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MUFG Environmental Policy Statement

MUFG is committed to addressing environmental issues such as climate change and global environmental protection in order to achieve sustainable growth.

In particular, as a financial institution, we are actively involved in arranging and financing projects related to renewable energy

projects such as solar and wind power.

MUFG has established and published the MUFG Environmental Policy in recognition of the shared responsibility of mankind to protect and preserve the global environment, and to address climate change and other global environmental issues.

Initiatives through Business Activities

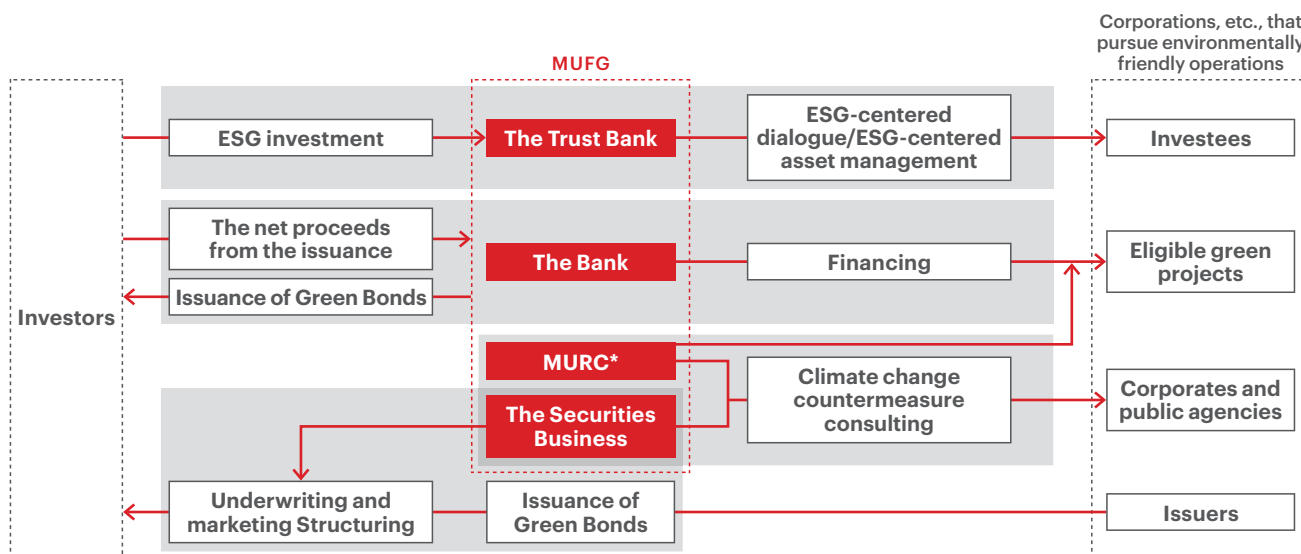
Leveraging Our Financing Function

MUFG is contributing to the development of projects that do not use fossil resources and the dissemination 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.

In 2019, we were ranked second in the global ranking of lead arrangers for finance related to renewable energy projects. In addition, we have established green loans and green private

placements to fund projects that contribute to the reduction of environmental impact, and we have received top marks for the environmental benefits of our financing. In addition, in order to further support the promotion of alternatives to less CO₂-emitting energy sources, we have stipulated in the MUFG Environmental and Social Policy Framework that, in principle, we will not finance new coal-fired power plants.

■ MUFG's Contribution to ESG-Oriented Investment and Financing

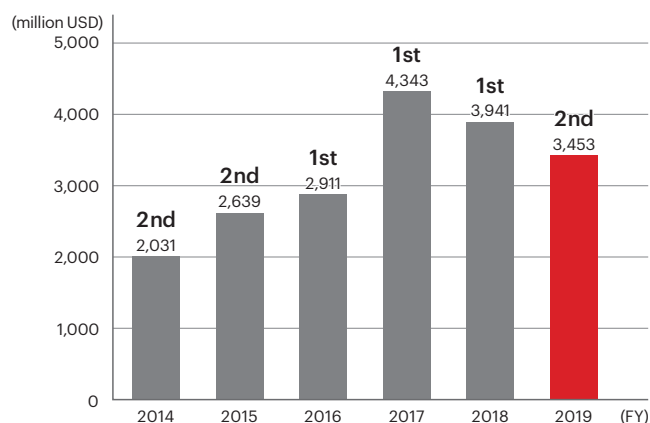


*Mitsubishi UFJ Research & Consulting

Promotion and Promulgation of Renewable Energies

MUFG is one of the world's top performers in the private global finance sector in the Finance Lead Arranger league table related to renewable energy projects.

(2019 - 3.4 billion USD Second in the world)



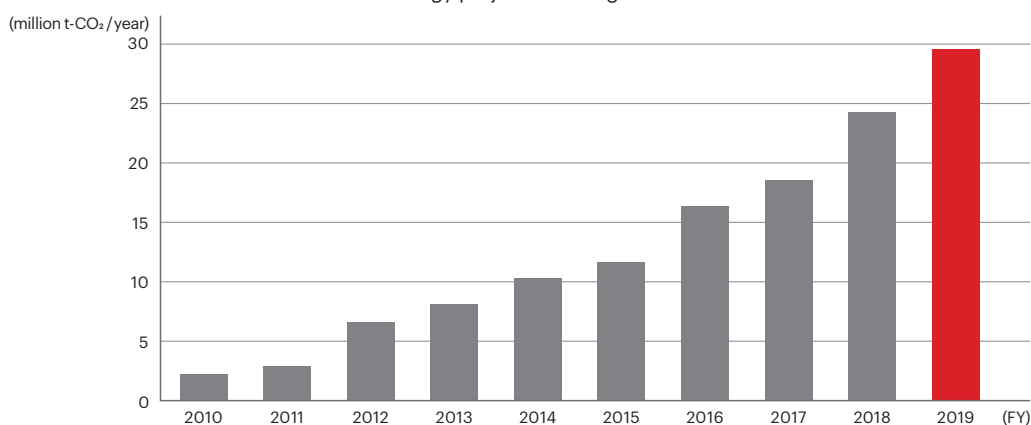
Source : Bloomberg New Energy Finance ASSET FINANCE / Lead arrangers LEAGUE TABLE

■ Lead Arranger ranking related to renewable energy projects in FY2019

Rank	Company	Number of project	Loaned amount (million USD)	Share(%)
1	Banco Santander	52	3,521.0	5.46
2	MUFG	45	3,453.1	5.35
3	SMBC	62	3,187.7	4.94
4	BNP Paribas	51	2,934.8	4.55
5	Credit Agricole	39	2,105.0	3.26
6	Mizuho	26	1,851.7	2.87
7	Societe Generale	27	1,715.0	2.66
8	ING	39	1,635.5	2.53
9	Rabobank	44	1,563.8	2.42
10	Norddeutsche Landesbank-Girozentrale	37	1,562.1	2.42

The following shows the CO₂ reduction effect of project finance for renewable energy projects by all assets as of the end of each fiscal year.

■ CO₂ reduction effect in the renewable energy project financing



*This is the annual CO₂ reduction effect calculated from the amount of electricity generated, facility utilization rate, and emission factors for renewable energy projects with outstanding credit at the end of each fiscal year. This value is after taking into account MUFG's contribution to credit.

Green Loan and Green Private Placement Bonds

Green Loan and Green Private Placement Bonds are loans and bonds with funds used for green projects.

■ Execution and Arrangement of Green Loans and Green Private Placement Bonds for Japanese Companies

MUFG Bank provided the co-financing to RYOBI LIMITED in which used of funds is for capital investment for environmentally performing facilities (casting and processing facilities etc., used in manufacturing aluminum die casting products) in accordance with the green loan principle. By adopting equipment that is highly effective in reducing CO₂ emissions through this project, CO₂ emissions in the manufacturing process can be reduced, which leads to a contribution to the measures against global warming. As a Green Private Placement Bond project, MUFG Bank received a request from Asahi Holdings to arrange MUFG Bank's sole underwriting private placement. The Bank has arranged the green private placement bond with use of fund aligned with green bond principal (new construction and

renewal of incinerators that contribute to energy conservation and pollution prevention). Through the construction of new waste incinerators and power generation facilities, this project will contribute to environmental improvement by reducing CO₂ emissions and increasing the amount of waste processed. Both projects have been confirmed by Rating and Investment Information, Inc. (R&I) as projects that are expected to generate sufficient environmental improvements and that are founded on consideration for the potential negative environmental and social impacts. They have also received third-party certification in the use of funds, project evaluation, proceeds management, and reporting as defined by the Green Loan Principles or the Green Bond Principles, with the highest rating of "GA1".

