



# Green Deposit Framework

VERSION 3.0

**MUFG Bank, Ltd.**

A member of MUFG, a global financial group



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## **INTRODUCTION**

### **ABOUT MUFG AND MUFG AMERICAS**

Mitsubishi UFJ Financial Group, Inc. (MUFG) is one of the world's leading financial groups. Headquartered in Tokyo and with over 360 years of history, MUFG has a global network with approximately 2,100 locations in more than 50 countries. MUFG has nearly 160,000 employees and offers services including commercial banking, trust banking, securities, credit cards, consumer finance, asset management, and leasing. The Group aims to "be the world's most trusted financial group" through close collaboration among our operating companies and flexibly respond to all the financial needs of our customers, serving society, and fostering shared and sustainable growth for a better world. MUFG's shares trade on the Tokyo, Nagoya, and New York stock exchanges.

MUFG's Americas operations, including its offices in the U.S., Latin America, and Canada, are primarily organized under MUFG Bank, Ltd. and subsidiaries, and are focused on Global Corporate and Investment Banking, Japanese Corporate Banking, and Global Markets. MUFG is one of the largest foreign banking organizations in the Americas.

As a lender, partner, employer, and neighbor, MUFG is committed to building a strong future where all of us can thrive. We believe that social investments are an active demonstration of our values: Integrity, Respect, Service, Collaboration, Inclusion, and Stewardship. Strengthening ties to our communities is backed by a commitment to building trust. In 2022, MUFG donated more than \$20.5 million to expand access to opportunities and help propel our communities towards a brighter future. In addition to offering grants, MUFG supports employees by providing time off to serve the causes and organizations that they care about.

### **ABOUT TRANSACTION BANKING**

MUFG's Transaction Banking offices around the world provide integrated solutions to customers with evolving requirements. We support customers' daily business growth by providing efficient solutions for needs such as working capital management and trade risk management through our cash management, liquidity, and trade solutions.

Understanding working capital management is fundamental to operating a business effectively and efficiently. The key is having solid processes and procedures in place for managing all elements of working capital, such as treasury management.

As a preferred provider of transaction banking solutions, MUFG helps streamline the working capital cycle, optimize liquidity, and minimize risk. Customers take advantage of our financial solutions and industry experience to support their goals in treasury and trade management.

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## MUFG'S APPROACH TO SUSTAINABILITY

The world is facing many challenges, including climate change due to increasing CO2 emissions, severe poverty, and discrimination. The Sustainable Development Goals (SDGs), adopted by the United Nations in 2015 as a common goal to be addressed by the international community as a whole, have been widely adopted. Many companies are thus accelerating their efforts to achieve a sustainable society. In the world of investment, "ESG investment" that takes into account nonfinancial factors continues to expand. At the same time, financial regulations in the United States, Europe, and other countries are being actively advanced by policymakers in response to climate change.

As a global business enterprise, we have a keen eye on these global trends, and we do business with the conviction that environmental and social sustainability are essential to achieving sustainable growth for MUFG. In 2022, MUFG published its first progress report on its 2021 pledge to achieve carbon neutrality in its own operations by 2030 and in its clients' financed emissions by 2050. MUFG joined the Net Zero Banking Alliance (NZBA) as a Steering Committee member and chairs the work group on transition finance. The NZBA is part of the Glasgow Financial Alliance for Net Zero and was launched in support of the 26th United Nations Framework Convention on Climate Change Conference of the Parties (COP 26). MUFG also began participating as a stakeholder in the Taskforce on Nature-related Financial Disclosures Forum in 2021. The Forum supports TNFD, which aims to shift global financial flows toward nature-positive outcomes through disclosure of nature-related information by companies. In 2019, we also endorsed the Principles for Responsible Banking (PRB) at launch - a set of principles aiming to encourage banks to align their business activities with international goals such as the SDGs and the Paris Agreement. In 2021, MUFG Bank was the first Japanese private financial institution signatory to the Operating Principles for Impact Management, which was developed by the International Finance Corporation and other leading impact investors. The Operating Principles for Impact Management provide a framework for investors to bring greater discipline, transparency, and credibility to the impact investing market. Through participation in international initiatives and other activities like this, we will promote sustainability management with the aim of becoming the global financial group that is trusted and chosen around the world.

