Operating Principles for Impact Management

Disclosure Statement
April 2025

MUFG Bank, Ltd.

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	5. Assess, address, monitor and manage potential negative impacts of each investment.		

Independent verification

9. Publicly disclose alignment with the Impact Principles and provide regular independent verification of the alignment.

(Source) OPIM – Overview of the Operating Principles for Impact Management

Introduction

Operating Principles for Impact Management Affirmation

MUFG Bank, a consolidated subsidiary of Mitsubishi UFJ Financial Group (MUFG), became the first Japanese private financial institution to sign the Operating Principles for Impact Management (OPIM) which were developed by the International Finance Corporation (IFC) and other leading impact investors, in 2021.
The host of the Secretariat for the OPIM has been transferred from IFC to the Global Impact Investing Network (GIIN) in autumn 2022.

MUFG Bank (the “Signatory”) hereby affirms its status as a Signatory to the OPIM.

As of 31 March 2025, this Disclosure Statement applies to the following assets (the “Covered Assets”) that align with the Principles :

- **Green Bond**
- **GAIA Climate Loan Fund**

MUFG has issued **Green Bonds** and the net proceeds from the Green Bonds are onlent to MUFG Bank. MUFG Bank allocates amounts equivalent to the net proceeds of the Green Bonds to MUFG Bank’s eligible renewable project finance transactions. Total amount of the Green Bond assets under management in alignment with OPIM is US$ 1,704 million as of December 31st, 2024[1].

GAIA Climate Loan Fund (GAIA) is a targeted US$ 1.48 billion climate and blended finance platform projected to reach nearly 20 million direct and indirect beneficiaries across 25 emerging markets and developing economies. MUFG Bank is a founding member and cornerstone investor of GAIA. In November 14, 2024,at COP29, FinDev Canada[2], MUFG Bank, the Green Climate Fund (GCF)[3] and Climate Fund Managers[4] signed a Memorandum of Understanding on significant commercial terms for GAIA.
A baseline assessment was conducted for GAIA as no transactions have been made at the time of assessment, hence GAIA’s alignment in practice has not been verified.

Overall, the total assets under management in alignment with OPIM is USD 1,704 million as of December 31, 2024.

Name	Title
Shoji Kinugasa	Managing Director, Head of Environmental and Social Assessment Department (ESAD)
Akira Otaka	Director of ESAD
Mayuko Okamoto	Head of Environmental and Social Assessment Team, ESAD

Sustainability Office, Corporate Planning Division

(Note) 1. https://www.mufg.jp/english/ir/fixed_income/greenbond/index.html
2. https://www.findevcanada.ca/en
3. https://www.greenclimate.fund/
4. https://climatefundmanagers.com/

Principle 1

Define strategic impact objective(s), consistent with the investment strategy:

The Manager shall define strategic impact objectives for the portfolio or fund to achieve positive and measurable social or environmental effects, which are aligned with the Sustainable Development Goals (SDGs), or other widely accepted goals. The impact intent does not need to be shared by the investee.
The Manager shall seek to ensure that the impact objectives and investment strategy are consistent; that there is a credible basis for achieving the impact objectives through the investment strategy; and that the scale and/or intensity of the intended portfolio impact is proportionate to the size of the investment portfolio.
(Source: OPIM)

- Financial institutions have a responsibility to stabilize and maintain the financial system and contribute to the sound growth of society. To this end, MUFG has fulfilled its social mission as a foundation of society and has been striving to contribute to the realization of a sustainable society by solving social issues through financial services.

- In this regard, as a top down approach, MUFG has determined 10 priority issues with reference to the United Nations Sustainable Development Goals (SDGs)[1].

- Since 2018, to contribute towards a more sustainable environment and society, the MUFG Environmental and Social Policy Framework has been developed based on the “MUFG Environmental Policy Statement” and the “MUFG Human Rights Policy Statement” [2] which establish the basis for our policies regarding management of environmental and human rights issues, respectively.

- Additionally, MUFG Bank has been a signatory of the Equator Principles[3] since 2005. The 20-year journey of MUFG Bank and the Equator Principles has been documented in the Equator Principles Progress Report[4]. The Equator Principles are a set of voluntary guidelines adopted by financial institutions to ensure that large-scale development or construction projects appropriately consider the associated potential impacts on the natural environment and the affected communities.

- We have chosen our Covered Assets that have an explicit intention of having a positive and measurable impact, aligning with the MUFG’s 10 priority issues and the relevant SDGs from macro perspectives.

- As a first step, we have targeted “Climate Change” as an impact focus area within the Covered Assets, aiming to approach both mitigation and adaptation measures.

1. Green Bond

- Main theme: **Climate Mitigation** with the enhancement of renewable energies
  - As part of “Achievement of Carbon Neutral Society”, in May 2021, MUFG announced its “MUFG Carbon Neutrality Declaration”, a commitment to achieve net zero emissions of our finance portfolio by 2050 and in our own operations by 2030[5].
  - MUFG will support a transition to a decarbonized society through the underwriting of MUFG Green Bonds for which proceeds from issuance are allocated to finance qualified Green Projects, provision of products and services aimed at reducing energy related GHG emissions and promoting renewable energy globally through project finance.

2. GAIA Climate Loan Fund [baseline assessment only]

- Main themes: **Climate Adaptation** with the enhancement of resilience of health, food and water security; infrastructure and built environment; and ecosystems and ecosystem services / **Climate Mitigation** by reducing GHG emissions / **Gender & Social** by Improving economic opportunities for Women / **Resilient Market Development** with enhancing local climate project development & risk management.

(Note) 1. https://www.mufg.jp/english/csr/materiality/index.html
2. https://www.mufg.jp/english/csr/policy/index.html
3. https://equator-principles.com/
4. https://www.mufg.jp/dam/csr/environment/equator/report/ep202504_en.pdf
5. https://www.mufg.jp/english/csr/environment/cnd/index.html

Principle 1 (Continued)

- GAIA is a proposed $1.48 billion climate and blended finance platform projected to reach nearly 20 million direct and indirect beneficiaries across 25 developing and emerging countries, with the objective of directing climate change adaptation and mitigation finance towards five priority impact result areas: (i) **energy**, (ii) **transport**, (iii) **health**, (iv) **infrastructure**, and (v) **ecosystems**.

