

GREEN BOND / GREEN BOND PROGRAMME INDEPENDENT EXTERNAL REVIEW FORM

Section 1. Basic Information

Issuer name:	Mitsubishi Electric Credit Corporation
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	Mitsubishi Electric Credit Co., Ltd. 3rd unsecured corporate bonds
Independent External Review provider's name:	Japan Credit Rating Agency, Ltd.
Completion date of this form:	March 31, 2020
Publication date of review publication:	March 31, 2020

Section 2. Review overview

SCOPE OF REVIEW

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

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

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

ROLE(S) OF Independent External REVIEW PROVIDER

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

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

Mitsubishi Electric Credit Corporation (the “Company”) is the finance company in the Mitsubishi Electric Group. The Company has been established in 1970 as Mitsubishi Electric Product Credit Co., Ltd., merged 10 regional sales companies and renamed in 1982. In March 2003, Diamond Lease Company Limited (now Mitsubishi UFJ Lease & Finance Company Limited (“MUL”)) took the Company’s equity stake. The Company is an equity-method affiliate of Mitsubishi Electric Corporation (“MEC”) and MUL (both of capital share are 45%).

The Company engages in leasing and installment sales of equipment and other items used by MEC and the Mitsubishi Electric Group, as well as leasing of Mitsubishi Group products and commercial distribution. The Company also provides credit services for household appliances and all-electric appliances, loans to Mitsubishi Electric employees, and apartment renovation loans for homeowner associations.

The Company operates its business in accordance with the Environmental Vision of the Mitsubishi Electric Group and Environmental Policy of the Company. The Company provides financing to customers who own solar and other renewable energy power generation facilities. JCR also confirmed that the Company intends to expand the businesses regarding the leasing of environmentally friendly energy-saving products such as air conditioning and refrigeration equipment, LEDs, and solar panels in the future.

Furthermore, in order to realize a sustainable world, environmental and social initiatives are expected to be further strengthened in the future, including the commencement of consideration of initiatives that contribute to SDGs through business activities.

The subject to be evaluated is private placement bonds issued by the Company (the “Bonds”). The proceeds of the bonds will be used to refinance loans to businesses that own solar power generation facilities. JCR confirmed that the solar power generation facilities subject to the use of proceeds have CO2 saving effect of the yearly averaged 4,694t. JCR also confirmed that the two solar power generation facilities financed by the Company are taking appropriate measures to avoid negative environmental impacts when implementing projects. JCR also confirmed that the three solar power generation facilities financed by the Company are taking appropriate measures to avoid negative environmental impacts when implementing projects.

With regard to the management and operational structure, in the process of selecting projects, the general manager and vice president reviewed the selection and process of the project before the getting an approval by the President. After the approval of the president, the Credit Department of MUL makes final approval. In terms of management of proceeds, the internal control and external audit systems are properly established. The Company disclosed the necessary information before the issuance of the Bonds and it also plans appropriate reporting after the issuance. Consequently, JCR evaluates that the management and operation system of the Company is appropriate.

Based on the JCR Green Finance Evaluation Methodology, JCR assigned “g1” for the preliminary evaluation of the “Greenness Evaluation (Use of Proceeds)” and “m1” for the preliminary evaluation of the “Management, Operating System and Transparency Evaluation.” As a result, JCR assigned “Green 1” for overall “JCR Green Bond Preliminary Evaluation.” The Bonds are considered to meet the standards for the items required by the Green Bond Principles and the Ministry of the Environment’s Green Bond Guidelines .

<https://www.jcr.co.jp/en/greenfinance/>

Section 3. Detailed review

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

1. USE OF PROCEEDS

Overall comment on section (if applicable):

a. On the environmental improvement effects of the project

- i. 100% of proceeds are to be used to refinance loans to entities that own and develop solar power generation facilities which have environmental improvement effect.
- ii. Use of proceeds falls under the category of "renewable energy" among the green projects defined in the Green Bond Principles and the Ministry of the Environment's Green Bond Guidelines.

b. Negative impact on Environment

At the Company, the Energy & Infrastructure Solutions Sales Department, which is responsible for investigating the content of projects when providing loans to entities that own solar power generation facilities, carries out necessary due diligence such as confirmation of natural disaster and compliance of the related laws through inquiries and interviews from the entities. JCR confirmed that no negative environmental impacts were anticipated for the three solar power generation facilities.

Use of proceeds categories as per GBP:

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

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

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

The Company has established clear environmental objectives, project selection criteria, and processes for the use of proceeds.
Such matters are disclosed in the JCR's evaluation report.

Evaluation and selection

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

Information on Responsibilities and Accountability

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

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable) :

The Bonds are scheduled to be fully allocated for the purpose of refinancing loans to businesses with solar power generation facilities as described in this report, and no unallocated funds are anticipated.

Tracking of proceeds:

- | |
|---|
| <input checked="" type="checkbox"/> Green Bond proceeds segregated or tracked by the issuer in an appropriate manner |
| <input checked="" type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input type="checkbox"/> Other (please specify): |

Additional disclosure:

- | | |
|--|--|
| <input type="checkbox"/> Allocations to future investments only | <input type="checkbox"/> Allocations 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 (please specify) : |

4. REPORTING

Overall comment on section (if applicable):

a. Reporting on proceeds allocation

The use of the proceeds of the Bonds is disclosed to the investors in this evaluation report. In addition, the Company will prepare a report on the Bonds and disclose it to the investors.

b. Impact reporting for environmental benefits

The Company plans to disclose the following items as reporting items for environmental improvement effects on the three solar power generation facilities subject to the use of the proceeds to the investors under the Green Bond Framework.

- List of projects
- Power generated by green eligible projects (theoretical value based on output standards)
- CO2 emissions reduced by green eligible projects (theoretical values based on output standards)

Use of proceeds reporting:

☐ Project-by-project

☒ On a project portfolio basis

☐ Linkage to individual bond(s)

☐ Other (*please specify*):

Information reported:

☒ Allocated amounts

☐ Green Bond financed share of total investment

☐ Other (*please specify*):

frequency:

☒ Annual

☐ Semi-annual

☐ Other (*please specify*):

Impact reporting:

☐ Project-by-project

☒ On a project portfolio basis

☐ Linkage to individual bond(s)

☐ Other (*please specify*):

frequency:

☒ Annual

☐ Semi-annual

☐ Other (*please specify*):

Information reported (expected or ex-post):

☒ GHG Emissions / Savings

☐ Energy Savings

☐ Decrease in water use

☒ Other ESG indicators (*please specify*):

Power Output

Means of Disclosure

- | | |
|--|---|
| <input type="checkbox"/> Information published in financial report | <input type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents | <input checked="" type="checkbox"/> Other (please specify):
Disclose to Investor |
| <input type="checkbox"/> Reporting reviewed | |

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

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

Sustainability activities by Mitsubishi Electric Credit Corporation	https://www.credit.co.jp/company/08csr/ (Japanese)
JCR's website about green bond evaluation methodology	https://www.jcr.co.jp/en/greenfinance/

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

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

Review provider(s): Japan Credit Rating Agency, Ltd.

Date of publication: March 31, 2020

ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP

1. **Second Party Opinion:** An institution with environmental expertise, that is independent from the issuer may issue a Second Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds. 1.
2. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
3. **Certification:** An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
4. **Green Bond Scoring/Rating:** An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.