■ Arrangement of Green Loan for Overseas Companies

MUFG Bank, has invited six Japanese regional banks, providing Samurai syndicated loan* of USD 100 million (approximately 11 billion yen) to Inversiones CMPC S.A., a major paper and pulp manufacturer in Chile. This is the first syndicated loan arranged in Japan for an overseas company that has been approved as green loan by a third-party organization as an environmentally friendly

business. The regional banks participated in the transaction enjoying relatively high yields compared to the domestic market in addition to the environmental and social significance of the investment. By providing investment opportunities in ESG-related businesses, we will continue to contribute to the realization of a sustainable society.

*Syndicated loan to an overseas company arranged with banks domiciled in Japan.

■ Implementation of the First Green Financing for Private REITs* in Japan

MUFG Bank and Mitsubishi UFJ Trust and Banking Corporation have developed a finance scheme for private REITs that limits its use to the acquisition financing of properties with high environmental performance and the refinancing. As the first project, a loan of approximately 2 billion yen was provided to DREAM Private REIT Inc., a private REIT managed by Diamond Realty Management (DREAM). The funds raised through this loan are being used to finance the acquisition of a logistics facility in Hiratsuka, Kanagawa Prefecture, which is owned by the private

REIT and has received environmental certification. This financing was rated "Green 1," the highest possible rating, by Japan Credit Rating Agency (JCR) based on a comprehensive assessment of the greenness of the use of the funds and its management, operations, and transparency. MUFG Bank and Mitsubishi UFJ Trust and Banking Corporation will continue to support their customers' ESG initiatives and encourage their sustainable growth, thereby contributing to solving environmental and social issues through their operations.

*A non-listed real estate investment corporation (REIT) that is offered to institutional investors

Support Environmentally Friendly Management

■ Energy Conservation Support Loan (With 1% Interest Subsidy)

This product makes use of the Ministry of Economy, Trade and Industry's subsidy program for the promotion of upgrading facilities to improve energy efficiency. Under this program, the borrower can receive a maximum 1% subsidy for up to 10 years for the interest on loans made for the installation of energy-efficient equipment.

■ Environmental Accounting-CO₂ Reductions and Economic Effect through Financing

Please refer to page 116 details on our environmental accounting.

MUFG Environmental and Social Policy Framework

Details on our MUFG Environmental and Social Policy Framework are available on our website.
<https://www.mufg.jp/english/csr/policy/>

Products and Services for Reducing Environmental Impacts

MUFG is working behind the scenes to reduce environmental impacts by providing products and services for customers who aim to be environmentally conscious.

Evaluation Methodology and Loan-Related Product for J-REITs that Aligned with ESG Activities

MUFG Bank offers the loan product, "ESG Evaluation loans for J-REIT," using "MUFG ESG Evaluation for J-REIT supported by JCR"* which is provided by Mitsubishi UFJ Research and Consulting. The entire loan or portions directed towards J-REITs which have received the top three ratings of MURC's ESG evaluation may be preferentially allocated for the usage of the

*Mitsubishi UFJ Research and Consulting offers evaluation and ratings to J-REITs which aspire and conduct ESG management. The ESG evaluation methodology provided by MURC supports J-REITs in recognizing its current conditions and challenges regarding ESG activities.

proceeds of the MUFG Green Bonds only if loans to Eligible Green Projects. Through the loan products related to ESG, we are not only able to support the customers' funding methods, but also support customers' business challenges and offer solutions as well.

The Wild Bird and Greenery Trust for Environmental Conservation

Mitsubishi UFJ Trust and Banking (the Trust Bank) created the Wild Bird and Greenery Trust as a financial vehicle to support environmental conservation activities; income from this trust fund is donated to a public interest incorporated foundation, the Wild Bird Society of Japan. When payments are made to this

society, the Trust Bank provides a matching contribution from its own funds (a minimum of ¥500,000, and maximum of ¥2.5 million, semi-annually), further meeting its customers' desire to protect the environment.

► Detail on our wild bird and greenery trust is available on our website. <https://www.tr.mufig.jp/english/aboutmutb/csr/diversity>

Point Program for Donating Credit Points to Environmental Protection Organizations

Mitsubishi UFJ NICOS (NICOS) offers a service in which customers can contribute to the environment by using points accumulated with credit cards (MUFG CARD, DC, or NICOS). The NICOS points program offers a "Charity" option* giving

*This program enables users to donate money to an environmental project or organization of their choice, including projects conducted by a public interest incorporated foundation, the Organization for Industrial, Spiritual and Cultural Advancement-International, Japan (OISCA Japan) and organizations such as the Global Environmental Forum of Japan, Japan Fund for Global Environment(JFGE).

customers the option of making a ¥5 donation per point-to research for environmental protection and conservation through tree planting and forest management, or to a variety of volunteer organizations engaged in capacity building.

Consulting Services Related to Climate Change Measures

The MUFG will continue contributing group's collective effort towards resolving challenges of global warming and climate change issues, utilizing its know-how and network acquired through the extensive experience in market-based mechanisms such as CDM and JCM.

Taking Action on Global Warming Issues

■ Consulting on overall climate change issues, climate finance, ESG investment, etc.

Mitsubishi UFJ Morgan Stanley Securities uses its network with domestic and international government agencies and experts, which it has cultivated through carbon credit consulting, to provide information mainly on the environment (E) of ESG issues

such as national policies, industry trends, climate finance, the United Nations Sustainable Development Goals (SDGs), as well as advice and recommendations to assist corporate environmental strategies.

■ Consulting Services Related to Carbon Credit

Since 2001, Mitsubishi UFJ Morgan Stanley Securities (the Securities Business) is promoting international initiatives to reduce GHG emissions under the Clean Development Mechanism (CDM)*¹ by assisting U.N. procedures to create certified emission reduction credits and develop the necessary methodology to quantify GHG emission reduction. the Securities Business is engaging in over 100 initiatives under the CDM and

has registered about 80 projects with the U.N (as of June 30, 2018).

Since 2010, the Securities Business has also been supporting the JCM*² promoted by the Japanese government. Building on its superior track record in CDM consulting services, the Securities Business also provides consulting for development of project planning the and financing schemes.

*¹ The CDM is a carbon credit (CER) creation scheme designed to support the sustainable development of developing countries and help developed countries achieve their targets for reducing CO₂ emissions. Under the CDM, developed countries provide support to developing countries through transfer of technology and finance to help them achieve reductions in CO₂ emissions. Once achieved, the emissions reduction is certified by the U.N., and it subsequently issues carbon credits to the countries and/or entities that offered their support.

*² The JCM is a bilateral credit creation scheme between Japan and developing countries proposed by the Japanese government to the international community as a new mechanism to complement the CDM. Benefits of the JCM include mutual implementation of projects by Japan and any country that signed a bilateral document, a broader range of applicable projects compared to the CDM, shorter processing times, and the availability of Japanese government subsidies.

Supporting Projects to Reduce Greenhouse Gases in Developing Countries under the JCM

■ Project Regarding the Introduction of Highly Efficiency Street Lighting Utilizing Wireless Network in Cambodia

This project has been developed in cooperation with Minebea Co., Ltd. and four partner institutions in Cambodia. The project was selected by the Ministry of Environment of Japan as a JCM Model Project in June 2015. The project involves installation of 9,755 high-efficiency LED street lights in the Cambodian cities of Phnom Penh and Siem Reap. Compared with conventional HID(note) street lights, the project will significantly reduce energy consumption and GHG emissions. In addition, with a lighting

control system offered via wireless networks, the project will generate further energy-saving effects. Mitsubishi UFJ Morgan Stanley Securities (the Securities Business) contributes to the smooth implementation of this project by developing MRV methodology for measuring, reporting and verifying reductions in GHG emissions and supporting the project's registration under the JCM. This project was registered as a JCM project in February 2020.

*HID is an abbreviation for conventional high-intensity discharge lamps. HID lamps include metal-halide lamps and high-pressure sodium lamps.

The environmental strategy advisory service provided by Mitsubishi UFJ Morgan Stanley Securities was ended in May 2020. We intend to utilize the wealth of experience, expertise, and networks in ESG investment, climate finance, and financial information disclosure on climate change that we have cultivated to date in our efforts as an integrated group, and to solve the challenges of global warming and climate change through the group's extensive financial functions and global network.

Contribution to the Development of the Green Bond Market

MUFG provides ESG-related financing products such as green bonds, which limit the use of the funds to projects that are expected to solve social issues and contribute to the global environment. By the end of fiscal 2019, MUFG has issued a total of six domestic and international green bond issues totaling approximately 290 billion yen, making it the largest and most

significant single issuer in Japan. The funds raised through the issuance of green bonds are used to finance projects that contribute to solving environmental issues through banks. We will continue to contribute to the development of the green bond market.

Green, Social, and Sustainability Bonds



MUFG has established a Green, Social, and Sustainability Bond Framework in line with the Green Bond Principles^{*1}, the Social Bond Principles^{*1}, and the Sustainability Bond Guidelines^{*1}



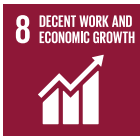

issued by the International Capital Market Association (ICMA), and has obtained a second party opinion from Sustainalytics, an internationally recognized external verifier.