- Filling in the gap of adaptation finance and committed to overcoming barriers that hinder private investment in these areas, GAIA will only provide financing for projects that can deliver at least one clear climate adaptation or mitigation outcome and a social impact outcome that is consistent with the fund's strategic impact objectives, with a focus on gender equality and social inclusion underpinning the overarching climate objective.

- GAIA has aligned its strategic climate objectives with the relevant SDGs, and this is articulated through the Fund's theory of change which provides a structured framework for articulating the overarching vision.

GAIA's Theory of Change

Activities What we offer…	Outputs What we deliver…	Primary Outcomes What changes we drive…	Secondary Outcomes What we contribute to…	Vision What we strive for…
Structuring Innovative, scalable and replicable financial structuring	**Improved capacity to respond to climate change** Projects to improve climate resilience and reduce emissions in emerging markets	**Low carbon growth** Increased availability of low carbon energy and transport that accelerate clean energy transition	**Climate adaptation and mitigation** Enhanced resilience to climate impacts and avoidance and reduction of global GHG emissions	 **Low-emission, climate-resilient and inclusive economic growth**
Financing Local and hard currency loans, junior concessional equity, guarantees, FX hedging	**Commercial viability** Projects with demonstrated risk-adjusted returns	**Green jobs and human capital growth** Enhanced knowledge sharing, skills development, and number of jobs supported	**Local industry transformation** Sustainable and inclusive economic growth and employment	
Mobilisation Catalysation of institutional and commercial capital to provide blended finance	**High ESG and impact standards** International best practice ESG risk and impact management	**Adaptability and resilience** Reduced climate vulnerability of ecosystems, infrastructure, food, and health systems	**Socio-Economic Well-being** Enhanced livelihoods including opportunities for women	
Technical Assistance Tailored support to improve impact potential and advance financial sustainability	**Gender equality and social inclusion** Promotion of gender equality and social inclusion and management of risks	**Just transition** Local and equitable access to project impacts		

Principle 2

Manage strategic impact on a portfolio basis:

The Manager shall have a process to manage impact achievement on a portfolio basis. The objective of the process is to establish and monitor impact performance for the whole portfolio, while recognizing that impact may vary across individual investments in the portfolio. As part of the process, the Manager shall consider aligning staff incentive systems with the achievement of impact, as well as with financial performance. (Source: OPIM)

1. Green Bond

- MUFG developed the Mitsubishi UFJ Financial Group Sustainable Finance Framework dated July 2024 (the "Framework")[1] under which it intends to issue green bonds, and use the proceeds to finance and refinance, in whole or in part, existing and future projects intended to contribute to positive environmental and social impacts.
- The Framework outlines a process for tracking, allocation and management of proceeds, and makes commitments for reporting on allocation and impact. The Framework aligns with the Green Bond Principles 2021 (GBP)[2] .
- Under the Framework, MUFG's Office of the CFO, Financial Planning Division (CFO Office) will be responsible for management and allocation of proceeds using the Bank's internal loan management systems on a portfolio-based approach as well as a project-based approach.
- Eligible Categories and Performance Indicator:
  - Financing of new and existing eligible renewable energy projects including: **solar thermal power generation**, **solar photovoltaic power generation** and **onshore and offshore wind farm projects**.
  - Determined as **Category B** or **Category C** projects under the Equator Principles to mitigate environmental and social risks associated with financed projects.
  - The impact is calculated in the form of annual CO2 emission avoided, and disclosed annually on our website.
- Output:
  Under certain assumptions, during the year from April 2023 to March 2024, MUFG Bank's Eligible Projects are estimated to have contributed to generating 27,997,735,698 kWh of energy, which led to avoided CO2 emission of 14,110,858 tons (including MUFG contribution: 2,170,183 tons). A reduction of 2,170,183 tons of CO2 is equivalent to the amount of CO2 emitted by approximately 2.8 million households consuming electricity for one year.

2. GAIA Climate Loan Fund [baseline assessment only]

- GAIA is an Article 9 country led fund under the European Union Sustainable Finance Disclosure Regulation[3] meaning all of GAIA's investments will be sustainable.
- Using GAIA impact and ESG framework, GAIA integrates impact and ESG risk management throughout the investment lifecycle, leveraging an evidence-based eligible activity list for origination, screening of investments against GAIA's impact objectives, evaluating impact KPIs and ESG capabilities during deal due diligence, and aggregating, managing, and reporting impact KPIs for the portfolio on an ongoing basis post-investment.
- Climate Fund Managers (as the investment manager) will act on project structuring, administration, implementation and monitoring during the life of each project.

(Note) 1. https://www.mufg.jp/english/ir/fixed_income/greenbond/index.html
2. https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/
3. https://finance.ec.europa.eu/regulation-and-supervision/financial-services-legislation/implementing-and-delegated-acts/sustainable-finance-disclosures-regulation_en

Principle 2 (Continued)

- To ensure alignment with impact objectives in every credit consideration, GAIA's fund committee governance includes a standalone Impact Climate and ESG (CESG) Committee. CESG Committee evaluates and ensures each deal's impact objective is considered in addition to credit considerations. Independent impact advisor provides impartial expert advice on adaptation, mitigation, and social impact assessment.
- Eligible Categories and Allocations:

Eligible Categories and Allocations	
Focus Area	25 emerging market countries in Africa, LAC, and Asia
	Vulnerable to climate change
	Greatest needs for adaptation financing
	Minimum 25% of assets in Small Island Developing States (SIDSs) and Least Developing Countries (LDCs)
Target	Minimum 70% of proceeds to fund adaptation projects
	Invest in a variety of projects with adaptation benefits across following sectors: - Ecosystem - Water - Food - Health - Built environment infrastructure

- GAIA aims to maximize impact and mobilization. The GCF Core Impact Indicators are as follows:

  1. GHG emissions reduced, avoided or removed/sequestered (tCO2e)
  2. Direct and indirect beneficiaries reached
  3. Value of physical assets made more resilient to the effects of climate change and/or more able to reduce GHG emissions
  4. Hectares of natural resource areas brought under improved low-emission and/or climate-resilient management practices

  The core impact objectives (outcomes) are tracked through the GCF Core Impact Indicators on the portfolio-level.

