of society, based on an internal verification checklist.

Process 2: Green project eligibility assessment

The department in charge of greenness judgment assesses the appropriateness of the proceeds allocation management process and the environmental benefits calculation method for green finance eligibility, based on an internal verification checklist.

Process 3: Risk assessment

The department in charge of risk assessment assesses compliance with the MUFGB Environmental and Social Policy Framework, based on an internal verification checklist.

Process 4: Investment and loan decisions (and project execution)

The department in charge of investment and loan judgment decides investments and loans based on the results of processes 1-3 and credit risk.

Evaluation and selection: *The fundraiser may be read as Enabler below.

- | | |
|--|--|
| <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Consistent with the achievement of the fundraiser’s environmental contribution targets <input checked="" type="checkbox"/> The project is an eligible use of green finance proceeds and is transparent <input checked="" type="checkbox"/> Projects have been evaluated and selected based on published criteria abstracts (green projects with referenceable criteria). | <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Projects have been evaluated and selected through a documented process that demonstrates that they meet the defined eligibility categories. <input checked="" type="checkbox"/> Projects have been evaluated and selected through a documented process that identifies and manages potential ESG risks associated with project implementation. <input type="checkbox"/> Other (<i>please specify</i>): |
|--|--|

Information on responsibility and accountability:

- | | |
|--|--|
| <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Evaluation/selection criteria based on advice or verification by an external body <input type="checkbox"/> Other (<i>please specify</i>): | <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Evaluation within the organization |
|--|--|



Enabler GF-3. Management of Proceeds:

- MUFGB stipulates in a contract that the proceeds from green finance will be substantially allocated to the fundraiser’s green projects.
- MUFGB will ensure that an amount equal to the unallocated proceeds is managed in cash or cash equivalents until the proceeds raised by the fundraiser are allocated to green projects, and the total amount of allocated proceeds is not less than the green finance proceeds using systems and forms.
- MUFGB will ensure by reporting from the fundraiser (document submission or interview) prior to the loan implementation that there are procedures in place to ensure that proceeds raised by the fundraiser from MUFGB as green finance are managed according to the fundraiser’s internal processes.
- MUFGB requires fundraisers to ensure that the proceeds are appropriately managed for each green project.
- MUFGB will monitor at least once a year until the loan amount has been fully allocated.

Tracking of proceeds: *The fundraiser may be read as Enabler below.

- Some or all of the proceeds by green finance that are planned to be allocated are systematically distinguished or tracked by the fundraiser.
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other (*please specify*): Unallocated proceeds are managed in cash or cash equivalents. The proceeds are managed in the same way by both the Enabler and the fundraiser.

Additional disclosure:

- | | |
|--|---|
| <input type="checkbox"/> Allocations to future investments only | <input checked="" type="checkbox"/> Allocated to both existing and future investments |
| <input checked="" 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>): |

Enabler GF-4. Reporting:

- **Allocation status:** MUFGB requires fundraisers to report to MUFGB on the allocation status of proceeds until the full amount of the green finance proceeds has been allocated to green projects. The reporting items include the allocated amount, the balance of unallocated proceeds, and, where refinancing is undertaken, the balance of the refinanced amount.
- **Environmental benefits:** MUFGB will receive reporting once a year from the fundraiser on the environmental benefits of green projects to which the proceeds have been allocated, until the proceeds are fully repaid (Table-2 (re-posted)).

Table-2: Reporting items (example/re-posted)

Eligible categories	Reporting items (example)
Business related to renewable energy	<ul style="list-style-type: none"> • Amount of generated electricity, GHG emissions reduction
Business related to green building and energy-saving	<ul style="list-style-type: none"> • Energy use or type and rating of green building certification obtained
Businesses related to clean transportation	<ul style="list-style-type: none"> • GHG emissions reduction in the electric vehicle driving phase • GHG emissions reduction from the introduction of railcars and railway-related equipment

- **Monitoring:** MUFGB will monitor the project implementation status of the fundraiser once a year during the loan period.
- **Reporting:** MUFGB will receive reporting from the fundraiser once a year on the status of its green finance initiatives and will require the fundraiser to disclose it to the public in a manner determined by the fundraiser, subject to confidentiality obligations and so far as is reasonably practicable. MUFGB will also report annually on the status of its green finance initiatives in the Integrated Report or on its website.

Use of proceeds reporting:

* The fundraiser may be read as Enabler below.