^{*1} This is a voluntary guideline formulated by the International Capital Market Association (ICMA) to promote the transparency, disclosure, and reporting of green, social, and sustainability bonds and to promote market order.

■ Use of Proceeds

The net proceeds from the sale of Green, Social, and Sustainability Bonds issued by MUFG are lent to MUFG Bank, Ltd. ("the Bank"), a subsidiary of MUFG, and the Bank allocates amounts equivalent to the net proceeds to Eligible Projects as defined by the criteria presented below.

Eligible Green Projects	
Green Building 	Financing eligible green buildings ^{*1} owned by J-REIT (Japanese Real Estate Investment Trust) ^{*1} Real-estate properties which have earned one of the following: - Gold or Platinum rating under LEED - Excellent or Outstanding rating under BREEAM - A or S rating under CASBEE - 4 or 5 stars under DBJ Green Building Certification
Renewable Energy 	Financing of eligible renewable energy projects (solar thermal power generation, solar photovoltaic power generation and onshore and offshore wind farm projects) which are certified as eligible to funding ^{*3} based on environmental and social impact assessments performed by the Bank in accordance with the Equator Principles ^{*2} ^{*2} The Equator Principles is a financial industry benchmark for identifying, assessing and managing environmental and social risks and impacts in large-scale projects, which is intended to serve as a common baseline and framework for financial institutions acting as lenders or financing advisers for clients. ^{*3} Eligible projects need to be categorized as Category B or Category C under the Equator Principles.

Eligible Social Projects	
Healthcare 	<ul style="list-style-type: none"> ● Financing of public hospitals (domestic and overseas) and domestic hospitals run by a social medical care corporation or a social welfare corporation that will ensure accessibility to people living below the poverty line. ● Financing of medical care facilities and medical equipment and product manufacturers (domestic and overseas) that contribute to treating and preventing the spread of infectious diseases (COVID-19, etc.) and financing of pharmaceutical companies contributing to testing and R&D toward alleviating symptoms and preventing the spread of infectious diseases.
Education 	Financing of public schools that will ensure accessibility to people living below the poverty line
Employment Generation / Preservation 	<ul style="list-style-type: none"> ● Financing**⁴ contributing to reconstruction and recovery from economic damage and impact caused by earthquakes, typhoons, and other disasters ● Financing for small and medium-sized enterprises and sole proprietors adversely affected by the spread of infectious diseases including COVID-19 <p>⁴ Priority to be given to loans to operators using the Scheme for Compensation for Interest Rates on Special Zones for Reconstruction** or Subsidy Program for New Business Establishment in the Areas Recovering from Tsunami and Nuclear Disaster towards Employment Creation⁶</p> <p>⁵ This government system supports the smooth implementation of projects by providing interest subsidies for five years to finance core projects in reconstruction promotion plans prepared by local governments and approved by the national government for the reconstruction of areas suffering damage from the Great East Japan Earthquake</p> <p>⁶ Subsidies for the purpose of promoting industrial reconstruction and regional economic revitalization, mainly in areas where evacuation orders have been lifted, and through job creation, in areas such as the tsunami disaster zones that suffered particularly great damage from the Great East Japan Earthquake and evacuation order zones that suffered enormous damage from the nuclear disaster</p>
Affordable housing 	Financing of public housing suppliers who are registered with the Regulator of Social Housing in England

■ Process for Project Evaluation and Selection

MUFG has evaluated and selected Eligible Projects in accordance with the pre-determined criteria described above. In the selection process of Eligible Green Projects, financing to J-REIT which have achieved the top three ratings of MURC's ESG evaluation* has been preferentially selected when applying loans as "ESG evaluation loans for J-REIT."

*Mitsubishi UFJ Research and Consulting has developed an ESG evaluation methodology, "MUFG ESG evaluation for J-REIT supported by JCR." For more information, please refer to the official MURC web site (in Japanese).

■ Management of Proceeds

MUFG has allocated amounts equivalent to the net proceeds to funding Eligible Projects through the Bank and continuously monitors the allocated funds thereafter. Pending allocation, any unallocated funds are held in cash, cash equivalents and/or marketable securities.

■ Reporting

MUFG plans to disclose the allocation of funds on its website generally on an annual basis*. Management assertions on the allocation of funds and reports published by an external review provider will be disclosed annually until all the net proceeds from the issuance of Green, Social, and Sustainability Bonds have been fully allocated to Eligible Projects through the Bank.

*MUFG may defer this disclosure as long as the funds are fully allocated to Eligible Projects and the allocation of the funds to individual projects that constitute Eligible Projects remains unchanged.

Eligible Green Projects	
Green Building <ul style="list-style-type: none"> ● CO₂ emission reduction 	Renewable Energy <ul style="list-style-type: none"> ● kWh of power generated from renewable energy projects ● CO₂ emission reduction

Eligible Social Projects	
Healthcare <ul style="list-style-type: none"> ● Number of patients receiving the medical services or number of hospital beds ● Number of R&D , Number of manufacturing facilities / medical machines, Number of medical instruments / sanitary, Number of vaccines / pharmaceuticals supplied 	Education <ul style="list-style-type: none"> ● Number of students receiving the educational services
Employment Generation / Preservation <ul style="list-style-type: none"> ● Number of loans provided to businesses that contributes to reconstruction of disaster affected areas and that of employments created ● Number of loans provided to businesses affected by infectious disease and that of employments of the business 	Affordable housing <ul style="list-style-type: none"> ● Number of residences provided

Detail Information on the Bond

Details on our information on the bond is available on our websites. https://www.mufig.jp/english/ir/fixed_income/greenbond/

Underwrite Green Bond

Mitsubishi UFJ Morgan Stanley Securities has been acting as a leading underwriter in the Green Bond market since the inception of such bonds. We rank first in Japan in terms of both the amount of green bonds underwritten and the number of green bond structuring agents*1 appointed. In fiscal 2019, we joined the

*1 A company that supports the issuance of green bonds through the development of a green bond framework and other means.

Climate Bonds Partners Programme operated by the Climate Bonds Initiative*2. By working with the Climate Bonds Initiative as a key partner, Mitsubishi UFJ Morgan Stanley Securities will continue to contribute to the expansion of the green bond market and the rapid transition to a low-carbon society.

*2 The Climate Bonds Initiative is an international organization based in London that works to promote investment in the projects and assets needed for a rapid transition to a low-carbon, climate durable economy. The Climate Bonds Partners Programme supports investor and stakeholder activities and educational projects to grow sustainable green bond markets that contribute to climate change response and low carbon investment.

■ Cumulative underwriting of public yen-denominated green bonds

Rank	Brokerage firm	Number of project	Amount (hundred million yen)	Share
1	Mitsubishi UFJ Morgan Stanley Securities	51	2,402.3	26.4%
2	Mizuho Securities	46	1,742.3	19.1%
3	SMBC Nikko Securities	48	1,609.1	17.7%
4	Daiwa Securities	36	1,454.6	16.0%
5	Nomura Securities	37	1,437.7	15.8%

Source : Based on the cumulative amount of yen-denominated green bonds underwritten (April 1, 2016 to March 31, 2020) calculated by Mitsubishi UFJ Morgan Stanley Securities

The Silver Prize in Financial Service Category in the First ESG Finance Award Japan (Minister of the Environment Prize)

Mitsubishi UFJ Morgan Stanley Securities received the Silver Prize in the Financial Services Category, which recognizes institutions and organizations that are actively expanding their financial products and developing infrastructure that contribute to the development of ESG financial markets. The prize recognized Mitsubishi UFJ Financial Group's efforts to achieve the group's new sustainable finance target, set in 2019, of 20 trillion yen by fiscal 2030, by focusing on the promotion of green bonds in the domestic market, our numerous achievements to date, and our contribution to the formation of the green market in Japan as a pioneer since its early days.

The ESG Investment Category Award in Tokyo Financial Award

The award was given to Mitsubishi UFJ Morgan Stanley Securities in recognition of its contribution to the spread of ESG bonds in the Japanese market as well as the following points: it holds more than a quarter-share of the green bond market, the highest in Japan; it has the top number of green bond structuring agent appointments in Japan; and it contributes to the development of the market as a pioneer of the domestic ESG bond market from its foundation. It was honored as a winner in the ESG Investment Category at the Tokyo Financial Award 2019, sponsored by the Tokyo Metropolitan Government.

Initiatives for Reducing the Environmental Impacts of Our Business Activities

To reduce greenhouse gas (GHG) emissions and mitigate global warming, MUFG actively seeks to reduce environmental burdens related to our business activities.

Reducing CO₂ Emissions

Each group company is implementing plans for phasing in more environmentally friendly equipment at their offices and sales outlets. Efforts are also being made to reduce CO₂ emissions, including turning off lights when not needed, stopping some elevators, promoting casual (cooler) attire in the summer time, changing the settings of air conditioning and heating, and having staff turn off their computers and monitors when they leave their desks.