At MUFG Americas, sustainability means conducting business in a way that seeks to meet the needs of the present in ways that do not compromise the ability of future generations to meet later needs. Key to this approach is managing risks to our natural environment, our business, and other risks relevant to our broad set of stakeholders.

Details on MUFG's environmental, social, and governance (ESG) policies and guidelines, our 2022 Sustainability Report, and the April 2023 Progress Report on our journey to carbon neutrality are available on our website.

**MUFG Progress Report | Mitsubishi UFJ Financial Group**

<https://www.mufg.jp/english/csr/report/sustainability/index.html>

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## MUFG'S APPROACH TO GREEN FINANCE

To help guide environmentally responsible financing in our lines of business, we are a member of the Taskforce on Climate-related Financial Disclosures and a signatory of the Equator Principles. Equator Principles recognized MUFG for going “above and beyond” as a result of the bank’s work on the most recent revision of the Principles, the environmental and social risk management framework for project finance that is based on World Bank standards and has been adopted by more than 138 financial institutions in 38 countries. MUFG has been a member of the Equator Principles since 2005 and served on the Steering Committee for most of that time. We ensure compliance with internal experts and as required through third-party experts. Relevant data and implementation reporting can be found on our website.

<https://www.mufg.jp/english/csr/environment/equator/>

In 2019, MUFG committed to achieving a global cumulative total of approximately \$180 billion in sustainable finance between FY2019 and FY2030 and we raised the goal to approximately \$300 billion in 2020. With this money, we aim to help build a sustainable society and meet the United Nations’ Sustainable Development Goals through the provision of financial services to our customers. MUFG is making steady progress in this area, as evidenced by maintaining a stable position in the top tier of global renewable energy finance for more than a decade.

MUFG has identified four environmental issues to be prioritized in its business and worked to resolve them through specific strategies and measures, with the aim of achieving a balance between solving environmental problems and achieving sustainable growth. We will contribute to overcome the issue of global warming and climate change not only through our financial functions, but also through our own activities. Our approach brings together the following contributions to resolve environmental issues:

- **Setting and Promotion of Goals in Sustainable Finance.** In 2019, MUFG became the first Japanese financial institution to set long-term goals for sustainable finance.

In the environmental area, we are a world leader in financing for renewable energy projects and the underwriting and distribution of green bonds. In the social area, we are actively involved in fostering startup companies, creating jobs, and financing projects that help alleviate poverty. Our cumulative result through the first half of FYE3/31/23 was ¥19.4 trillion (approximately \$145 billion) against a cumulative target of 35 trillion yen from FY2019 to FY2030.

- **Shift to 100% Renewable Energy for Self-procured Energy.** We are aiming to switch the electricity we procure to 100% renewable energies by FY2030, with interim targets to reduce domestic (Japan) GHG emissions by two thirds by 2025 and global emissions by half by 2026. In 2022, we shifted to 100% renewable energy for electricity procured at all domestic consolidated subsidiaries for their own contracted electricity. In 2021, we established a ¥200 million-yen Renewable Energy Fund together with eight partner companies to spur the development of independent renewable energy capacity in Japan.

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- **Revision of the MUFG Environmental and Social Policy Framework.** We established the MUFG Environmental and Social Policy Framework in 2018. In 2023, we tightened restrictions around deforestation with respect to large scale farms, oil and gas pipelines, and clients with forestry operations in their supply chain including palm oil; added human trafficking to the prohibited list; and added human rights in conflict areas to the cross-sectoral items for enhanced due diligence. In 2022, new thermal coal mining for power generation has been added to the list of projects that MUFG will not finance, and the policy added shale oil and gas and oil and gas pipelines to the list of sectors requiring high caution. The restriction on palm oil was also tightened to only recognize certification by the Roundtable on Sustainable Palm Oil. In the 2021 revision, we tightened our restriction on coal fired power to exclude all financing for new plants other than those equipped with carbon capture utilization and storage or mixed combustion technologies. We also added a requirement that forestry sector clients confirm no illegal logging in high conservation value areas, and with respect to palm oil, that clients commit to implement NDPE (No Deforestation, No Peat, and No Exploitation). We will continue to review this policy regularly.
  - **Further Strengthening of Social Contribution Activities and the Establishment of New Frameworks.** The COVID-19 pandemic has provided a strong reminder of the importance of social stability. Yet, there are certain limits to the areas in which we can approach solving problems through financial services. Therefore, we have established a new framework that allocates a percentage of the group's profits to donations and support on an ongoing basis so that we can be more agile and flexible in providing support to areas of true need. Through this framework, we donated 8.1 billion yen during FYE3/31/22 in support of students, sustainability, financial education, disaster relief and arts and culture.