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

Information reported:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Allocated amounts | <input type="checkbox"/> Green finance 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 (<i>please specify</i>): | |



DNV

Impact reporting (environmental benefits):

- Project-by-project
- On a project portfolio basis
- Linkage to individual finance
- Other (*please specify*):

Frequency:

- Annual
- Semi-annual
- Other (*please specify*):

Information reported (expected or ex-post):

- GHG emissions/savings
- Energy savings
- Other ESG indicators (*please specify*):
- Type and rating of green building certification obtained

Means of disclosure:

- Information published in financial report (Integrated Report)
- Information published in sustainability report
- Information published in ad hoc documents
- Other (*please specify*): Reporting may be done by the fundraiser (loan recipient) only to MUFGB or may be disclosed to the public in a manner determined by the fundraiser.
- Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):



(2) Adequacy of the Enabler’s eligibility assessment process against the five elements (see SLBP/SLLP) required for the management of sustainability-linked finance (SLF) and DNV's opinion

Enabler SLF-1. Selection of Key Performance Indicators (KPIs):

- DNV reviewed the KPIs related to MUFGB’s sustainability and has confirmed that the selected KPIs are important and relevant to the core sustainability management of MUFGB.
- DNV has confirmed that MUFGB will only use the following KPIs, assuming that response to climate change is positioned in the fundraiser’s materiality.
- DNV assumes that eligible loans contain either or both of the following KPIs and has confirmed that loans with KPIs that differ from these are not covered by the Framework.

List of selected KPIs

List of selected KPIs

- ✓ CDP (climate change) score
- ✓ GHG emissions reduction in line with the SBT 1.5°C target (including net zero certification) (for certified companies)

Definition, scope, and parameters:

- Clear definition of each selected KPIs
- Clear calculation method
- Other (*please specify*):

Relevance, robustness, and reliability of the selected KPIs:

- Selected KPIs are relevant with the fundraiser’s sustainability and business strategies, core, and proven to be important.
- Evidence that KPIs are externally verifiable
- KPIs are proven to be measurable or quantifiable based on a consistent method.
- Evidence that KPIs can be benchmarked
- Other (*please specify*):

Enabler SLF-2. Calibration of Sustainability Performance Targets (SPTs):

- DNV has confirmed that MUFBG will use the SPTs listed in Table-3 (re-posted) for each KPIs. These SPTs are ambitious, meaningful, and realistic.

Table-3: KPIs and SPTs

KPIs	SPTs
CDP (climate change) score *1	<ul style="list-style-type: none"> • Maintain CDP (climate change) score A- or higher
GHG emission reduction in line with the SBT 1.5°C target*2 (for certified companies)	<ul style="list-style-type: none"> • GHG emission reduction in line with the SBT 1.5°C target (including net zero certification) • Where emission reduction for a calendar year that are not explicitly stated in the SBT certification are set as SPT, emission reduction at a level that is on a linear basis up to the explicitly stated calendar year (e.g., 2030) are set as SPT. • Where Scope 1&2 and Scope 3 are certified in the normal version of the SBT, SPTs are required to set both for Scope 1&2 and Scope 3. • Where the SME version of SBT is obtained, SPTs are required to set for the total of Scope 1 and 2.

*1: If the CDP score question categories are merged, the merged CDP score is used as the KPI/SPT.

*2: Includes SBT for SMEs

(SPTs') rationale and degree of ambition:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Evidence that SPTs can bring about significant improvements | <input checked="" type="checkbox"/> Relevance and reliability of selected benchmarks and standards are proven. |
| <input checked="" type="checkbox"/> Evidence that SPTs are aligned with the fundraiser’s sustainability and business strategies | <input checked="" type="checkbox"/> SPTs are proven to have been set on a pre-defined timeline (time axis). |
| | <input type="checkbox"/> Other (<i>please specify</i>): |

Benchmarking methodology:

- | | |
|--|---|
| <input checked="" type="checkbox"/> The fundraiser’s own performance (e.g., past achievements) | <input type="checkbox"/> (The fundraiser’s) peers |
| <input checked="" type="checkbox"/> Reference to scientific evidence | <input type="checkbox"/> Other (<i>please specify</i>): |

Additional disclosure:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Explanation of the possibility of recalculation or adjustment | <input checked="" type="checkbox"/> Description of the fundraiser’s strategies toward achievement |
| <input checked="" type="checkbox"/> Identification of key factors that may influence the achievement of SPTs | <input type="checkbox"/> Other (<i>please specify</i>): |



Enabler SLF-3. Bond/Loan Characteristics:

For sustainability-linked finance (bonds or loans) implemented under the Framework, DNV has confirmed that the trigger events and their scope of impact with specific SPT observation periods and performance requirements are linked to target achievement and i) “stepping up in interest rate,” ii) “stepping down in interest rate,” and iii) “donation.”

- MUFGB and the fundraiser will implement either or both of the following i) in the case the SPTs are not achieved, and only ii) or both ii) and iii) in the case the SPTs are achieved.

i) Stepping up in interest rates

If the selected (set) SPT has not been achieved by the pre-determined SPT judgment date, the interest rate steps up at the annual rate stipulated for each SPT at the time of the loan/private placement from the interest payment after the judgment date until repayment or until the interest payment date before the next SPT judgment date.

ii) Stepping down in interest rates

If the selected (set) SPT has been achieved by the pre-determined SPT judgment date, the interest rate decreases at the annual rate stipulated for each SPT at the time of the loan/private placement from the interest payment after the judgment date until repayment or until the interest payment date before the next SPT judgment date.

iii) Donation

If the selected (set) SPT has been achieved by the pre-determined SPT judgment date, the donation is made to an organization that is recognized as being associated with the SPT in accordance with the conditions set out in the contract at the time of implementation.