In FY2009, MUFG Bank and Mitsubishi UFJ Trust and Banking

became the first companies in Japanese banking industry to introduce electric vehicles for official business use. Currently about 120 electric vehicles are used at their main offices and branches. These eco-friendly vehicles (i-MiEVs) produce no CO₂ emissions when operated, and have total emissions (including CO₂ emissions from the electricity used for charging) that are only about 30% of the level of emissions from gasoline vehicles in the same class.

● MUFG Bank (the Bank)

In accordance with laws and ordinances, each building is being equipped with energy-saving air-conditioning and lighting equipment, in our effort to reduce greenhouse gas emissions. Moreover, for buildings located in Tokyo, in accordance with Tokyo Metropolitan Government environmental protection laws, the Bank has obtained a third party inspection rating for greenhouse gas emissions, and has published its Plan for Global Warming Countermeasures.

▶ Details on buildings and plans are available on each website. (HQ, Tama Business Center Ikejiri Building)

● Mitsubishi UFJ Trust and Banking (the Trust Bank)

The Trust Bank is reducing energy consumption by installing energy-efficient lighting equipment and updating HVAC (heating, ventilation, and air-conditioning) equipment and transformer equipment at its main buildings and branches. The Trust Bank is also saving energy by increasing monitoring of energy consumption at some of its main buildings.

● Mitsubishi UFJ Morgan Stanley Securities (the Securities Business)

With the Mejirodai Building having been designed and constructed to facilitate a high level of energy conservation, the Securities Business is putting efficient energy management into practice here, with a focus on the Tokyo Metropolitan Government's GHG reduction ordinance. In addition, the Securities Business is working to reduce the amount of energy used at each building it occupies.

● Mitsubishi UFJ NICOS (NICOS)

At NICOS's Head Office in the Akihabara UDX Building, NICOS utilizes a "universal plan" office layout that places no pillars or dividers in a space of 140 square meters. This layout works to improve efficiency for air conditioning and lighting systems. NICOS also engages in other initiatives to conserve energy such as replacing existing lighting and office equipment with more energy-efficient ones.

Efforts to Reduce Plastic Waste

We recognize that regulations on single-use plastics are being strengthened worldwide in light of growing international awareness of resource recycling, the worsening waste problem in emerging countries, and the conservation of marine and oceanic resources. With this recognition, MUFG is tackling the following issues.

- 1 Sorting and collection of used PET bottles
- 2 Implementation of cleanup and other activities as part of the community contribution activities at sales offices and other locations
- 3 Provide information and support for initiatives using references describing business strategies, etc., based on the target of a waste recycling rate of 90% or higher and efficient use of resources and efforts to reduce waste (fiscal 2019 performance for the main building : 94%)
- 4 Provide information and support for initiatives led by plastic-related customers using references describing trends and impacts of plastic regulations and business strategies based on the plastic regulations

Activities Goals

MUFG's Initiatives

In May 2019, MUFG set sustainable finance goals for resolving environmental and social issues, and by FY2030, MUFG aims to achieve a cumulative total of 20 trillion yen in sustainable finance (including 8 trillion yen in the environmental sector). In fiscal 2019, the total amount of financing will be ¥3.7 trillion (including ¥2.2 trillion in the environment sector).

■ Progress in Sustainable Finance Goals

【Unit:trillion yen】

		FY2019 results	FY2030 goals
Environmental	Arrangement of loans and project finance for renewable energy projects, etc.	0.9	8
	Underwriting and sales of Green Bonds.	0.5	
	Others	0.8	
Social	Finance for social infrastructure development and regional vitalization, etc.	0.9	12
Others	Finance for solutions of various environmental and social issues.	0.6	
Total		3.7	20

▶ Details on setting MUFG Sustainable Finance Goals is available on our website. https://www.mufg.jp/english/csr/pickup/201906_01/

Definition of Sustainable Finance

The term “Sustainable Finance” refers to the provision of finance for the following businesses (including loans, equity investment in funds, arrangement of project finance and syndicated loans, underwriting of equities and bonds, and financial advisory

services) with reference to the relevant external standards (e.g. the Green Loan Principles, Green Bond Principles, and Social Bond Principles).

Environmental Area

- Businesses contributing to the adaptation to and moderation of climate change, including renewable energy, energy efficiency improvement, and green buildings (e.g. arrangement of loans and project finance for renewable energy projects, underwriting and distribution of green bonds).

Social Area

- Businesses contributing to the development of startups, job creation, and poverty alleviation
- Businesses contributing to the energizing of local communities and regional revitalization
- Fundamental service businesses, including those involved in basic infrastructure such as public transport, waterworks, and airports, and essential services such as hospitals, schools and police.
(e.g. Emerging Industrial Technology Support Program, loans for regional revitalization projects such as MUFG Regional Revitalization Fund, arrangement of loans and project finance for public infrastructure, underwriting and distribution of social bonds).

Each Group Company's Initiatives

Each Group company has set its own medium- to long-term environmental goals and is working to achieve them.

MUFG Bank

■ CO₂ reduction/Responding to Climate Change

Medium-term target	By FY2020, reduce electricity use per unit (electricity use/total floor area) by 10.5% compared with FY2009.
Long-term target	By FY2030, reduce electricity use per unit (same as above) by 19.0% compared with FY2009.
Result of activities	Reduced electricity use per unit by 27.9% compared with FY2009.

■ Waste Reduction

Medium- to long-term plan	Firmly establish zero emissions efforts (a recycling rate of at least 90%).
FY2019 targets	Achieve a waste recycling rate of at least 90% at the headquarters buildings in Tokyo, Nagoya and Osaka.
FY2019 results	Though recycling rates at the Osaka Building failed to reach 90% as they carried out the incineration of raw garbage, the Tokyo Marunouchi Building and the Nagoya Building achieved a recycling rate of over 90%. - Head Office Tokyo Marunouchi Building : 94.6% - Head Office Nagoya Building : 91.3% - Head Office Osaka Building : 54.5%
FY2020 plan	Improve the recycling rate through ongoing separation of wastes.

■ Prevention of Air Pollution

Medium- to long-term plan	Work at reducing air pollution from vehicle emissions.
FY2019 targets	Promote eco-driving, while reducing number of sales vehicles, shifting to compact vehicles, and introducing low-emission vehicles.
FY2019 results	Reduced by about 430 vehicles and shifted to about five compact vehicles.
FY2020 plan	Promote eco-driving, while reducing number of sales vehicles, shifting to compact vehicles, and introducing low-emission vehicles.

▶ Details on other group company's initiatives are available on our website. <https://www.mufg.jp/english/csr/environment/effort/>

Initiatives to Counter Global Warming and Climate Change – Based on TCFD Recommendations –

In order to contribute to the achievement of a sustainable society, MUFG has identified responding to counter global warming and climate change as one of its priority environmental and social issues.

MUFG advances initiatives to address global warming that are consistent with national goals and reduces CO₂ emissions within the company. In addition, through financing functions, such as supporting renewable energy and technologies for reducing CO₂ emissions, we will contribute to accelerating global warming countermeasures.

In 2018 MUFG established the MUFG Environmental Policy Statement as its fundamental approach to addressing environmental issues and declared its intention to realize a sustainable society by “actively working towards finding solutions

to global environmental issues through our business activities” and by responding “appropriately when our operations result in environmental risks or negative impacts, by reducing the environmental impacts of our operations.”

Acutely aware of the importance of climate-related financial disclosure, MUFG has declared its support of relevant recommendations formulated by the Task Force on Climate-related Financial Disclosures (TCFD), a special taskforce established by the Financial Stability Board (FSB). In line with these recommendations for disclosure of climate change-related risks and opportunities in its Governance, Strategy, Risk Management, and Metrics and Targets, TCFD is pursuing the following.

Governance

MUFG's Governance for Countering Climate Change

At MUFG, the Sustainability Committee operating under the Executive Committee regularly engages in the deliberation of the Company's policies on and the status of initiatives to manage business opportunities and risks arising from environmental and social issues, including climate change. Furthermore, the Corporate Risk Management, Loan and Investment Management,

and Credit committees also discuss and report specific themes associated with climate change. The contents deliberated on by these committees are reported to and discussed by the Executive Committee and the Board of Directors, while the Board of Directors oversees the implementation of initiatives for countering climate change.

■ Matters Reported to and Discussed by the Board of Directors (Fiscal 2019)

- Issues MUFG must tackle in the course of sustainability initiatives and direction it must take in addressing such issues.
 - Strengthening and upgrading MUFG's governance systems to enhance its ability to promote sustainability initiatives
 - Integration of efforts aimed at addressing ESG issues and SDGs with business strategies
 - Initiatives being undertaken via financing etc. and those undertaken by MUFG itself
 - Enhancement of information disclosure in accordance with the TCFD recommendations, for instance, by publicizing results of climate change scenario analysis
- Identification of climate change-related risks as part of enterprise risk management (Top Risk management).