- Each Approved Project will have a logical framework of output and outcome indicators, to be monitored and reported to GAIA, at least annually. Furthermore, approved projects will be required to implement environmental and social management systems to enhance GAIA's capacity for proposed impact outcomes, improve stakeholder relationships, and achieve greater positive societal impact.

Incentive systems

- MUFG has as a part of its executive compensation system, introduced a heightened metric for ESG-related external ratings as a medium- to long-term performance-linked indicator for stock-based compensation. The system is designed to reflect the degree of improvement found through in the external ratings granted by five major ESG rating agencies (MSCI, FTSE Russel, Sustainalytics, S&P Dow Jones, and CDP) in determining executive compensation.

Principle 3

Establish the Manager's contribution to the achievement of impact:

The Manager shall seek to establish and document a credible narrative on its contribution to the achievement of impact for each investment. Contributions can be made through one or more financial and/or non-financial channels[1] . The narrative should be stated in clear terms and supported, as much as possible, by evidence. (Source: OPIM)

1. Green Bond

- MUFG Bank is contributing to the promotion of renewable energy by leveraging its extensive track record and know-how, in addition to its global network, and engaging in initiatives through its core business, such as project finance. According to Bloomberg NEF's Clean Energy League Table (2H 2024), MUFG Bank ranked second in the league table for Asset Finance: Lead arrangers. Additionally, MUFG Bank stood out in 2024 as the Global Debt House of the Year in the 2025 Project Finance International (PFI) Yearbook.

- From the perspective of additionality, when financing large infrastructure and industrial projects, MUFG Bank, as a financier and/or a financial advisor, works in partnership with its clients to determine, assess and manage potential adverse environmental and social risks and impacts related to the projects in accordance with the Equator Principles (hereinafter "Equator Principles review"). All the Eligible Projects under the Green Bond are subject to this Equator Principles review prior to execution of the financing agreements. This is an illustrative example of MUFG Bank's contribution to decrease negative impacts and to achieve positive impact for its lending.

- Ultimately, the eligibility of green projects for financing is determined by the CFO Office applying a set of selection criteria outlined in the Framework. MUFG has obtained a Second Party Opinion by an independent verifier on the Framework which will be published on its website[2]. MUFG will obtain a report from the verifier with its compliance with intended allocation of the net proceeds.

2. GAIA Climate Loan Fund [baseline assessment only]

- GAIA's ecosystem of partners collaborates to enhance the fund's climate and financial objectives through robust investment and portfolio management practices. GAIA's contribution to the borrower's impact achievement could be in the form of concessional or commercial financing. Of the total expected commitment for GAIA, there is an approximate ratio of **1:4** concessional to commercial capital. MUFG, as a founding member and cornerstone investor, has committed USD 295m in senior capital and channels the GCF concessional anchor investment of USD 150m as the Accredited Entity.

- Climate Fund Managers (CFM), a leading climate-centric blended finance fund manager, was appointed as the investment manager (IM) and will be supported by Pollination Group[3], a specialist climate change investment and advisory firm.

- FinDev Canada, MUFG and the GCF (appointed by MUFG as the Accredited Entity) each have an independent member on the CESG Committee.

- Given the fact that it is harder to invest in local markets with hard currency, GAIA's commercial capital and its ability to finance in local currency is additional given that it provides significant and flexible funding to borrowers within targeted markets. In regard to GAIA's concessional capital, through the Technical Assistance (TA) Facility GAIA will deliver added value to end-borrowers in addressing specific capacity gaps for projects where capital was not previously available. In addition to TA and as per GAIA's concessional capital structure, the first-loss tranche allows for further mobilization of commercial capital.

(Note) 1. For example, this may include improving the cost of capital, active shareholder engagement, specific financial structuring, assisting with further resource mobilization, providing technical / market advice or capacity building to the investee, and/or helping the investee to meet higher operational standards.
2. https://www.mufg.jp/english/ir/fixed_income/greenbond/index.html
3. https://pollinationgroup.com/

Principle 3 (Continued)

- Before every investment, the IM will co-develop with each end-borrower a theory of change (ToC), establishing GAIA's additionality as an impactful climate investment platform. The ToC will include sector specific indicators, and these indicators will be monitored to ensure alignment with predetermined milestones.
- The IM will also prepare, on a semi-annual and annual basis, a review of the fund’s portfolio, appraising each asset against initial set objectives from both an impact and an investment perspective. These annual reports will also include climate, E&S and gender assessments to monitor GAIA’s effectiveness.

GAIA’s Additionality

Financial Additionality

GAIA’s investment helps to provide:

- Quantum of financing that was previously insufficiently offered by other lenders, investors, and capital providers in the market to the borrower for climate activities; and
- Improvement in the terms of financing (e.g., tenor, rates, local currency denomination) that are more suitable to the borrowers.

Non-Financial Additionality

Non-financial additionality will highlight the extent to which GAIA’s contribution helps:

- Raise the ESG risk management capacity within Borrower and/or the Project to mitigate negative impacts;
- Improve the adaptive capacity and low-carbon growth opportunities through the Borrower’s project activities;
- Empower women and support socially inclusive development through direct employment and inclusion of project-level action plans for select Projects; and
- Enhance the knowledge and skill set of the Borrower on impact and ESG risk management issues through connection to the GAIA TA facility and engagement on project impact and ESG issues.