- DNV has confirmed that MUFGB has considered appropriate fallback mechanisms (fallback alternatives) and, as a result, has decided not to set up another SPT or calculation method at this time as the risk of not being able to calculate or observe is significantly small.
- MUFGB explains that the KPIs and SPTs may change after discussion at internal meetings when there are reasonable grounds, such as changes in the business environment/structure and changes to KPIs, whether such events are due to external factors or as a result of management decisions of MUFGB.
- DNV has confirmed that MUFGB plans to disclose any changes to the KPIs and SPTs in the bond disclosure documents, loan agreement documents, etc.

Financial impact:

- Variation in interest rates
- Other (*please specify*): Donation



Structural characteristics:

- Other (*please specify*): The conditions of the trigger judgment (judgment date and SPT) will be set by the term of the individual bond or loan etc. and will be clearly stated in the contract documents.



Enabler SLF-4. Reporting:

- DNV has confirmed that the necessary information will be disclosed to the public in a timely manner on the following details required by the standard:
 - KPIs performance against SPTs: MUFGB will receive reporting once a year from fundraisers on the actual results for the period covered by KPIs reporting, from the year following the implementation of the sustainability-linked finance until the final judgment date.
 - Achievement of SPTs: MUFGB will receive reporting once a year from fundraisers on the achievement of SPTs in the reporting period, from the year following the implementation of the sustainability-linked finance until the final judgment date.
 - The above may be published on the fundraisers' websites.

Reporting information:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Performance of selected KPIs | <input checked="" type="checkbox"/> Verification assurance report |
| <input checked="" type="checkbox"/> SPTs' level of ambition | <input checked="" type="checkbox"/> Other (<i>please specify</i>): Information on the financial impact of the triggering judgment (e.g., information on interest rate and donation). Where necessary, adjustments to KPIs/SPTs and the validity of the recalculation results |

Frequency:

- | | |
|---|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Means of disclosure:

- | | |
|--|--|
| <input type="checkbox"/> Information published in financial report (Integrated Report) | <input type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents | <input checked="" type="checkbox"/> Other (<i>please specify</i>): Disclose on the fundraiser's website or to the lender |
| <input type="checkbox"/> Reporting with external review. | |

Level of assurance report:

- | | |
|---|---|
| <input checked="" type="checkbox"/> Limited assurance | <input type="checkbox"/> Reasonable assurance |
| | <input type="checkbox"/> Other (<i>please specify</i>): |



Enabler SLF-5. Verification:

- DNV has confirmed that MUFGB will receive reporting once a year on the verification results by an independent third-party organization of the fundraiser's KPIs figures. The verification results may be published on the fundraiser's website.

Reporting information:

- | | |
|---|---|
| <input checked="" type="checkbox"/> Limited assurance | <input type="checkbox"/> Reasonable assurance |
| | <input type="checkbox"/> Other (<i>please specify</i>): |

Frequency:

- | | |
|---|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Material changes:

- | | |
|---|---|
| <input checked="" type="checkbox"/> Boundary (extent) | <input type="checkbox"/> Measurement method of KPIs |
| <input type="checkbox"/> Calibration (change) of SPTs | |



Assessment Conclusion

On the basis of the Framework and relevant documentation and information provided by MUFGB and the work undertaken, it is DNV's opinion that the Framework established by MUFGB, as an Enabler, to implement the Green and Sustainability-Linked Finance meets the criteria established in GBP/GLP and SLBP/SLLP, and is eligible.

It is DNV's opinion that the Green and Sustainability-Linked Finance to be implemented by MUFGB as an Enabler is aligned with the stated definition or purpose of green and sustainability-linked finance, which is to "enable capital-raising and investment for new and existing projects with environmental benefits" and "encourage fundraisers' ESG achievements through KPIs and SPTs that are material, quantifiable, pre-determined, ambitious, regularly monitored, and externally verifiable."

DNV Business Assurance Japan K.K.

24 September 2024

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About DNV

Driven by our purpose of safeguarding life, property and the environment, DNV enables organisations to advance the safety and sustainability of their business. Combining leading technical and operational expertise, risk methodology and in-depth industry knowledge, we empower our customers' decisions and actions with trust and confidence. We continuously invest in research and collaborative innovation to provide customers and society with operational and technological foresight.

With our origins stretching back to 1864, our reach today is global. Operating in more than 100 countries, our 16,000 professionals are dedicated to helping customers make the world safer, smarter and greener.