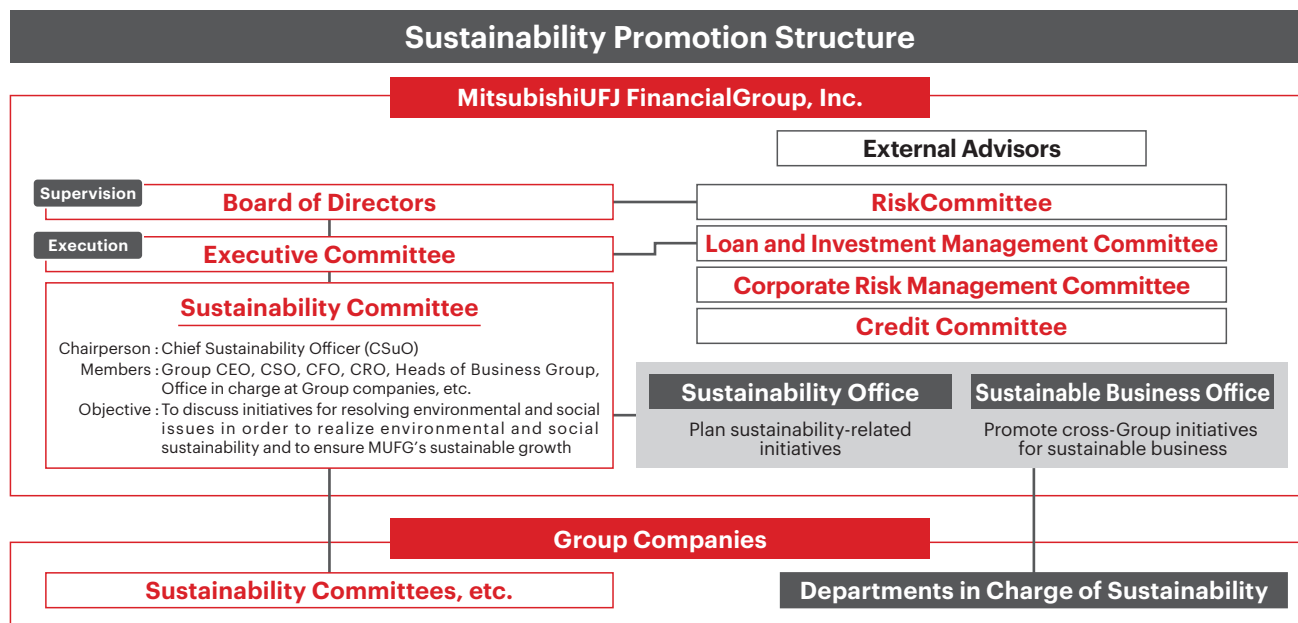
Steps to Improve Our Governance

We appointed a Chief Sustainability Officer (CSuO). CSuO is filled by the Group CSO, who is a member of the Board of Directors. Moreover, we have invited external experts from the environmental and social fields to serve as permanent external advisors for

MUFG. Through exchanging opinions and ideas with the Board of Directors, etc., we leverage the expert knowledge of these external advisors in our sustainability initiatives.

▶ Please refer to page 99 for details on our governance related to sustainability.

■ MUFG's Governance Structure for Countering Climate Change



Strategy

The TCFD recommendations propose that climate change-related risks and opportunities be disclosed upon grasping impacts on business strategy and finances.

Opportunities —Supporting the Transition to a Decarbonized Society

As a financial institution, MUFG recognizes that supporting climate change measures and the transition to a decarbonized society will lead to increased business opportunities.

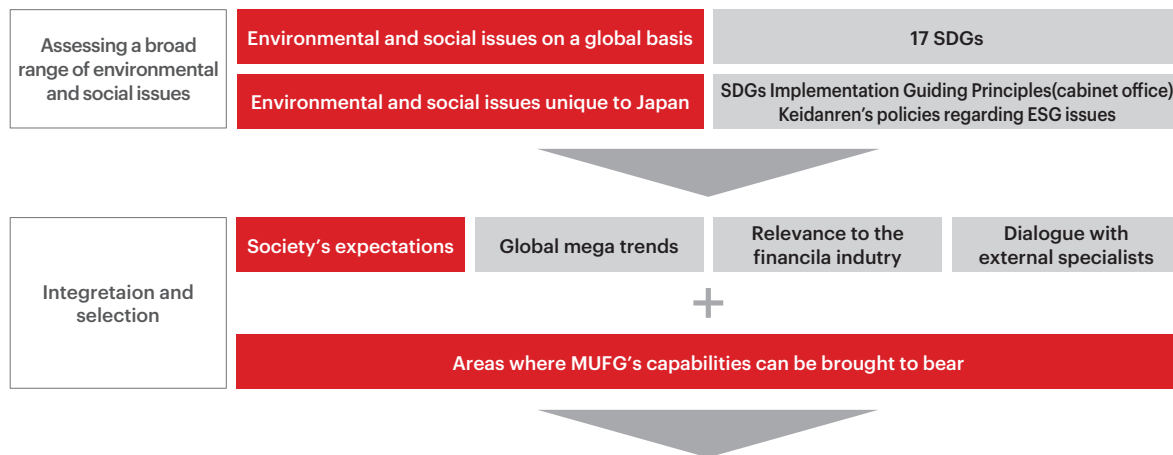
MUFG announced a target of providing a cumulative 20 trillion yen in sustainable finance by 2030.

We intend to commit ¥8 trillion of finance in the environmental field, including initiatives to counter climate change. We promote

renewable energy through project finance, etc., issue MUFG Green Bonds, which ensure that the net proceeds are allocated to the 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.

▶ Please refer to page 54 for details on our sustainable finance goals.

■ Process for Selecting Priority Issues



Seven priority issues			Business strategy based on "environmental and social issues" (Example)
① Global warming & climate change	7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION		- Further strengthening of initiatives in the area of renewable energy. - Expanding climate change countermeasure consulting business.
② Cross-sectoral issues			- Upgrading investment chain, ESG-oriented investment. - ESG investment on Our Own Account.
③ Business incubation & job creation	8 DECENT WORK AND ECONOMIC GROWTH		- Strengthening the promotion of venture transactions. - Microfinance by Krungsri (Bank of Ayudhya) and its subsidiaries.
④ Social infrastructure & town planning	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES		- Regional Development through the Tourism Nation Fund. - Support for infrastructure exports.
⑤ Aging population & low birth rate	3 GOOD HEALTH AND WELL-BEING 4 QUALITY EDUCATION		- Supporting asset formation and succession. (Funded NISA etc.) - Improving financial literacy through investment education.
⑥ Financial innovation	8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE		- Providing advanced financial services. (Blockchain, AI, etc.)
⑦ Workstyle reforms	8 DECENT WORK AND ECONOMIC GROWTH		- Improving Productivity through Diverse Work Styles.

To initiatives through finance

Risks —Transition Risks and Physical Risks

There are two kinds of climate change-related risk. First, there are risks arising in the course of the transition to a decarbonized society, such as stricter regulation and the introduction of decarbonizing technologies (transition risks), and second, there are risks arising from physical damage due to the growing occurrences of climate change-induced natural disasters and abnormal weather (physical risks).

Financial institutions are required to address both the danger of having their own business activities directly impacted by such

risks, and the danger of being indirectly affected due to impacts on clients. MUFG has implemented scenario analysis to gauge the impacts that climate change-related risks can exert on its credit portfolio based on the TCFD recommendations.

In addition, to prepare for the risk of damage to our employees and assets due to an increase in natural disasters and extreme weather events, we conduct various drills and formulate a business continuity plan (BCP) to ensure business continuity.

■ Climate Change Risks in Financial Institutions

		Major Contents
Transition risks	Indirect	<ul style="list-style-type: none"> ● Risk of the credit portfolio being impacted due to stricter regulations or policy changes exerting negative impacts on the business and financial condition of clients ● Risk of the credit portfolio being impacted due to reduced demand arising from changing consumer preferences and measures in response to adoption of technologies for a decarbonized society exerting negative impacts on the business and financial condition of clients
	Direct	<ul style="list-style-type: none"> ● Risk of increased cost and burden in response to stricter regulations or policy changes ● Risk of reputation deteriorating due to having an inferior response to SDGs/ESG compared to rivals, and risk of poorer reputation leading to a fall in stock price or rating
Physical risks	Indirect	<ul style="list-style-type: none"> ● Risk of the credit portfolio being impacted due to suspension of clients' business activities due to storm and flood damage, etc. or impairment of collateral value of real estate due to disaster
	Direct	<ul style="list-style-type: none"> ● Risk of business continuity being impacted due to storm and flood damage, etc. incurred by company employees and held assets

Scenario Analysis

The TCFD recommendations recommend conducting scenario analysis using multiple scenarios to demonstrate the flexibility and resilience of companies' plans and strategies to risks related to climate change.