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## INTENT OF THE GREEN DEPOSIT FRAMEWORK

The aim of this document is to provide information on MUFG America's Green Deposit Framework (the "Framework") and set out underlying eligible qualifying environmental themes and activities.

### HOW GREEN DEPOSITS WORK

MUFG's Green Deposits are booked in our New York Branch and offered to eligible corporate customers seeking to invest surplus liquidity in an interest-bearing product designated to fund MUFG's ESG financing commitments in the United States. MUFG Americas will earmark net proceeds from these fixed or perpetual deposits to effectively finance or refinance eligible assets that fall under the Eligible Activities listed in the Framework and continually monitor the allocated funds thereafter. For existing loans, the Framework deems only loans eligible where the original transaction or underlying asset can be evidenced as meeting the criteria defined for Eligible Activities. MUFG will ensure no double accounting for the eligible loan portfolio financed through different instruments.

We will use the aggregate committed amounts of eligible loans provided on our MUFG Americas entities to determine the size of the overall Green Deposits capacity, with the objective of ensuring Green Deposits do not exceed eligible assets for a sustained period of time (over a quarter).



### REVIEW PROCESS

The Framework was developed in January 2021 and updated in April 2022 and 2023 by MUFG Americas in collaboration with Sustainalytics, a Morningstar company, and a leading independent ESG and corporate governance research, ratings and analytics firm that supports investors around the world with the development and implementation of responsible investment strategies.

For over 25 years, Sustainalytics has been at the forefront of developing high-quality, innovative solutions to meet the evolving needs of global investors. Today, Sustainalytics works with hundreds of the world's leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. Sustainalytics also works with hundreds of companies and their financial intermediaries to help them consider sustainability in their policies, practices, and capital projects.

MUFG is responsible for developing and maintaining the overall MUFG Green Deposit Framework and underlying qualifying themes and activities. MUFG's eligible assets and Green Deposit portfolios are reviewed by Sustainalytics on an annual basis to ensure alignment with the Framework.

Information and understanding on environmental matters continue to evolve and MUFG commits to reviewing this framework on an annual basis with the support from Sustainalytics to evaluate if any changes need to be made to add additional qualifying activities or if any qualifying activities need to be removed.