Disclaimer

Responsibilities of the Management of the Fundraiser and the Second-Party Opinion Providers, DNV : The management of Fundraiser has provided the information and data used by DNV during the delivery of this review. Our statement represents an independent opinion and is intended to inform the Fundraiser management and other interested stakeholders in the Bond as to whether the established criteria have been met, based on the information provided to us. In our work we have relied on the information and the facts presented to us by the Fundraiser. DNV is not responsible for any aspect of the nominated assets referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV shall not be held liable if any of the information or data provided by the Fundraiser's management and used as a basis for this assessment were not correct or complete



Schedule-1 Green Finance Eligibility Assessment Process as an Enabler

The table below shows the green finance eligibility assessment protocol of fundraisers (lenders) in the Framework established by MUFGB to implement green finance as an Enabler.

DNV has confirmed that the green finance eligibility assessment protocol meets the practical assessment steps of the criteria required by GBP/GLP, and is eligible.

Table MUFGB Green Finance Eligibility Assessment Protocol (based on the Framework)

Process #	Department in charge	Details of implementation
1	Business assessment	The department in charge of business assessment confirms the actual status of the fundraiser's projects and their contribution to the sound development of society, based on an internal verification checklist.
2	Greenness judgment	The department in charge of greenness judgment assesses the appropriateness of the proceeds allocation management process and the environmental benefits calculation method for green finance eligibility, based on an internal verification checklist.
3	Risk judgment	The department in charge of risk assessment assesses compliance with the MUFGB Environmental and Social Policy Framework, based on an internal verification checklist.
4	Investment and loan decision-making	The department in charge of investment and loan judgment decides investments and loans based on the results of processes 1-3 and credit risk.



Schedule-2 List of Green Finance Nominated Eligible Projects as an Enabler

The table below shows the nominated eligible projects when MUFGB implements green finance as an Enabler.

Eligible categories	Eligible projects
Businesses related to renewable energy	Acquisition, development, operation, and maintenance of projects/assets that generate electricity from the following <ul style="list-style-type: none"> • Solar power, onshore wind power, and hydropower (excluding large-scale projects^{*1})
Business related to green buildings	New or existing investments/expenditure on buildings that can reasonably be confirmed to have obtained the following green building certifications within the last 36 months from the date of the loan agreement or will obtain the same within six months from the date of the loan agreement <ul style="list-style-type: none"> • LEED (Gold or higher) • BREEAM (Excellent or higher) • CASBEE building (new construction), CASBEE real estate (A rank or higher) • BELS <ul style="list-style-type: none"> ➢ 2016 standard (old standard obtained): 4-star or more ➢ 2024 standard: 5-star or more • DBJ Green Building certification (4-star or more)
Business related to energy-saving	New or existing investments/expenditure on buildings with high energy-saving performance that can reasonably be confirmed to have obtained the following Net Zero Energy House (ZEH) and Net Zero Energy Building (ZEB) certifications within the last 36 months from the date of the loan agreement or will obtain the same within six months from the date of the loan agreement <ul style="list-style-type: none"> • ZEH^{*2}, Nearly ZEH, ZEH Ready, ZEH Oriented[*] • ZEB, Nearly ZEB, ZEB Ready, ZEB Oriented[*]
Business related to clean transportation	<ul style="list-style-type: none"> • Development and manufacturing specific to electric vehicles (electric and fuel cell vehicles) and financing credits targeting these • Investments in railway-related equipment and introduction of railcars

*1: Construction of dams for hydropower stations with a wall height of more than 15 m and an output of more than 30 MW.

*2: ZEH includes ZEH-M (the same applies below).

* ZEB Oriented can be evaluated as a green building in terms of market practice, with a perspective equivalent to the TOP 2 rank of BELS certification. On the other hand, with the ongoing review of green building standards in Japan and abroad, including BELS, the active introduction of further energy-saving technologies after design may be required under



certain conditions. ZEH Oriented is similarly subject to certain energy-saving performance and energy creation restrictions, therefore, higher energy-saving performance is expected.

Schedule-3 Key Performance Indicators (KPIs) and Sustainability Performance Targets (SPTs) as an Enabler

The table below shows the KPIs/SPTs when MUFGB implements sustainability-linked finance as an Enabler. MUFGB will only use the following KPIs, assuming that response to climate change is positioned in the fundraiser’s materiality. DNV assumes that eligible loans contain either or both of the following KPIs and has confirmed that loans with KPIs that differ from these are not covered by the Framework.

KPIs	SPTs
CDP (climate change) score *3	<ul style="list-style-type: none"> • Maintain CDP (climate change) score A- or higher
GHG emission reduction in line with the SBT 1.5°C target *4 (for certified companies)	<ul style="list-style-type: none"> • GHG emission reduction in line with the SBT 1.5°C target (including net zero certification) • Where emission reduction for a calendar year that are not explicitly stated in the SBT certification are set as SPT, emission reduction at a level that is on a linear basis up to the explicitly stated calendar year (e.g., 2030) are set as SPT. • Where Scope 1&2 and Scope 3 are certified in the normal version of the SBT, SPTs are required to set both for Scope 1&2 and Scope 3. • Where the SME version of SBT is obtained, SPTs are required to set for the total of Scope 1 and 2.