Principle 4

Assess the expected impact of each investment, based on a systematic approach:

For each investment the Manager shall assess, in advance and, where possible, quantify the concrete, positive impact potential deriving from the investment. The assessment should use a suitable results measurement framework that aims to answer these fundamental questions: (1) What is the intended impact? (2) Who experiences the intended impact? (3) How significant is the intended impact? The Manager shall also seek to assess the likelihood of achieving the investment's expected impact. In assessing the likelihood, the Manager shall identify the significant risk factors that could result in the impact varying from ex-ante expectations.
In assessing the impact potential, the Manager shall seek evidence to assess the relative size of the challenge addressed within the targeted geographical context. The Manager shall also consider opportunities to increase the impact of the investment. Where possible and relevant for the Manager's strategic intent, the Manager may also consider indirect and systemic impacts. Indicators shall, to the extent possible, be aligned with industry standards and follow best practice. (Source: OPIM)

1. Green Bond

- **Prior to making loan decisions**, the deal team at MUFG Bank, acting as a financier and/or a financial advisor, works in partnership with its clients, carefully confirms whether a project selects technically and economically feasible options that contribute to energy and resource efficiency, including reducing GHG emissions, calculates the project's power generation capacity and understands who will be the beneficiaries of the electricity generated. Through the due diligence process, the deal team identifies financial risk factors and manages those risks to ensure the feasibility of the project.

- Related to **project evaluation for eligibility**, the CFO Office is responsible for selecting the eligible green projects. The CFO Office is assisted by the Bank's Environmental and Social Assessment Department (ESAD), Sustainability Office, Corporate Planning Division which carries out the Equator Principle review, calculates cumulative total of CO_2 reduction effect for one year for each project, and conducts initial evaluation for eligible green projects.

2. GAIA Climate Loan Fund [baseline assessment only]

- GAIA will assess the expected impact of each investment through its Investment Impact Measurement and Management Framework (IMM), including evaluation of the potential quantum and likelihood of impact for each project financed.

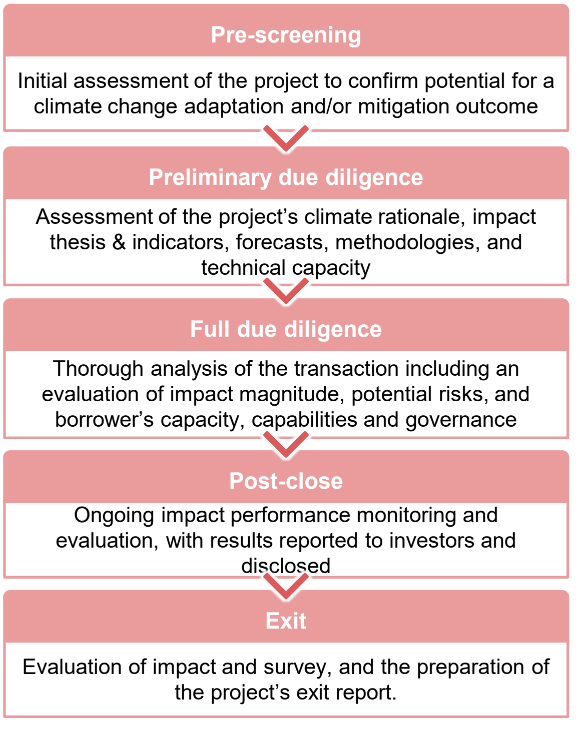
- At the **pre-screening stage**, the potential development impact of the proposed Project is assessed to confirm the potential for a climate change adaptation and/or mitigation outcome. Only those Projects that can demonstrate a climate rationale can pass the pre-screening stage. The first stage comprises initial screening and confirmation of the mandate-fit and if successful, the project passes to preliminary due diligence.

- **Preliminary due diligence** includes an assessment of the Project's climate rationale, climate and social impact thesis, impact indicators, ex-ante forecasts and methodologies, and the Borrower's impact policies and technical capacity. The impact thesis, indicators and calculation methodologies will be compared with GAIA's Result Management Framework (RMF). This provides the reference point for the quality, comparability, and applicability of the indicators provided. If a project utilizes a non-standard approach for impact measurement or does not provide a verifiable method, this will be flagged as a potential issue for further due diligence and potential support from GAIA's parallel TA facility.

- Projects that pass this stage in the assessment will be presented in the form of a Project Concept Note to the CESG and Credit Committees for consideration. The Project Concept Note describes the project's impact context, theory of change, confirmed climate and co-benefit outcomes, and quantified output indicators. Investments that are approved by the CESG and Credit Committees will undergo full due diligence.

Principle 4 (Continued)

- During **full due diligence**, a thorough analysis of the transaction will be undertaken. This will include an evaluation of (i) the magnitude of each Project's intended impact (e.g., what, who, and how much); (ii) potential risks that would prevent the impact from being achieved; and (iii) the Borrower's existing capacity, capabilities, and governance structures that are in place to achieve and monitor impact progress. The findings of the full due diligence will be incorporated into a full proposal document which is presented to the CESG and Credit Committees.
- Projects that are approved by the CESG and Credit Committees will be bound by impact covenants that are included in the final loan agreement prepared as part of the Transaction Structuring with the Borrower.
- **Post-close**, Projects are subject to ongoing impact performance monitoring and evaluation, with results reported to the investors and disclosed in line with regulatory requirements on an annual basis. Performance data will be collected to measure and monitor the ex-post impact performance on an annual basis. To ensure alignment with generally accepted industry standards, GAIA's approach to impact measurement draws on reporting standards such as the GIIN Impact Reporting and Investment Standards Plus (IRIS+). [1] CFM and GAIA's Limited Partners (LPs) are also active participants in efforts to harmonize impact measurement approaches, including the Joint Impact Model and the Joint Impact Indicators.
- Finally, and prior to exit, an impact evaluation and survey will be prepared and the results included in the Project's Exit Report.
- Climate Mitigation impacts
  - Mitigation proposals, besides being aligned to the pre-eligibility criteria, must provide estimates of projected emissions avoidance, reduction or sequestration against credible baselines, aligned with the RMF indicators of the Green Climate Fund Program and in absolute tCO_2e, for the duration of the investment and the life cycle of the project or activity being financed.
- Climate Adaptation impacts
  - The estimated number of potential direct beneficiaries per USD invested and indirect beneficiaries should be seen as a reference point at the platform level, and each investment will be evaluated and monitored in terms of number of beneficiaries.
  - GAIA will also take into account the level of vulnerability of the beneficiaries and the scale of impact at project level, for instance where a significant impact on more vulnerable beneficiaries could justify an investment in a project with a higher USD per beneficiary ratio.
  - GCF's Sectoral Guides [2] will be used to refine GAIA's assumptions at project level, providing guidance on country needs and sector specific characteristics.
  - A detailed and localized physical climate risk and vulnerability assessment will be conducted. This assessment will be used to help articulate how adaptation projects will contribute to the reduction or prevention of identified climate vulnerabilities and prioritize parallel TA interventions to maximize outputs.