## ELIGIBLE GREEN AND SUSTAINABLE THEMES AND ACTIVITIES

Categories	Eligible Activities	Exclusions	SDG Alignment
<b>Renewable Energy</b>	<p>Acquisition, development, operation, maintenance of projects/assets generating electricity from:</p> <ul style="list-style-type: none"> <li>• Solar, wind (on and offshore), ocean and tidal power</li> <li>• Geothermal</li> <li>• Waste biomass from forestry and agriculture residues</li> <li>• Non-waste biomass from crop-based feedstock from credible certification schemes, in particular, Roundtable for Sustainable Biomaterials (RSB), International Sustainability and Carbon Certification (ISCC) Plus, BONSUCRO for sugarcane, and The Roundtable on Responsible Soy (RTRS) for soy.</li> </ul> <p>Production of technologies/equipment that support the above</p> <p>Battery storage Battery storage assets that are connected to renewables or connected to a grid that supports and integrates at least 90% renewable electricity.</p> <p>Transmission and distribution of renewable energy</p> <ul style="list-style-type: none"> <li>• Development, construction and operation of Electrical Grid that is either (i) dedicated to connect renewables to the power grid, or (ii) supports/integrates at least 90% renewable electricity, including: <ul style="list-style-type: none"> <li>- Overground transmission and distribution lines, e.g., overhead transmission lines, conductors, insulators, towers and infrastructure assets such as buildings, fences, earth mats and busbars.</li> <li>- Transmission lines on high-voltage and/or extra-high voltage interconnected system.</li> </ul> </li> <li>• Distributed assets (grid components) that are intended to reduce the curtailment of renewable energy into the grid, including fuses, circuit breakers, disconnectors, reactors, capacitors, transformers, voltage regulators, and switchgears</li> </ul>	<ul style="list-style-type: none"> <li>• Concentrated solar heat and power (CSP) facilities deriving less than 85% of their energy from renewable energy resources</li> <li>• Geothermal projects with life cycle emissions intensity greater than 100 gCO<sub>2</sub>/kWh</li> <li>• For ocean and tidal power, fossil fuel back up that is not limited to power monitoring, operating and maintenance equipment as well as resilience or protection measures and restart capabilities.</li> <li>• Waste biomass projects where waste feedstock is from non-RSPO certified palm oil operations</li> <li>• Non-waste biomass projects with life cycle emissions intensity greater than 100 gCO<sub>2</sub>e/kWh</li> <li>• Non-waste biomass projects where feedstock includes peat, palm oil, or non-certified oil/energy crops, including corn, soy, and/ or sugarcane.</li> <li>• For production of technologies/equipment, financing of facilities that are not wholly dedicated to the manufacture of components for renewable energy</li> </ul>	<p><b>7</b> AFFORDABLE AND CLEAN ENERGY</p>  <p><b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> 
<b>Energy Efficiency</b>	<p>End-user energy efficiency</p> <ul style="list-style-type: none"> <li>• Installation/retrofitting of energy efficient technologies/products or equipment that are non-motorized or powered by electricity (not by fossil fuels)</li> </ul> <p>Refurbishment/retrofit of building to achieve a 30% improvement in energy efficiency, primary energy demand (PED), and/or 30% reduction in GHG emissions.</p> <ul style="list-style-type: none"> <li>- Eligible expenditures will be limited to those directly related to the retrofits</li> </ul>	<ul style="list-style-type: none"> <li>• Technologies that improve the energy efficiency of fossil fuel production and/or distribution and production processes within heavy industries</li> <li>• The purchase or installation of household appliances</li> </ul>	<p><b>11</b> SUSTAINABLE CITIES AND COMMUNITIES</p>  <p><b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION</p> 
<b>Resource Efficiency &amp; Pollution Prevention and Control</b>	<p>Recycling</p> <ul style="list-style-type: none"> <li>• Development, expansion, upgrade or maintenance of facilities and/or programs relating to processing of recyclable waste fractions into secondary raw materials</li> <li>• Management of Municipal Waste - Development, expansion, upgrade or maintenance of landfill gas capture projects for energy generation from decommissioned landfill with high gas capture efficiency of 75% or more which will not prolong the lifespan of the landfill and is a strategy to reduce methane emissions from waste.</li> </ul>	<ul style="list-style-type: none"> <li>• Landfill gas capture for flaring</li> <li>• Chemical recycling of plastics</li> <li>• E-waste recycling without robust waste management processes in place to ensure the mitigation of environmental and social risks</li> <li>• Use of plastics, rubber or tire-derived fuels (TDF) for energy or fuel conversion</li> </ul>	<p><b>11</b> SUSTAINABLE CITIES AND COMMUNITIES</p>  <p><b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION</p> 