*3: If the CDP score question categories are merged, the merged CDP score is used as the KPI/SPT.

*4: Includes SBT for SMEs



Schedule-4 Green Finance Eligibility Assessment Protocol as an Enabler

The following checklists (GFP-1 to 4) are DNV’s assessment protocol developed for the eligibility assessment of the Framework of MUFGB as an Enabler, based on the requirements of GBP/GLP. The “confirmed documents” in the Work Undertaken include the Enabler’s internal documents etc., and are provided by MUFGB to DNV as evidence for the eligibility judgment.

GFP-1 Use of Proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1a	Types of funds	<p>The types of green finance are classified into one of the following types defined as green finance:</p> <ul style="list-style-type: none"> • (Standard) Green Finance • Green Revenue Finance • Green Project Finance • Other 	<p>Confirmed documents:</p> <ul style="list-style-type: none"> - Framework - Internal verification checklist <p>Interviews with stakeholders</p>	<p>Through its assessment work, DNV has confirmed that the green finance falls under the following categories:</p> <p>Green Finance implemented by MUFGB as an Enabler is classified as "(Standard) Green Finance."</p>
1b	Green Project Classification	<p>The key to green finance is that the proceeds will be used for a green project, which should be properly stated in the loan agreement etc.</p>	<p>Confirmed documents:</p> <ul style="list-style-type: none"> - Framework <p>Interviews with stakeholders</p>	<p>DNV has confirmed that the green finance aims for allocation of proceeds focused on the realization of green projects of the fundraisers that MUFGB assesses for eligibility as an Enabler, as stated in the Framework.</p> <p>Specifically, the green finance meets MUFGB’s Green Finance Eligibility Assessment Protocol as set out in Schedule-1 and in the main text, where the proceeds from green finance are fully allocated to one or more green projects. In addition, some projects states in Schedule-2 are assessed for eligibility by applying or referring to international standards (e.g., CBS).</p> <p>Through the assessment, DNV concluded that projects that have been appropriately assessed for eligibility in accordance with the MUFGB’s Framework and internal processes have true environmental benefits as green eligible projects.</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1c	Environmental benefits	All green projects to which the proceeds are used should have clear environmental benefits, the effects of which should be assessed by the fundraiser and, where possible, quantitatively demonstrated.	Confirmed documents: <ul style="list-style-type: none"> - Framework - Internal verification checklist Interviews with stakeholders	Green projects contribute to decarbonization as assessed by the MUFGB's eligibility assessment as indicated in 1b, which contributes to the goals set out in the fundraisers' green strategies. The environmental benefits are assessed quantitatively or qualitatively by the fundraiser. DNV has confirmed that the disclosure items are limited to the project's environmental benefits assessment method (calculation method) and items before implementation of green finance, before start of project operation, or when confidential information or competitive considerations are required, and that it will be quantitatively or qualitatively assessed and reported in the annual reporting as indicators according to the project's characteristics. The reporting will be made as either public disclosure or reporting to MUFGB, or both.
1d	Refinancing rate	If all or part of the proceeds are used or may be used for refinancing, the fundraiser will indicate the estimated ratio of the initial investment to the refinancing and, if necessary, is recommended to clarify which investment or project portfolio is subject to refinancing.	Confirmed documents: <ul style="list-style-type: none"> - Framework - Loan agreement Interviews with stakeholders	MUFGB will confirm with the fundraisers that they plan to use all proceeds for either new investment, refinancing, or both for one or more of the nominated projects identified as eligible in the eligibility assessment protocol set out in Schedule-1. If it is clear in advance whether it will be new investment or refinancing before implementation of the green finance, it will be explained in the loan agreement etc. If not yet determined, MUFGB will confirm through the reporting (annual report) that the fundraisers intend to clarify the amount of the proceeds used for refinancing.



GFP-2 Process for Project Evaluation and Selection

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
2a	Project selection process	<p>Green finance fundraisers should provide an overview of the process of eligible projects for which green finance proceeds will be used. This includes (but is not limited to):</p> <ul style="list-style-type: none"> • The process by which the fundraiser determines that the project in question is included in the business category of an eligible green project • Creation of criteria for eligibility of projects for which green finance proceeds will be used • Environmental sustainability goals 	<p>Confirmed documents:</p> <ul style="list-style-type: none"> - Framework - Internal verification checklist <p>Interviews with stakeholders</p>	<p>DNV has confirmed that MUFGB has a process document for determining the eligibility of projects to which the green finance proceeds are used, and that it is clearly outlined in the Framework and relevant documents.</p> <p>In addition, in order to consider negative impacts associated with project implementation, MUFGB and/or the fundraiser will ensure that national and local laws and regulations are complied with, and conduct screening during assessments based on the Equator Principles and the “MUFGB Environmental and Social Policy Framework” (hereinafter, the “ES Policy Framework”), the Framework and internal verification checklist.</p> <p>In addition to the above, all green finance has a requirement to align with the ES Policy Framework.</p>
2b	Fundraisers' Environmental and Social Governance Framework	In addition to criteria and certifications, the information published by fundraisers regarding the green finance process also considers the quality of performance of the fundraiser's framework and environmental sustainability.	<p>Confirmed documents:</p> <ul style="list-style-type: none"> - Framework - Internal verification checklist <p>Interviews with stakeholders</p>	Through an assessment with the Enabler, DNV has confirmed that MUFGB has a process to ensure that projects implemented by the fundraisers are eligible green projects and conform to the ES Policy Framework.