(Note) 1. https://iris.thegiin.org/
2. https://data.greenclimate.fund/public/dashboard/sectoral-guide

Principle 5

Assess, address, monitor, and manage potential negative impacts of each investment:

For each investment the Manager shall seek, as part of a systematic and documented process, to identify and avoid, and if avoidance is not possible, mitigate and manage Environmental, Social and Governance (ESG) risks. Where appropriate, the Manager shall engage with the investee to seek its commitment to take action to address potential gaps in current investee systems, processes, and standards, using an approach aligned with good international industry practice. As part of portfolio management, the Manager shall monitor investees' ESG risk and performance, and where appropriate, engage with the investee to address gaps and unexpected events. (Source: OPIM)

- In 2018, MUFG established the MUFG Environmental and Social Policy Framework (ES Policy) [1] to manage environmental and social risks associated with our financing[2]. To implement the ES Policy, MUFG developed the due diligence process to identify and assess the environmental and social risks and/or impacts associated with transactions.
- Under the ES Policy, transactions in the list below are designated as Prohibited Transactions:

Prohibited Transactions

The transactions listed below are considered to have significant environmental and social risks or impacts. In cases where each Core Subsidiary is aware of the environmental and social risks or impacts, financing is not provided.

A) Illegal transactions and transactions for illegal purposes

B) Transactions which violate public order and good morals

C) Transactions that negatively impact wetlands designated under the Ramsar Convention

D) Transactions that negatively impact UNESCO designated World Heritage Sites

E) Transactions violating the Convention on International Trade in Endangered Species of Wild Fauna and Flora (Washington Convention)[3]

F) Transactions involving the use of child labor, forced labor or human trafficking

G) Cluster Munitions and Inhumane Weapons Manufacturing

Transactions of High Caution

Transactions of High Caution consist of cross-sector guidelines and sector specific guidelines. For transactions where the conditions listed below may exist, the potential that environmental and social risks or impacts may exist is considered to be high and clients are expected to implement the appropriate environmental and social measures. When each Core Subsidiary is considering providing financing for these transactions, the identification and assessment process for environmental and social risks or impacts will be used to confirm the client's approach to managing environmental and social issues.
If the environmental and social management approach of client's is not considered sufficient relative to the level of the potential risks or impacts, financing will not be provided.

- Cross-sector guidelines

A) Impact on Indigenous Peoples Communities

B) Land expropriation leading to involuntary resettlement

C) Impact on High Conservation Value areas

D) Cause of or contribution to, or direct linkage with, violation of human rights in conflict areas

(Note) 1. https://www.mufg.jp/english/csr/policy/index.html
2. This may include debt, equity, or bond sales, and excludes self-liquidating or maturing instruments.
3. Taking into consideration country specific considerations

Principle 5 (Continued)

1. Green Bond

- MUFG Bank assesses Environmental and Social risks using a standardized assessment template based on the Equator Principles, which incorporates assessment in line with the IFC Performance Standards[1] and is utilized to screen out prospective investments with potentially significant negative impacts (i.e., Category A defined under the Equator Principles) from the Covered Asset, as the Eligible Projects should consist only of Category B and C projects, and to ensure that projects put appropriate mitigation measures in place for the potential limited or minimal negative impacts identified under the Equator Principles review.
- Categorization under the Equator Principles

Category	Definition
Category A	Projects with potential significant adverse environmental and social risks and/or impacts that are diverse, irreversible or unprecedented
Category B	Projects with potential **limited** adverse environmental and social risks and/or impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures
Category C	Projects with **minimal or no** adverse environmental and social risks and/or impacts

- For Category B projects, an Environmental and Social Management Plan (ESMP) will be prepared by the Project Company to address issues raised in the assessment process and incorporate actions required to comply with the applicable standards. Where the applicable standards are not met to MUFG Bank's satisfaction, the Project Company and MUFG Bank will agree to develop an Equator Principles Action Plan (EPAP). The EPAP is intended to outline gaps and commitments to meet MUFG's requirements in line with the applicable standards. The status of the EPAP's progress will be continuously monitored.
- The project finance portfolio management team is responsible for monitoring and ensuring borrower compliance with covenants, which often include ESG-related covenants.
- MUFG Bank receives assurance from an independent auditor annually to ensure that we conduct the Equator Principles review in accordance with MUFG Bank's Implementation Guidelines. The assurance report is disclosed on MUFG's webpage[2].
- All the Eligible Projects under the Green Bond are subject to this Equator Principles review prior to execution of the financing agreements. This is an illustration of MUFG Bank's contribution to decrease negative impacts for its lending activities.

2. GAIA Climate Loan Fund [baseline assessment only]

- GAIA's overall approach to its Environmental and Social Policy, Human Right Policy and Environmental and Social Management System (ESMS) is guided by the Green Climate Fund Revised Environmental and Social Policy[3] and commitments that have been recognized as established good international practices by GCF, development finance institutions, and the private sector.
- At the **pre-screening stage**, GAIA reviews the proposed list of project activities against GAIA's Exclusion List, which prohibits investment in particularly high-risk sectors and contexts. This list is included in GAIA's Operating Manual.
- At the **screening stage**, an initial E&S risk categorization is assigned with potential key risks and issues identified and evaluated. The risk assessment will also include consideration of potential risks of maladaptation or unintended consequences that could be caused by the project activities. The categorization follows the GCF guidelines. In addition to E&S, screening considers sexual exploitation, abuse and harassment (SEAH) and transboundary risks. Investments through financial intermediation functions, or delivery mechanisms involving financial intermediation, are divided into the three levels of risk: Category A, Category B and Category C.