<p><b>Environmentally Sustainable Management of Living Natural Resources and Land Use</b></p>	<p>Forest Products – Growing and/or purchase of:</p> <ul style="list-style-type: none"> <li>• Products/operations certified by Forest Stewardship Council (FSC), Sustainable Forestry Initiative (SFI), or Program for the Endorsement of Forest Certification (PEFC)</li> </ul> <p>Agriculture – Growing and/or purchase of:</p> <ul style="list-style-type: none"> <li>• Products/operations certified by Rainforest Alliance, USDA Organic for cropping agriculture, Better Cotton Initiatives (BCI)<sup>1</sup>, BONSUCRO, UTZ, and RTRS</li> </ul> <p>Land Conservation</p> <ul style="list-style-type: none"> <li>• Preservation and/or restoration of native and high-conservation value forests<sup>2</sup></li> <li>• Preservation and/or restoration of biodiversity and valuable natural habitats</li> <li>• Preservation and/or restoration of biodiversity in urban areas</li> <li>• Soil remediation</li> </ul>	<ul style="list-style-type: none"> <li>• Projects or activities that have a negative impact on Indigenous Peoples Communities</li> <li>• Land expropriation leading to involuntary resettlement</li> <li>• Projects or activities that have a negative impact on High Conservation Value areas</li> <li>• Transactions that negatively impact wetlands designated under the Ramsar Convention</li> <li>• Transactions that negatively impact UNESCO designated World Heritage Sites</li> <li>• Soil remediation related to the contamination or negative environmental externalities resulting from the issuer's own financed activities.</li> </ul>	
<p><b>Terrestrial and Aquatic Biodiversity</b></p>	<p>Fisheries and aquaculture</p> <ul style="list-style-type: none"> <li>• Products/operations certified by the Marine Stewardship Council (MSC) or Aquaculture Stewardship Council (ASC)</li> </ul> <p>Aquatic Conservation</p> <ul style="list-style-type: none"> <li>• Preservation and/or restoration of aquatic biodiversity and valuable aquatic natural habitats</li> </ul>	<ul style="list-style-type: none"> <li>• Projects or activities that have a negative impact on Indigenous Peoples Communities</li> <li>• Land expropriation leading to involuntary resettlement</li> <li>• Impact on High Conservation Value areas</li> <li>• Transactions that negatively impact wetlands designated under the Ramsar Convention</li> <li>• Transactions that negatively impact UNESCO designated World Heritage Sites</li> <li>• Fossil fuel-based equipment</li> <li>• The financing of aquaculture processing and distribution facilities for MSC and ASC certified products where chain-of-custody certifications are not met</li> <li>• General corporate expenditures in support of the eligible activities</li> </ul>	
<p><b>Clean Transportation</b></p>	<p>Passenger vehicles – Development, manufacture, purchase, financing of:</p> <ul style="list-style-type: none"> <li>• Electric vehicles</li> <li>• Hybrid vehicles</li> </ul> <p>Mass transit – Development, manufacture, purchase, financing of:</p> <ul style="list-style-type: none"> <li>• Low-to-zero carbon busses</li> <li>• Bus rapid transit (BRT) infrastructure that is built exclusively for the BRT system and the buses do not exceed the 50 gCO<sub>2</sub>e/p-km threshold.</li> <li>- Metro, Intercity and High-speed rails, mass rapid transit (MRT)/ Light Rail Transit (LRT)</li> <li>• Train/rail infrastructure including tracks and stations</li> </ul> <p>Infrastructure – Investments in infrastructure for:</p> <ul style="list-style-type: none"> <li>• electric vehicles</li> <li>• low-carbon fueling stations for hydrogen and ammonia</li> <li>• transportation control centers and sorting facilities for eligible mode of transportation</li> <li>- ICT expenditures that improve transportation asset utilization, flow and modal shift. Such financings will prioritize low-carbon vehicles.</li> </ul> <p>Shipping</p> <ul style="list-style-type: none"> <li>• Manufacture of new zero-to-low carbon passenger or cargo ships including electric, biofuel- or hydrogen-powered</li> <li>• Retrofit of existing passenger or cargo ships involving fuel switching (to low-carbon fuels listed above).</li> <li>• Shipping infrastructure including bunkering facilities for biofuels, hydrogen, ammonia, and methanol; infrastructure for alternative maritime power including outlets, electrical distribution and control systems</li> </ul>	<ul style="list-style-type: none"> <li>• Vehicles with direct emissions in excess of 75g CO<sub>2</sub>e/ passenger-km (for passenger vehicles) and 25g CO<sub>2</sub>e/ tonne-km (for freight vehicles)</li> <li>• Public buses (including those included in the BRT infrastructure) with emissions in excess of 50 gCO<sub>2</sub>e/p-km (based on WLTP).</li> <li>• Individual rail with direct emissions in excess of threshold of 50 gCO<sub>2</sub>e/p-km (passenger) or 25gCO<sub>2</sub>/t-km (freight) Construction of roads or road bridges and parking lots (except for dedicated lanes for eligible BRT infrastructure)</li> <li>• Rail lines and operations where fossil fuels account for more than 50% of freight (by tkm)</li> <li>• Systems and infrastructure used primarily for the transportation of fossil fuels</li> <li>• Parking facilities (even if charging and alternative fuel infrastructure are included)</li> <li>• Fossil fuel filling stations and other assets which prolong the life and/or facilitate the use of fossil-fuel powered transport</li> <li>• New and/or retrofit of fossil-fuel powered ships, that run on conventional Heavy Fuel Oil (HFO), Low-Sulfur Heavy Fuel Oil (LSHFO), Marine Diesel Oil (MDO); for cargo ships, oil tankers or vessels solely or in majority ("by mass") transporting coal, oil, and petrochemicals.</li> <li>• Bunkering facilities for LNG/LPG</li> </ul>	 

<sup>1</sup> Sustainalytics notes that, in contrast to most credible certification schemes, BCI does not require adherence to specific performance standards, focusing instead on encouraging the attainment of improved performance over time.