GFP-3 Management of Proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
3a	Tracking procedure-1	The net proceeds from green finance should be managed in sub-accounts, included in sub-portfolio, or otherwise tracked. It should also be certified by the fundraiser in a formal internal process related to the fundraiser's investment and financing operations for the green project.	Confirmed documents: <ul style="list-style-type: none"> - Framework - Operation manual Interviews with stakeholders	Through its assessment with MUFGB, DNV has confirmed that MUFGB confirms that the proceeds from green finance are traceable through the fundraiser's internal systems, forms, etc., in the actual systems and relevant documents in use, and that the management of proceeds can be proven on this basis.
3b	Tracking procedure-2	During the green finance redemption period, the balance of proceeds that is being tracked should be adjusted at regular intervals to match the amount allocated to eligible projects undertaken during that period.	Confirmed documents: <ul style="list-style-type: none"> - Framework - Operation manual Interviews with stakeholders	DNV has confirmed that MUFGB and the fundraiser plan to review the balance of proceeds at least once a year, using the internal systems, forms, etc. described in 3a, during the period from the implementation of the green finance to repayment.
3c	Temporary holding	If no investment or payment has been made in an eligible green project, the fundraiser should also inform the investor of the possible temporary investment method for the balance of unallocated proceeds.	Confirmed documents: <ul style="list-style-type: none"> - Framework - Operation manual Interviews with stakeholders	DNV has confirmed that MUFGB confirms that there is a mechanism for the sequential recognition of the balance of unallocated proceeds in accordance with the fundraiser's internal systems, forms, etc. and relevant work flow. DNV has confirmed that MUFGB confirms that the balance of unallocated proceeds is managed in cash or cash equivalents through explanatory documents etc. from the fundraiser. DNV has also confirmed that the balance of unallocated proceeds will be confirmed through the fundraiser's reporting on the allocation status of proceeds.



GFP-4 Reporting

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
4a	Periodical reporting	<p>In addition to reporting on the use of proceeds and the temporary investment of unallocated proceeds, the fundraiser should provide a list of projects to which the green finance proceeds have been allocated at least once a year, taking into account the following:</p> <ul style="list-style-type: none"> - Confidentiality and competitive considerations - Outline of each project, expected sustainable environmental and social effects 	<p>Confirmed documents:</p> <ul style="list-style-type: none"> - Framework - Operation manual <p>Interviews with stakeholders</p>	<p>DNV has confirmed that from the time of fundraising to the completion of the proceeds allocation, the fundraiser will conduct annual green finance reporting to MUFGB or to the public, disclosing information on the allocation status of proceeds and the projects or environmental benefits for which the proceeds have been allocated.</p> <p>Specifically, the fundraisers will disclose to MUFGB a “list of projects,” “description of projects,” “allocation of the borrowed funds to each project,” “balance of unallocated proceeds,” and “expected environmental benefits” to the public in a manner determined by the fundraisers, subject to confidentiality obligations and so far as is reasonably practicable.</p>



Schedule-5 Sustainability-Linked Finance Framework Eligibility Assessment Protocol as an Enabler

The following checklists (SLFP-1 to 5) are DNV’s assessment protocol developed for the eligibility assessment of the Framework of MUFGB as an Enabler, based on the requirements of SLBP/SLLP.

SLFP-1 Selection of Key Performance Indicators (KPIs)

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1a	KPI - material to core sustainability and business strategy	<p>The fundraiser’s sustainability performance is measured using sustainability KPIs that can be external or internal. The KPIs should be material to the fundraiser’s core sustainability and business strategies and address relevant environmental, social and/or governance challenges of the industry sector and be under management’s control. The KPI should be of high strategic significance to the fundraiser’s current and/or future operations.</p> <p>It is recommended that the fundraiser communicate clearly to investors the rationale and process according to which the KPI(s) have been selected and how the KPI(s) fit into their sustainability strategy.</p>	<p>Confirmed documents:</p> <ul style="list-style-type: none"> - Framework <p>Interviews with stakeholders</p>	<p>DNV has confirmed that MUFGB will only use the following KPIs, assuming that response to climate change is positioned in the fundraiser’s materiality, as set out in the Framework and Schedule-3. DNV assumes that eligible loans contain either or both of the following KPIs and has confirmed that loans with KPIs that differ from these are not covered by the Framework.</p> <ul style="list-style-type: none"> • CDP (climate change) score • GHG emission reduction in line with the SBT 1.5°C target (including net zero certification) (for certified companies)