(Note) 1. https://www.ifc.org/en/insights-reports/2012/ifc-performance-standards
2. https://www.mufg.jp/english/ir/fixed_income/greenbond/index.html
3. https://www.greenclimate.fund/document/environmental-and-social-policy

Principle 5 (Continued)

- At **due diligence stage**, GAIA will assess the projects' E&S impacts against the IFC Performance Standards, IFC's Interpretation Note on Financial Intermediaries[1], the IFC PS Guidance Notes[2], and the IFC / World Bank sector-specific and general Environmental, Health and Safety Guidelines[3].
- This evaluation will determine the adequacy and expected effectiveness of the Project's relevant E&S policies and processes for managing ESG risks, identify gaps, and define actions to be incorporated into an E&S Action Plan (ESAP) that will form part of the loan agreement with the Borrower or Project.
- The due diligence process will also identify the potential risks that may disrupt the positive impact potential of the Project along with physical climate risks that may harm the Project's longer-term viability. The need for TA will also be considered at this stage to provide support in addressing gaps in alignment with the required standards (refer to Principle 3).
- Projects that are approved by the CESG and Credit Committees will be bound by ESG risk covenants that are included – along with the ESAP - in the final loan agreement prepared as part of the Transaction Structuring with the Borrower.
- **Post financial close**, ESG performance data and information will be collected on a routine and ongoing basis to measure and monitor the ESG risk management performance of the Borrower and/or Project and to evaluate the potential adverse impacts on an annual and quarterly basis. The assessment will include an evaluation against GAIA's performance indicators (refer to the ESMS manual) along with any specific loan covenants, the requirements of the ESAP, and GAIA's overarching ESG requirements.
- Finally, and prior to exit, an evaluation of the ESG risk profile will be prepared and the results included in the Project's Exit Report.

Pre-screening

Initial screening of proposed project activities against the Exclusion List and confirmation of the mandate-fit

Screening

Initial E&S risk categorization based on the identification and evaluation of potential key risks and issues, including SEAH and transboundary risks.

Due diligence

Thorough assessment of E&S impacts, adequacy and effectiveness of E&S policies and processes, identification of gaps, and definition of actions incorporated into an E&S Action Plan

Post financial close

Routine and ongoing collection of performance data, and evaluation of ESG performance

Exit

Evaluation of ESG risk profile, and preparation of exit report

(Note) 1. https://documents.worldbank.org/en/publication/documents-reports/documentdetail/693651480673428389/interpretation-note-on-financial-intermediaries
2. https://www.ifc.org/en/insights-reports/2012/publications-policy-gn-2012
3. https://www.ifc.org/en/insights-reports/2000/general-environmental-health-and-safety-guidelines

Principle 6

Monitor the progress of each investment in achieving impact against expectations and respond appropriately:

The Manager shall use the results framework (referenced in Principle 4) to monitor progress toward the achievement of positive impacts in comparison to the expected impact for each investment. Progress shall be monitored using a predefined process for sharing performance data with the investee. To the best extent possible, this shall outline how often data will be collected; the method for data collection; data sources; responsibilities for data collection; and how, and to whom, data will be reported. When monitoring indicates that the investment is no longer expected to achieve its intended impacts, the Manager shall seek to pursue appropriate action. The Manager shall also seek to use the results framework to capture investment outcomes. (Source: OPIM)

1. Green Bond

- MUFG will monitor and track the allocation of proceeds to eligible green projects/loans using MUFG Bank's internal loan management system at least once a year.
- For Eligible Projects, MUFG Bank estimates and reports to MUFG on energy generation and avoided CO2 emission volume, based on the asset's power generation capacity as well as relevant emission factors published by third-parties (e.g., IRENA, IFC). Based on such information, MUFG updates its Green Bonds Reporting annually and discloses the results of energy generation and MUFG's contribution on avoided CO2 emission amounts in the reports.
- In the Sustainability Report[1], the cumulative total amounts of yearly CO2 emissions avoided through renewable energy project financings[2] from FY2019 to the relevant year is disclosed.

2. GAIA Climate Loan Fund [baseline assessment only]

- GAIA will regularly monitor each project's ex-post impact performance using the Result Management Framework (RMF) which details the frequency of data collection, data sources, responsibilities, and methodologies. In addition, GAIA's Impact Measurement and Management Framework describes the monitoring and evaluation (M&E) plan for annual impact and outcome monitoring, and periodic evaluations.
- GAIA's impact M&E requirements will be discussed with the Borrower prior to financial close, and an agreement reached on the systems and processes that will need to be established for the collection and reporting of reliable impact data and information. The impact and ESG reporting requirements, and in certain cases, impact and E&S Action Plan (ESAP) expectations will include key activities and milestones. Covenants will be included in the loan agreement with the Borrower that set out GAIA's expectations and Borrower obligations for ongoing impact management, monitoring and reporting.
- Arrangements for ongoing impact monitoring management are incorporated into GAIA's asset management activities. Impact and ESG performance data and information is collected on a routine basis using data collection templates and managed using a centralized data management repository. An evaluation of the data and information is conducted at least annually to analyze for trends, identify any data anomalies and gaps, and track overall performance.
- GAIA's ESG and impact performance will be reported to the investors on an annual basis. The reports will provide detailed updates on the progress and performance of each Project in relation to its impact thesis as well as the consolidated performance of the portfolio as a whole.