Since the summer of 2019, MUFG has been a participant in the pilot project led by the United Nations Environment Programme Finance Initiative (UNEP FI) with the objective of discussing and developing methods for climate change-related financial

information disclosure for the banking industry. Based on the results of examination conducted in the pilot project, MUFG has implemented scenario analysis of transition risks and physical risks for the period from 2020 to 2050.

In addition to the results of the above-mentioned pilot project, the scenario analysis reflects the results of verification by external experts.

Transition Risks

In the scenario analysis, we targeted the two sectors of energy and utilities, which are defined as carbon-related assets in the TCFD recommendations. As the scenario analysis methods, based on the results of examination in the UNEP FI pilot project, an integrated approach to evaluating impacts is adopted by combining a bottom-up method in individual companies and a top-down method on the sector level.

As the scenarios, the International Energy Agency's (IEA's) "Sustainable Development Scenario ((below) 2 °C Scenario) and "New Policy Scenario (4 °C scenario)", which are widely used in various evaluations, were assumed. Primarily concerning the below 2 °C scenario, analysis was implemented on the impacts on credit rating in each scenario, and the financial impact on the overall credit portfolio in the targeted sectors.

■ Comparison between the IEA Sustainable Development Scenario (the (below) 2°C scenario) and current status

		As of 2017	As of 2040	
			2°C scenario (SDS)	
			Keeping the temperature rise since the industrial revolution to the end of this century to within 2°C	
Energy	Total generation	25,641 (TWh)	↑	37,114 (TWh)
	Coal-fired power ratio	38%	↓	5%
	Renewable ratio (Including hydroelectric)	25%	↑	66%
Policy	Carbon price in EMEA	26 (\$/tonne)	↑	140 (\$/tonne)
Technological innovation	Number of electric vehicles in use	3 (million units)	↑	900 (million units)
	CO ₂ absorbed by CCUS technology* ¹	Almost zero	↑	2,364 (Mt)
Macroeconomic environment	Economic growth rate	3.6%	↓	Approx. 1%
	World population	7,500 million people	↑	9,200 million people
	Urbanization rate	55%	↑	64%

*1 Carbon dioxide Capture, Utilization and Storage

Physical Risks

Concerning risks of physical damage arising from climate change, we targeted flooding, which has occurred especially frequently and caused massive damage in Japan and other countries in recent years. The approach we adopted entailed using changes in default probability imparted by flooding on borrowers to measure impacts on the overall credit portfolio. Assuming the RCP 2.6 and RCP 8.5 climate scenarios compiled

by the Intergovernmental Panel on Climate Change (IPCC), we implemented analysis* provided by various agencies to estimate flood damage primarily in the case of the RCP 8.5 scenario.

In calculating financial impacts, in consideration of discussions conducted within the UNEP FI pilot project, we have reflected business interruption periods, damage arising in held assets and so on.

*Reference : Hirabayashi Y, Mahendran R, Koirala S, Konoshima L, Yamazaki D, Watanabe S, Kim H and Kanae S (2013) Global flood risk under climate change. Nat Clim Chang., 3(9), 816-821. doi:10.1038/nclimate1911.

Results of Scenario Analysis

Assuming the given targets, applied scenarios and prerequisites, the scenario analysis found the total transition risks in the energy and utility sectors, and the physical risks (flooding), to be between several billion yen in each fiscal year. Accordingly, the impact of both transition risks and physical

risks on the credit portfolio was deemed to be limited concerning the targets of this analysis.

We will continue to work to expand the number of sectors covered and improve the way risks are reflected in our financial impact.

Risk Management

Climate Change-Related Risk in Enterprise Risk Management

In the “Top Risk Management”^{**} approach that MUFG primarily adopts for enterprise risk management, we consider the risks arising from climate change as one of the Top Risks.

We also recognize that climate change-related risks are likely to become apparent and worsen in the medium to long term.

*The potential losses that emerge from scenario analysis are classified as risks and then their relative importance is weighed according to degree of impact and probability. The risks that need to be watched most closely over the next year are classified as Top Risks.

In MUFG and its core subsidiaries, management is regularly engaged in discussions regarding the Top Risks to gain a further understanding of the risk recognition, and to develop appropriate risk control countermeasures.

■ Examples of climate change risks

- Increase in non-JPY funding costs : Increase in costs due to the downgrade of the Company's credit rating due to inferior response to ESG and SDGs.
- Credit : Flooding of customer assets, loss of collateral value of domestic real estate, non-performing loans in specific sectors, etc.
- Operation : Flood damage to employees and assets.
- Reputation : Deterioration in reputation due to inferiority of ESG/SDGs response to the competition.

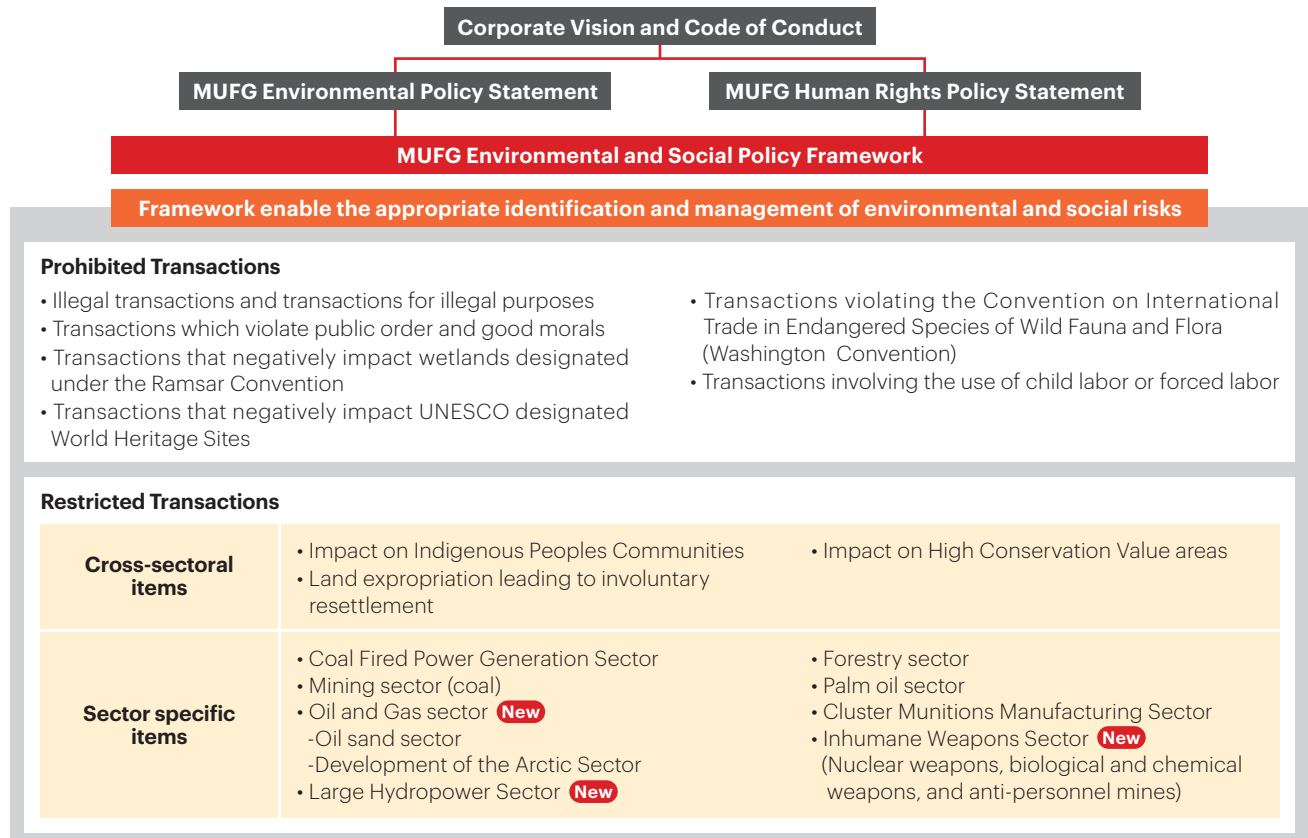
Risk Management in Finance by MUFG Environmental and Social Policy Framework

We implemented MUFG Environmental and Social Policy Framework to manage environmental and social risks associated with our financing*. Concerning coal-fired power generation, mining (coal), oil and gas, and other specific sectors in which concerns are raised over environmental and social impacts,