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1b	KPI - measurability	<p>KPIs should be measurable or quantifiable on a consistent methodological basis; externally verifiable; and able to be benchmarked, i.e., as much as possible using an external reference or definitions to facilitate the assessment of the SPT's level of ambition.</p> <p>The fundraiser is encouraged, when possible, to select KPI(s) that it has already included in their previous annual reports, sustainability reports, or other non-financial reporting disclosures to allow investors to evaluate historical performance of the KPIs selected. In situations where the KPIs have not been previously disclosed, the fundraiser should, to the extent possible, provide historical externally verified KPI values covering at least the previous three years.</p>	<p>Confirmed documents:</p> <ul style="list-style-type: none"> - Framework <p>Interviews with stakeholders</p>	<p>DNV concluded that the KPIs specified by MUFGB in the Framework and Schedule-3 are externally verifiable and can be benchmarked against external references.</p>
1c	KPI - clear definition	<p>A clear definition of the KPI(s) should be provided and include the applicable scope or perimeter as well as the calculation methodology.</p>	<p>Confirmed documents:</p> <ul style="list-style-type: none"> - Framework <p>Interviews with stakeholders</p>	<p>DNV has confirmed that the KPIs specified by MUFGB in the Framework and Schedule-3 are all defined to have evaluation criteria by an external body, and are disclosed.</p>

SLFP-2 Calibration of Sustainability Performance Targets (SPTs)

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings						
2a	Target setting - meaningful	The SPTs should be ambitious, realistic and meaningful to the fundraiser's business and be consistent with the fundraiser's overall strategic sustainability/ESG strategies.	Confirmed documents: - Framework Interviews with stakeholders	<p>DNV has confirmed that the following SPTs are used for each KPIs, as set out in the Framework and Schedule-3. These are all equivalent to the highest rank in the relevant assessment and are ambitious.</p> <table border="1"> <thead> <tr> <th>KPIs</th> <th>SPTs</th> </tr> </thead> <tbody> <tr> <td>CDP (climate change) score</td> <td> <ul style="list-style-type: none"> Maintain CDP (climate change) score A- or higher </td> </tr> <tr> <td>GHG emission reduction in line with the SBT 1.5°C target*2 (for certified companies)</td> <td> <ul style="list-style-type: none"> GHG emission reduction in line with the SBT 1.5°C target (including net zero certification) Where emission reduction for a calendar year that are not explicitly stated in the SBT certification are set as SPT, emission reduction at a level that is on a linear basis up to the explicitly stated calendar year (e.g., 2030) are set as SPT. Where Scope 1&2 and Scope 3 are certified in the normal version of the SBT, SPTs are required to set both for Scope 1&2 and Scope 3. Where the SME version of SBT is obtained, SPTs are required to set for the total of Scope 1 and 2. </td> </tr> </tbody> </table>	KPIs	SPTs	CDP (climate change) score	<ul style="list-style-type: none"> Maintain CDP (climate change) score A- or higher 	GHG emission reduction in line with the SBT 1.5°C target*2 (for certified companies)	<ul style="list-style-type: none"> GHG emission reduction in line with the SBT 1.5°C target (including net zero certification) Where emission reduction for a calendar year that are not explicitly stated in the SBT certification are set as SPT, emission reduction at a level that is on a linear basis up to the explicitly stated calendar year (e.g., 2030) are set as SPT. Where Scope 1&2 and Scope 3 are certified in the normal version of the SBT, SPTs are required to set both for Scope 1&2 and Scope 3. Where the SME version of SBT is obtained, SPTs are required to set for the total of Scope 1 and 2.
KPIs	SPTs									
CDP (climate change) score	<ul style="list-style-type: none"> Maintain CDP (climate change) score A- or higher 									
GHG emission reduction in line with the SBT 1.5°C target*2 (for certified companies)	<ul style="list-style-type: none"> GHG emission reduction in line with the SBT 1.5°C target (including net zero certification) Where emission reduction for a calendar year that are not explicitly stated in the SBT certification are set as SPT, emission reduction at a level that is on a linear basis up to the explicitly stated calendar year (e.g., 2030) are set as SPT. Where Scope 1&2 and Scope 3 are certified in the normal version of the SBT, SPTs are required to set both for Scope 1&2 and Scope 3. Where the SME version of SBT is obtained, SPTs are required to set for the total of Scope 1 and 2. 									
2b	Target setting - meaningful	SPTs should represent a material improvement in the respective KPIs and be beyond a "Business as Usual" trajectory; where possible be compared to a benchmark or an external reference and be determined on a pre-defined timeline, set before (or concurrently with) the issuance of the loan.	Confirmed documents: - Framework Interviews with stakeholders	The SPTs set by MUFGB are the highest in the assessment and go beyond "Business as Usual."						