(Note) 1. https://www.mufg.jp/english/csr/report/sustainability/index.html
2. Cumulative total of CO2 reduction effect for one year, calculated from the amount of electricity generated by renewable energy projects underwritten in each fiscal year, facility utilization rates, and emission factors. The values take into account MUFG's contribution in the underwriting phase.

Principle 6 (Continued)

- Results also will be shared and discussed with the Climate and ESG and Credit Committee and other project stakeholders on a regular basis. In the event that a project's performance is not aligned with pre-investment impact or ESG expectations and contractual obligations, GAIA will work with the Borrower to establish a **corrective action plan** to address any identified areas for improvement arising from GAIA's monitoring activities.

MUFG

Principle 7

Conduct exits considering the effect on sustained impact:

When conducting an exit, the Manager shall, in good faith and consistent with its fiduciary concerns, consider the effect which the timing, structure, and process of its exit will have on the sustainability of the impact. action. (Source: OPIM)

1. Green Bond

- Deal Team's Approach:
  - The team continuously monitors the power generation of each asset during its lending period to maintain the positive impact. This will contribute to maintaining the project's continuity.
- ESAD's Approach
  - The Equator Principles are applied to all Eligible Projects. Under Principle 4 of the Equator Principles, MUFG Bank will require all Category B Projects to develop and/or maintain an Environmental and Social Management System (ESMS) at an organizational level or project level depending on the project's features. Under Principle 8 of the Equator Principles, clients are required to comply with the relevant projects' host countries environmental and social laws, regulations, and permits, and Environmental and Social Management Plan (ESMP), and are also required to provide periodic reporting on their compliance. This requirement should be incorporated as a covenant in loan agreements.
  - At the end of lending period, MUFG Bank expects clients to ensure that all existing environmental and social obligations continue to be included in the subsequent financing documentation and maintain the ESMS.
  - In the future, to further align with the Principle 7, MUFG Bank will examine how to take steps earlier in the financing process to enhance the sustainability of impact, among other factors to take into considerations.

2. GAIA Climate Loan Fund [baseline assessment only]

- GAIA is a template to be scaled out and further used, and sets out to innovate beyond traditional donor-supported credit enhancement structures with an eye on self-resilience and longevity.
- GAIA will design a standardized process to consider the impact at exit. As a private debt investor, GAIA will explore opportunities to embed post-financing objectives as part of the initial loan agreement and conduct a survey with the borrower at the end of the loan term to evaluate the achievement of impact at the end of the term and further plans to sustain impact post-financing.
- There is a circular coherence to GAIA's design that directly echoes the constituent elements of the Paradigm Shift Potential (Scale, Replicability, Sustainability) that guides the GCF's Integrated Results Management Framework. GCF is building a best-practice public-private climate financing model that progressively supports itself through transparent mechanics readily transferrable to and built upon by future climate-finance platforms. The sustainability of the paradigm shift will be further developed by involving local banks, including AE's and Direct Access Entities (DAEs), in creating the capacity and knowledge sharing for those entities to also originate and finance further projects.
- Structurally, GAIA will have a 15-year investment period and a 30-year lifetime. All the proceeds received from loan amortizations during the investment period may be reinvested into new loans to borrowers. The 15th year anniversary marks the end of the investment period and the start of the Wind-down of the Fund.

Principle 8

Review, document, and improve decisions and processes based on the achievement of impact and lessons learned:

The Manager shall review and document the impact performance of each investment, compare the expected and actual impact, and other positive and negative impacts, and use these findings to improve operational and strategic investment decisions, as well as management processes.
(Source: OPIM)

- In line with Principle 9, MUFG Bank undertook an external verification of the Bank's practices and procedures against OPIM in 2022 and 2025. The results of the verification process have been fed into the ongoing review of the Bank's effort in supporting the achievement of positive impact outcomes.
- MUFG Bank has explored the scalability and applicability of discovering new impact opportunities for both new and existing assets. This time, we are pleased to add the GAIA Climate Loan Fund to the Covered Assets.

1. Green Bond

- As part of implementing the Equator Principles, MUFG Bank has an internal process to quarterly review the due diligence process and Equator Principles review reports by conducting peer-review to assess the quality.

2. GAIA Climate Loan Fund [baseline assessment only]

- GAIA will review and document the impact performance of each investment, track impact performance, and use the findings to improve its investment decision-making and portfolio management process over time.
- MUFG Bank, as a Limited Partner (LP), will receive quarterly and annual reports for all investments and their development impact. MUFG Bank will also hold a Limited Partnership Advisory Committee (LPAC) seat, enabling portfolio visibility to ensure that investment activities are aligned with the envisaged impact outcomes.
- GAIA will have a CESG Committee, which will serve to: provide guidance to the IM, review quarterly and annual impact progress and reports, receive notifications of ESG-related incidents, and review impact measurements to provide recommendations for individual investment and fund performance throughout the lifetime of GAIA.
- GAIA will aggregate lessons learned across all projects and disseminate information among project borrowers as well as relevant stakeholders and external associations, with the objective of sharing lessons learned and influencing shifts in project delivery approaches to deliver more impact.
- GAIA will disclose its impact performance via CFM's website, as well as on the Green Climate Fund's website[1].