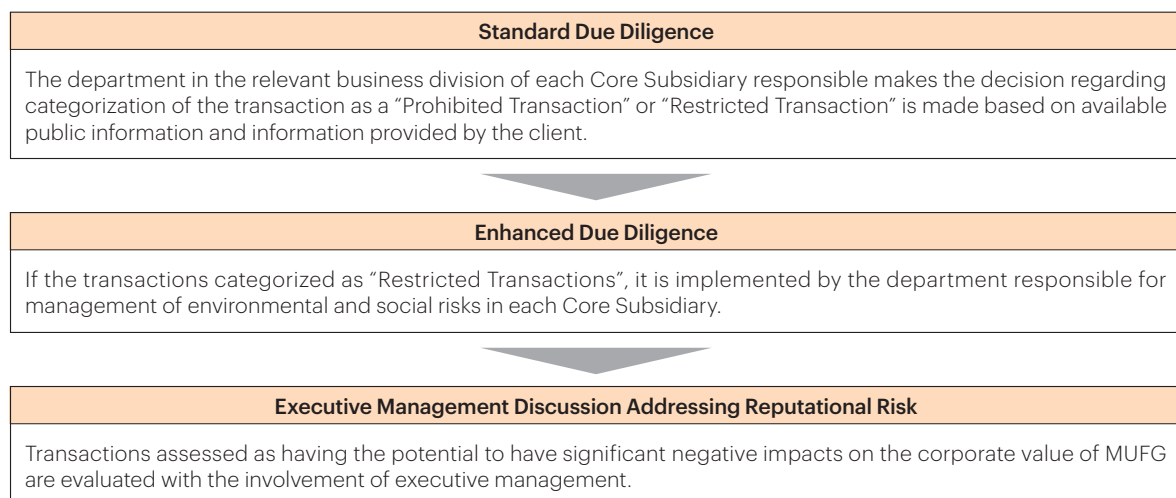
*Credit, bond and equity underwriting for corporate clients of MUFG's main subsidiaries, MUFG Bank, Mitsubishi UFJ Trust and Banking Corporation and Mitsubishi UFJ Securities Holdings.

including climate change, we have established our finance policy and a due diligence process to identify and assess the environmental and social risks or impacts associated with transactions has been introduced.

■ MUFG Environmental and Social Policy Framework



■ Due Diligence Process for Financing



Response to Climate Change-Related Risks Based on the Equator Principles

Having adopted the Equator Principles in 2005, MUFG Bank is committed to realizing a sustainable environment and society by conducting due diligence based on the Equator Principles together with its customers before making financing decisions for large-scale projects.

The Equator Principles requires projects to complete alternatives analysis and publicly report annual greenhouse gas emissions for projects that are expected to emit more than 100,000 tons

of CO₂ equivalent annually. In addition, the fourth version of the Equator Principles (EP4) requires climate change risk assessment (physical and transition risks as defined by the TCFD) associated with the projects.

In July 2020, MUFG Bank commenced implementation of EP4, which allows it to assess the climate change risks associated with projects and support its customers' efforts to improve their resilience.

Response to the Equator Principles

The Equator Principles is an international framework launched in 2003, by financial institutions in the private sector, in order to identify, assess, and manage the potential environmental and social risks and/or impacts of large-scale projects such as infrastructure development and natural resources development. Currently, more than 100 financial institutions worldwide adopt the Equator Principles, which is implemented through their internal policies and procedures. The signatories will not finance projects that do not comply with the requirements of the Equator Principles.

MUFG Bank has established the Implementation Guidelines for the Equator Principles as the basic policy regarding the implementation of the Equator Principles. Based on the Guidelines, the project's environmental and social considerations are reviewed. Specifically, the Bank works with its clients to identify and assess environmental and social risks and impacts, and ensure that measures are in place to avoid, minimize, mitigate, or offset the risks prior to deciding to finance a project. After the loan is provided, the Bank requires continuous monitoring and reporting to ensure that environmental and social risks have not become apparent.

MUFG Bank has received a third-party assurance from PwC Sustainability LLC for its implementation of the Equator Principles.

In addition, as a member of the Steering Committee of the Equator Principles Association, an association of the Equator Principles financial institutions, MUFG Bank is also actively engaged in activities to consistently apply and promote the Principles.

■ Environmental and Social Risk and Impact review structure based on Equator Principles



MUFG Bank will accelerate its efforts to achieve a sustainable environment and society by advancing its environmental and social risk management, including the Equator Principles.

► Details on MUFG Bank's implementation of the Equator Principles are available on our website. <https://www.mufg.jp/english/csr/environment/equator/>

Metrics and Targets

Sustainable Finance

Metric : Achievement of sustainable finance

Target : The cumulative target of 20 trillion yen by FY2030 (8 trillion yen in the environmental area)

In FY2019, the first year of our efforts to achieve a sustainable finance target of 20 trillion yen over a period spanning by FY2019 through FY2030 (of this, 8 trillion yen will be used for environmental finance), we achieved 2.2 trillion yen, and we are making good progress toward this goal. In particular, we are working to promote renewable energies through the arrangement and financing of project finance for solar, hydro, wind and geothermal power generation. Through these efforts

we maintain a world-leading presence in the private global financial sector. As a world-leading financial group providing financing for renewable energy projects, we will proactively support our clients' "transition" to more sustainable business and energy structures via the enhancement of energy efficiency etc., while facilitating "innovation" that employs alternative energy and IT technologies.

Definition of Sustainable Finance in Environmental area

The term "Sustainable Finance" refers to the provision of finance for the following businesses (including loans, equity investment in funds, arrangement of project finance and syndicated loans, underwriting of equities and bonds, and financial advisory

services) with reference to the relevant external standards (e.g. the Green Loan Principles, Green Bond Principles, and Social Bond Principles).

■ Progress in Sustainable Finance Goals

[Unit: trillion yen]

		FY2019 results	FY2030 goals
Environmental	Arrangement of loans and project finance for renewable energy projects, etc.	0.9	8
	Underwriting and sales of Green Bonds.	0.5	
	Others	0.8	
Social	Finance for social infrastructure development and regional vitalization, etc.	0.9	12
Others	Finance for solutions of various environmental and social issues.	0.6	
Total		3.7	20

Financing to Coal Fired Power Generation Projects

Metric : Balance of project financing to coal fired power generation projects

Target : Reduction by 50% from FY2019 by FY2030, reduction to zero targeting by FY2040*

Not provide financing to new coal fired power generation projects in principle, as outlined in the MUFG Environmental and Social Policy Framework. The balance of financing to coal fired

power generation projects, which stood at US \$3,580 million as of the end of FY2019, will be reduced by 50% from FY2019 by FY2030 and reduced to zero targeting by FY2040.*

*Projects that contribute to transition to a decarbonized society are exceptional according to the MUFG Environmental and Social Policy Framework.

Basic Unit of Electricity Use

Metric : Basic unit of electricity use (electricity/ total floor space)

Target : Reductions by 10.5% and 19.0% of the 2009 level by FY2020 and FY2030, respectively

As part of its efforts to reduce environmental impacts, MUFG Bank has set targets for FY2020 and FY2030 to reduce the energy intensity index, both of which have already been

achieved well ahead of schedule (FY2019 result: 27.9% reduction from FY2009).

Reducing CO₂ Emissions Attributable to Our Business Activities

Metric : Carbon dioxide emissions, Basic unit of CO₂ emission and Basic unit of electricity use*

To reduce the environmental burden attributable to our business activities, we are working to assess and reduce the environmental footprints of our operations, such as GHG emissions, and

discloses its results on our website as a metric of our initiatives to climate change.

*Scope of Reporting: Includes five companies: Mitsubishi UFJ Financial Group, MUFG Bank, Mitsubishi UFJ Trust and Banking, Mitsubishi UFJ Morgan Stanley Securities, and Mitsubishi UFJ NICOS. Data for Mitsubishi UFJ Morgan Stanley Securities includes data for Mitsubishi UFJ Securities Holdings, with the exception company automobiles(gasoline).

■ GHG Emissions and Basic Unit of Electricity Use

			Unit	FY2015	FY2016	FY2017	FY2018	FY2019
CO ₂ emissions	Scope 1	Direct CO ₂ emissions	t-CO ₂	11,344	11,421	11,836	10,795	9,963
	Scope 2	Indirect CO ₂ emissions	t-CO ₂	209,604	212,282	202,004	186,870	184,287
	Scope 3	Other indirect CO ₂ emissions	t-CO ₂	11,792	11,487	10,598	10,309	7,959
	Offsets using CDM credits		t-CO ₂	-	-25,500	0	0	0
	Total		t-CO ₂	232,740	209,689	224,439	207,973	202,209
Basic unit of CO emission (CO ₂ emissions per unit of floor space)			t-CO ₂ /1,000m ²	105	96	103	96	93
Basic unit of electricity use (Electricity use per unit of floor space)			kWh/m ²	180	188	183	175	182

*Before deduction of CO₂ emission reduction (4,453t-CO₂) by TEPCO Energy Partner's "Aqua Premium".