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
2c	Target setting - benchmarks	<p>The target setting exercise should be based on a combination of benchmarking approaches:</p> <ol style="list-style-type: none"> 1. The fundraiser’s own performance over time for which a minimum of three years, where feasible, of measurement track record on the selected KPI(s) is recommended and when possible forward-looking guidance on the KPI; 2. The SPTs relative positioning versus the fundraiser’s peers where comparable or available, or versus industry or sector standards; 3. Systematic reference to science-based scenarios, or absolute levels (e.g., carbon budgets) or official country/regional/international targets or to recognized Best-Available-Technologies, or other proxies. 	<p>Confirmed documents:</p> <ul style="list-style-type: none"> - Framework <p>Interviews with stakeholders</p>	<p>DNV has confirmed that the MUFGB’s process of setting SPTs is based on the right combination of benchmarking approaches.</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
2d	Target setting - disclosures	<p>Disclosures on target setting should make clear reference to:</p> <ol style="list-style-type: none"> 1. The timelines of target achievement, the trigger event(s), and the frequency of SPTs; 2. Where relevant, the verified baseline or reference point selected for improvement of KPIs as well as the rationale for that baseline or reference point to be used; 3. Where relevant, in what situations recalculations or pro-forma adjustments of baselines will take place; 4. Where possible and taking into account competition and confidentiality. 	<p>Confirmed documents:</p> <ul style="list-style-type: none"> - Framework <p>Interviews with stakeholders</p>	<p>DNV has confirmed that the setting of SPTs has been properly disclosed as follows:</p> <ul style="list-style-type: none"> · The timeline for achieving the SPT is defined as annually for CDP scores and until 2030 for GHG emission reduction. Trigger judgment is defined as above the threshold every year for CDP scores and linear interpolation set by the SBT for GHG emission reduction. <p>Based on the information provided by MUFGB, DNV concluded that the SPTs are realistic, the plans are feasible, and the SPTs targets outlined in the Framework are likely to be met.</p>



SLFP-3 Finance Characteristics

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
3a	Loan Characteristics – SPT financial/structural impact	The SLB/SLL will need to include a financial and/or structural impact involving trigger event(s) based on whether the KPI(s) reach the pre-defined SPT(s).	Confirmed documents: - Framework Interviews with stakeholders	DNV has confirmed that the inclusion of triggering events in the Framework complies with the requirements described in SLBP/SLLP. DNV has confirmed that the sustainably-linked finance implemented under the Framework will ensure that the trigger events and their scope of impact, with the timing of observation of specific SPTs and performance requirements, are linked to the achievement of targets and financial incentives.
3b	Loan Characteristics - Fallback mechanism	Any fallback mechanisms in case the SPTs cannot be calculated or observed in a satisfactory manner should be explained. The fundraiser may also consider including, where needed, language in the bond documentation to take into consideration potential exceptional events.	Confirmed documents: - Framework Interviews with stakeholders	DNV has confirmed that the SPTs set by MUFGB are sufficiently verifiable and therefore, no fallback mechanism is required. MUFGB explains that the KPIs and SPTs may change after discussion at internal meetings when there are reasonable grounds, such as changes in the business environment/structure and changes to KPIs, whether such events are due to external factors or as a result of management decisions of MUFGB.



SLFP-4 Reporting

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
4a	Reporting	<p>The fundraiser of SLB/SLL should publish, and keep readily available, and easily accessible:</p> <ol style="list-style-type: none"> 1. Up-to-date information on the performance of the selected KPI(s), including baselines where relevant; 2. A verification assurance report relative to the SPT outlining the performance against the SPTs and the related impact, and timing of such impact, on the bond's financial and/or structural characteristics; 3. Any information enabling investors to monitor the level of ambition of the SPTs. <p>This reporting should be published regularly, at least annually, and in any case for any date/period relevant for assessing the SPT performance leading to a potential adjustment of the SLB/SLL's financial and/or structural characteristics.</p>	<p>Confirmed documents:</p> <ul style="list-style-type: none"> - Framework <p>Interviews with stakeholders</p>	<p>DNV has confirmed that the necessary information will be disclosed in a timely manner on the following details required by SLBP/SLLP:</p> <ul style="list-style-type: none"> · KPIs performance: At least once a year after the implementation of sustainability-linked finance and before the completion of repayment, the KPIs are verified by an external organization etc. and disclosed on the website or to the lender (only in the case of loans, reporting through disclosure to the lender is permitted). · Achievement of SPTs: Subject to annual verification by an independent third-party organization and used to determine financial characteristics (interest rate on bonds) or other financial incentives.



SLFP-5 Verification

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
5a	External verification	The fundraisers should have their performance against each SPT for each KPI independently verified by a qualified external reviewer with relevant expertise, at least once a year and for each SPT trigger event.	Confirmed documents: - Framework Interviews with stakeholders	DNV has confirmed that the fundraisers who have received funds from MUFGB under the Framework plan to have their data related to the KPIs independently verified at least once a year by a qualified external evaluation body with relevant expertise in SPT trigger events.