<sup>2</sup> Reforestation projects will utilize a sustainable management plan that is certified by FSC or PEFC, and will ensure that only tree species that are well-adapted to local site conditions will be used.

<p><b>Sustainable Water and Wastewater Management</b></p>	<p>Water efficiency/conservation – Development, manufacture, purchase of products and technologies that reduce and/or monitor water use</p> <p>Flood mitigation – Investment in infrastructure where the projects have a vulnerability assessment and adaptation plan in place to support the argument for such investments.</p> <p>Wastewater treatment – Development, expansion, upgrade or maintenance of drinking water treatment, water recycling systems, wastewater treatment facilities and manure/slurry treatment facilities</p>	<ul style="list-style-type: none"> <li>• Treatment of wastewater from fossil fuel operations</li> <li>• Business-as-usual renovations and retrofits for flood mitigation</li> <li>• Integrated water and power plant with fossil fuel power</li> </ul>	 
<p><b>Climate Change Adaptation</b></p>	<p>Monitoring technologies including climate observation and information support systems</p> <p>Infrastructure – Development, expansion, upgrade or maintenance of infrastructure related to adaptation or mitigation of climate change such as flood mitigation barriers and other rising water level management systems</p>	<ul style="list-style-type: none"> <li>• Projects without a vulnerability assessment and adaptation plan in place</li> <li>- Business-as-usual renovations and retrofits for infrastructure related to adaption and mitigation of climate change</li> </ul>	 
<p><b>Eco-efficient and/or circular economy adapted products, production technologies and processes</b></p>	<p>Development and/or manufacture of:</p> <ul style="list-style-type: none"> <li>• Low carbon products/packaging that are certified by Roundtable on Sustainable Biomaterials (RSB) in case of bio-based materials</li> <li>• Plastics in primary form with at least 90% recycled, renewable or bio-based input</li> <li>• Consumer plastic products, that: <ul style="list-style-type: none"> <li>- Contain at least 90% recycled, renewable or bio-based inputs, and</li> <li>- Are recyclable.</li> </ul> </li> <li>• Aluminum-based consumer/end products that contain more than 90% scrap or recycled aluminum as input</li> </ul>	<ul style="list-style-type: none"> <li>• Use of recycled plastics that are chemically recycled</li> </ul> <p>Single use plastics</p> <ul style="list-style-type: none"> <li>• Use of bio-based materials as inputs that are not RSB certified</li> <li>• Use of primary aluminum that has a carbon intensity of &gt; 2.5 tCO<sub>2</sub>e/t</li> </ul>	

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## MUFG'S ESG COMMITMENTS AND ACHIEVEMENTS

### 2022 COMMITMENTS AND ACHIEVEMENTS

#### Achievements

In 2022, MUFG published its first Carbon Neutrality progress report and announced it would no longer finance new thermal coal mining projects and strengthened restrictions on shale oil and gas, oil and gas pipelines, and palm oil. The 2023 Progress Report, linked above, adds three more sectors with specific targets for GHG emissions reductions and details progress against our goals for carbon reduction for clients in the oil & gas and power utility sectors, for sustainable finance, and reduction of our own emissions.

Bloomberg New Energy Finance ranked us first in its global ranking of lead arrangers for finance related to renewable energy projects, marking 13 years in the top tier of clean energy lenders.

Devoting a portion of our capital to innovative technologies each year positions MUFG to remain in the vanguard of the industry.

63% – The 2022 portion of MUFG Americas' overall power financing portfolio that is for clean power.

From FY2010 to FY2021, our financing for renewable energy projects totaled \$55 billion, equivalent to about 210 million tons of CO2 emissions, which is almost the annual CO2 emissions of Spain in 2019.