► Details on our ESG data are available on our website. <https://www.mufg.jp/english/csr/data/csrdata/>

Initiatives to Shift to 100% Renewable Energy for Self-Procured Energy

MUFG is aiming to achieve 100% utilization of renewable energy sources for its in-house electricity needs by FY2030, as a first step, since Aug. 2019, it has shifted to TEPCO Energy Partner, Inc.'s "Aqua Premium" plan, an electricity plan which uses only electricity generated from non-carbon-emitting hydropower resources. This is the first for a Japanese bank and means that

all of the electricity used at MUFG Bank's Marunouchi Head Office Building in Tokyo is now procured from renewable energy resources. By changing to this plan, MUFG Bank will reduce its CO₂ emissions*¹ by approximately 6,300 tons (the equivalent of about 450,000 cedar trees*²) per year.

*¹ Calculated from the total electricity consumption in FY2018

*² 14kg CO₂ absorption/year per cedar tree (Source: Japan Forestry Agency).

Status of CO₂ Emissions Intensity Index Associated with Project Finance in the Power Generation Business

Metric : CO₂ Emission Intensity Index in Project Finance in the Power Generation Business

This is calculated with the objective of measuring environmental impacts in the fossil fuel (coal/oil/gas)-burning thermal power generation and renewable energy power generation businesses.

【Unit:t-CO₂/MWh】

FY2017	FY2018	FY2019
0.410	0.368	0.385

Status of Carbon-Related Assets*

Metric : Proportion of Carbon-related Assets Associated with the Lending Portfolio

MUFG is working to assess carbon-related assets associated with its lending portfolio based on the TCFD recommendations.

■ Proportion of Carbon-related Assets Associated with the Lending Portfolio

	End of March 2019	End of March 2020
Energy	3.0%	2.8%
Utility	3.6%	3.4%
Total	6.6%	6.2%

The total value of loans and advances is ¥96.5 trillion (as of March 31, 2019) and ¥99.1 trillion (as of March 31, 2020)

*Based on the TCFD recommendations, MUFG has categorized the value of lending for the energy and utility sectors other than lending for renewable energy projects as constituting carbon-related assets.

Responses to TCFD as an Asset Manager

Asset management companies under the MUFG umbrella are endorsing TCFD as asset managers and promoting climate change initiatives and information disclosure through the management of the portfolios they manage under contract. Mitsubishi UFJ Trust and Banking Corporation disclosed information about the management of the portfolios it manages in its Responsible Investment Report 2020, in line with the TCFD's

recommendations for disclosure under Governance, Strategy, Risk Management, and Metrics and Targets regarding climate-related risks and opportunities. By proactively disclosing climate change-related information, we will help our clients understand the status of their portfolios and encourage the companies in which we invest to take action on climate change.

Greenhouse Gas Emissions-Related Indicators for the Portfolio

Mitsubishi UFJ Trust and Banking Corporation calculates and compares greenhouse gas emission-related indicators (total greenhouse gas emissions, carbon footprint, carbon intensity, and weighted average carbon emission factors) to a benchmark* for measuring and managing climate change related risks and opportunities in our portfolios of domestic bonds and equities and foreign bonds and foreign equities. Indicators related to

greenhouse gas emission are calculated using a data collection and analysis method via Institutional Shareholder Services (ISS). A comparison of the greenhouse gas emissions-related indicators (Scope 1-3) for all of its applicable assets with the benchmark confirms that the value of the portfolio managed by Mitsubishi UFJ Trust and Banking Corporation is lower than that of the benchmark.

Indicators Related to the Amount of Greenhouse Gas Emissions

- Total carbon emissions : Total amount of greenhouse emissions related to the portfolio
- Carbon footprint : Total greenhouse gas emissions divided by the market value of the portfolio
- Carbon intensity : Total greenhouse gas emissions divided by the sales of investee companies
- Weighted average carbon intensity (WACI) :
Weighted average of emissions per unit of sales of the investee company according to the composition of the portfolio

	Total carbon emissions (Scope 1 to 3, million t-CO ₂ e)		Carbon footprint (t-CO ₂ e)		Carbon intensity (t-CO ₂ e/million USD)		Weighted average carbon intensity (t-CO ₂ e/million USD)	
	Mitsubishi UFJ Trust and Banking Corporation	Comparison with BM	Mitsubishi UFJ Trust and Banking Corporation	Comparison with BM	Mitsubishi UFJ Trust and Banking Corporation	Comparison with BM	Mitsubishi UFJ Trust and Banking Corporation	Comparison with BM
Domestic bonds	5	72%	239	71%	286	64%	288	63%
Domestic equities	35	96%	91	94%	107	98%	93	99%
Foreign bonds	1	76%	59	54%	125	56%	111	46%
Foreign equities	13	86%	64	89%	181	99%	169	90%

*Benchmark (BM)

- Domestic bonds : Industrial bonds only in NOMURA-BPI (composite)

- Domestic equities : Including TOPIX dividends

- Foreign bonds : Industrial bonds only in Bloomberg Barclays Global (composite)

- Foreign equities : MSCI-KOKUSAI (yen-based)

- Carbon footprint, carbon intensity, and weighted average carbon intensity are calculated based on Scope 1 to 2

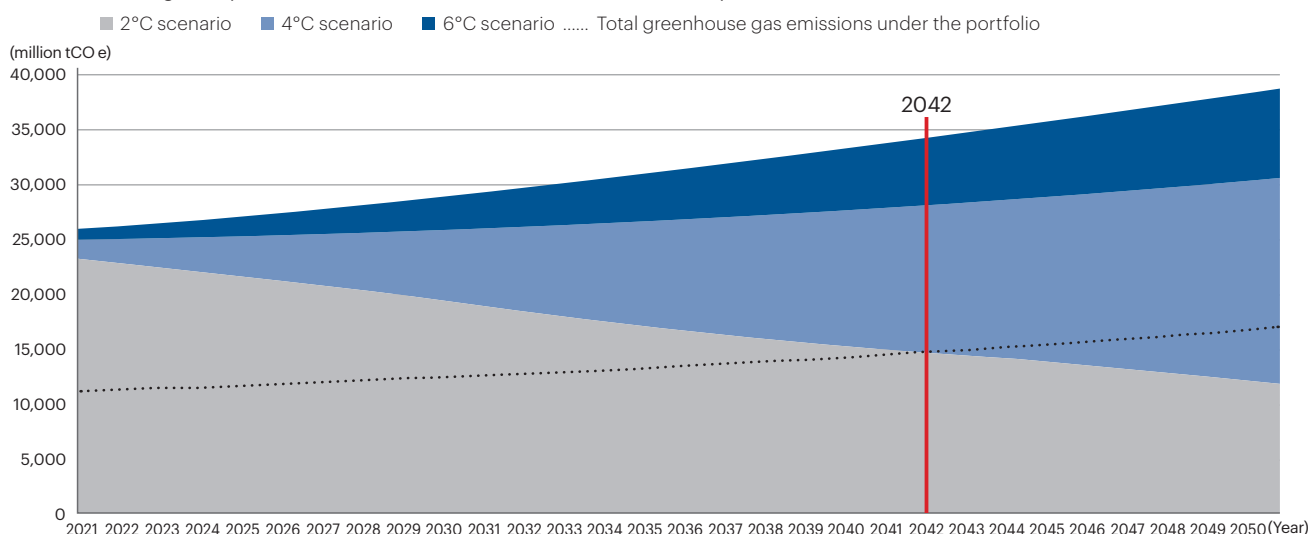
Scenario Analysis

To quantitatively identify climate change related risks and opportunities, Mitsubishi UFJ Trust and Banking Corporation used ISS's analysis method based on IEA* projections to forecast future trends in total greenhouse gas emissions reductions up to 2050 in the investee companies in the portfolio targeting domestic bonds and equities and foreign bonds and equities. A comparison was then made with projections of total greenhouse gas emission reductions to be consistent with the 2°C target of the Paris Agreement and confirmed that the projections are

*IEA: International Energy Agency

consistent with the 2°C Scenario. Based on the projections for total greenhouse gas emissions with the four assets in a single portfolio, the total emissions are expected to rise close to the 4°C Scenario, which is expected to be inconsistent with the 2°C Scenario in 2042. Given the results of the analysis, Mitsubishi UFJ Trust and Banking Corporation believes that it is important to encourage the investee companies to reduce transition risk in the medium to long term.

■ Projected transition pathways for total greenhouse gas emissions in a four-asset integrated portfolio under the 2°C, 4°C and 6°C Scenarios (Scope 1)



Future Actions Based on the Analysis

Based on the results of the analysis of the total greenhouse gas emissions transition pathway, Mitsubishi UFJ Trust and Banking Corporation believes that bringing the expected transition of the total greenhouse gas emissions of its portfolio under the near 4°C scenario closer to the 2°C scenario will help to limit risks. Therefore, it is working to reflect climate change factors in its corporate value assessment and to reduce the impact of climate change through engagement.

In the engagement, we have designated climate change as a significant ESG issue and are actively engaging with companies that have a significant impact on its portfolio. It believes that climate change is not only a risk, but also an opportunity to develop new technologies and increase the potential for business expansion in companies that it invests in. It will continue to improve its operational capabilities so as not to miss out on this new revenue opportunity.