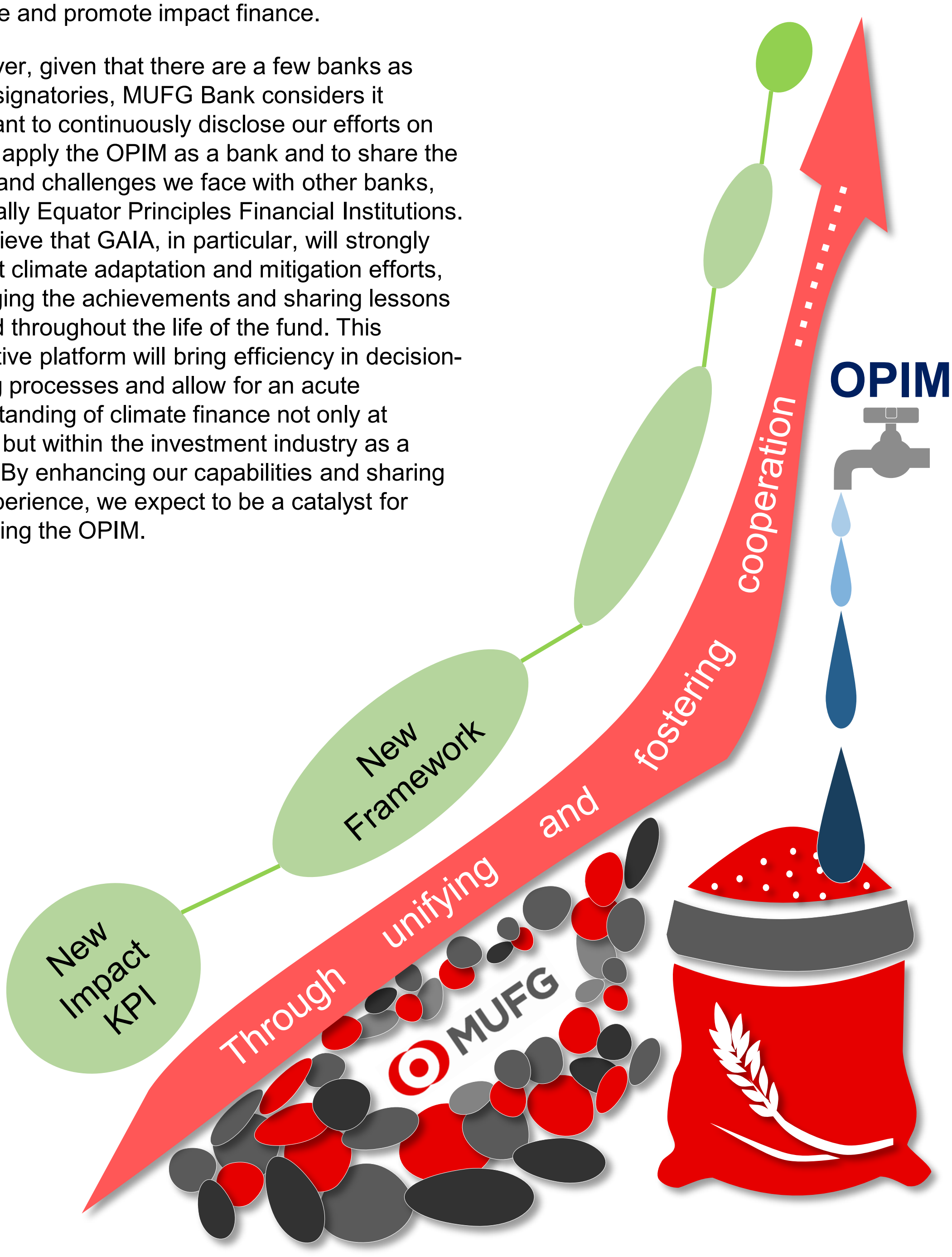
Future Steps

- Related to the Green Bond and other future covered assets, MUFG Bank recognizes that it is important to strengthen the structure to further align with the OPIM, integrate learnings from investee/lender experience into a strategic fund/portfolio-level review, and explore new angles of impact for the existing assets. We will continue to consider how we can set new impact KPIs. Applying new frameworks may be an option (e.g., applying a Child-Lens Investing Framework developed by UNICEF, PCAF, and B Impact Assessment (BIA)).
- Additionally, scaling up and applying OPIM to various new and existing assets across MUFG as a whole is important for us to contribute to solving social issues.

(Note) 1. https://www.greenclimate.fund/project/fp223

Principle 8 (Continued)

- MUFG has published its MUFG Driving Social & Environmental Progress Report in April 2025[1]. We find that unifying and fostering cooperation between different departments and global offices remains a challenge. Further collaboration and fostering communication are essential for us to improve and promote impact finance.
- Moreover, given that there are a few banks as OPIM signatories, MUFG Bank considers it important to continuously disclose our efforts on how to apply the OPIM as a bank and to share the status and challenges we face with other banks, especially Equator Principles Financial Institutions. We believe that GAIA, in particular, will strongly support climate adaptation and mitigation efforts, leveraging the achievements and sharing lessons learned throughout the life of the fund. This innovative platform will bring efficiency in decision-making processes and allow for an acute understanding of climate finance not only at MUFG but within the investment industry as a whole. By enhancing our capabilities and sharing our experience, we expect to be a catalyst for promoting the OPIM.



(Note) 1. https://www.mufg.jp/dam/csr/report/dsep/2025_ja.pdf *Japanese version. The English version is scheduled to be released in May.

Principle 9

Publicly disclose alignment with the Principles and provide regular independent verification of the alignment:

The Manager shall publicly disclose, on an annual basis, the alignment of its impact management systems with the Principles and, at regular intervals, arrange for independent verification of this alignment.
The conclusions of this verification report shall also be publicly disclosed. These disclosures are subject to fiduciary and regulatory concerns. (Source: OPIM)

- This Disclosure Statement reaffirms the alignment of the Covered Assets' impact management systems with OPIM and will be updated annually.

- The independent verification is provided by an external verifier. Only the baseline assessment was conducted for GAIA as no transactions have been made at the time of assessment, hence GAIA's alignment in practice has not been verified. The latest independent assurance report on the alignment of MUFG Bank's Covered Assets with OPIM is posted at https://www.mufg.jp/english/csr/initiatives/

- Information on the current independent verifier is as follows:

  - Name and Address

    Steward Redqueen Pte Ltd.
    1 Keong Saik Road, Level 2, Singapore, 089109

  - Most Recent Review

    March 7, 2025

  - Qualifications

    Steward Redqueen is a consultancy firm that works across the globe advising organizations on impact and sustainability. They have served on the Independent Verifiers Panel to the Secretariat of the Operating Principles for Impact Management.
    https://www.stewardredqueen.com/

- MUFG Bank intends to conduct an independent verification of the Covered Assets' impact management systems every three years. Next verification is planned to be conducted around March 2028.

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