MUFG announced publication of the MUFG Transition Whitepaper, the result of intensive dialogue with large customers in the materials and energy industries, which are regarded as carbon-intensive sectors. The purpose of the paper is to summarize the path to carbon neutrality across the overall economy of Japan-including analyzing regional diversity and interdependencies between sectors-and to spur discussion and enhance global stakeholders' understanding of how to achieve the monumental task at hand. It is the first such paper produced by a global financial institution. Together with the University of Tokyo and 12 major Japanese companies, MUFG Bank also launched the Energy Transition Initiative-Center for Global Commons, an initiative for exploring Japan's energy transition.

MUFG Bank joined the international think tank Global CCS Institute, which aims to promote use of carbon dioxide capture and storage technology worldwide.

### 2021 COMMITMENTS AND ACHIEVEMENTS

#### Commitments

MUFG made a Carbon Neutrality Declaration in May 2021, pledging to reduce emissions to net zero in its own operations by 2030, and in its clients' emissions that are financed by MUFG by 2050. MUFG joined the Net Zero Banking Alliance as a Steering Committee member. The NZBA is a constituent of the Glasgow Financial Alliance for Net Zero.

In 2021, MUFG Bank was the first Japanese private financial institution signatory to the Operating Principles for Impact Management, which was developed by the International Finance Corporation and other leading impact investors. The Operating Principles for Impact Management provide a framework for investors to bring greater discipline, transparency, and credibility to the impact investing market.

MUFG joined the Forum on the Taskforce on Nature-related Financial Disclosures.

MUFG further strengthened its restrictions on lending for coal-fired power generation, palm oil, and forestry.

MUFG invested in the Climate Finance Partnership, which focuses on climate infrastructure investments across emerging markets. The Fund is managed by BlackRock and backed by public and private investors.

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Mitsubishi UFJ Trust and Banking Corporation founded and launched the First Sentier MUFG Sustainable Investment Institute together with its subsidiary First Sentier Investors, as part of a commitment to collaborate on sustainable investment and provide research from sustainable investment points of view globally.

MUFG became a signatory to the Poseidon Principles, a global framework for financial institutions to promote responsible environmental stewardship throughout the shipping industry.

### **Achievements**

Bloomberg New Energy Finance ranked us third in its global ranking of lead arrangers for finance related to renewable energy projects, marking 12 years in the top tier of clean energy lenders. Devoting a portion of our capital to innovative technologies each year positions MUFG to remain in the vanguard of the industry.

59.9% – The 2021 portion of MUFG Americas’ overall power financing portfolio that is for clean power.

## **2020 COMMITMENTS & ACHIEVEMENTS**

### **Commitments**

MUFG has participated in CDP (formerly the Carbon Disclosure Project) since 2004. CDP is a project through which institutional investors from around the world work together and urge corporations to disclose their strategies on climate change as well as detailed data on their greenhouse gas emissions.

In 2020, MUFG committed to gradually decreasing the balance of MUFG’s exposure to coal-fired power generation projects with a target reduction of 50 percent from FY2019 to FY2030 and down to zero by FY2040. Progress toward this goal can be found in the Progress Report linked above.

In the Americas, MUFG met its five-year, \$41 billion Community Service Action Plan sustainable finance goals announced in 2016, including more than \$20 billion for environmental finance, for projects including green affordable housing, solar and wind-energy projects, agricultural operations that conserve natural resources, green and social bonds and sustainability-linked bonds and loans, mass-transit systems, and public water infrastructure.

Of our global ¥35 trillion pledge, we intend to commit approximately 50 percent in the environmental field, including initiatives to counter climate change. We promote renewable energy through project finance, issue MUFG Green Bonds, which ensure that the net proceeds are allocated to Eligible Green Projects, provide commodities and services aimed at mitigating environmental loads, encourage the climate change countermeasure consulting business, and so on. By doing so, we support the transition to a decarbonized society.

### **Achievements**

On July 1, 2020, MUFG Bank began applying the Equator Principles 4th Edition, which includes due diligence on the impact of physical and transition risks posed by climate change on projects and enhanced engagement with indigenous peoples.

In 2020, we were ranked second in the global ranking of lead arrangers for finance related to renewable energy projects, marking more than a decade in the top tier of clean energy lenders, a milestone we hit in 2019.

59% – The 2020 portion of MUFG Americas’ overall power financing that is for clean power.

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<sup>1</sup>If grid is less than 90% renewable electricity but the percentage of renewables is expected to increase, pro-rata approach will be used to determine green allocation to grid development/maintenance