

Green Deposit Framework

Version 3.0



Intent of the Green Deposit Framework

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

How Green Deposits Work

MUFG's Green Deposits are offered to eligible corporate or retail customers seeking to invest surplus liquidity in an interest-bearing product designated to fund MUFG's Environmental, Social, and Governance (ESG) financing commitments. MUFG will earmark net proceeds from these fixed deposits to effectively finance or refinance eligible assets¹ that fall under Eligible Activities listed in the Framework and continually monitor the allocated funds thereafter. The Green Deposit Portfolio is an identified subset of MUFG's portfolio of assets that align with the Eligible Activities in the Framework ("Eligible Loan Portfolio"). If, for any reason, an Eligible Loan within the Green Deposit Portfolio no longer aligns with the Eligible Activities, it will be removed from the Green Deposit Portfolio as part of the annual reconciliation process. 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 recorded by MUFG entities to determine the size of the overall Green Deposits capacity, with the objective of ensuring Green Deposits do not exceed eligible loans for a sustained period. MUFG will ensure this as part of the annual reconciliation process.

Pending the full allocation of the proceeds, the balance of unallocated proceeds will be held in cash or cash equivalent instruments in line with MUFG's treasury management.

Review Process

Version 3.0 of this Green Deposit Framework is the outcome of an update in March 2024 by MUFG in collaboration with Morningstar Sustainalytics, 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 more than 25 years, Morningstar Sustainalytics has been at the forefront of developing high-quality, innovative solutions to meet the evolving needs of global investors. Today, Morningstar 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. Morningstar 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 eligible themes and activities. MUFG's eligible loan and Green Deposit portfolios are reviewed by Sustainalytics on an annual basis to ensure alignment with this guide.

Information and understanding on environmental matters continue to evolve and MUFG commits to reviewing this Green Deposit Framework on an annual basis with the support from Sustainalytics to evaluate if there are eligible activities that need to be added or removed to the Eligible Green and Sustainable Themes and Activities found on the following pages.

1. The eligible assets may include loans related to corporate financing for general purposes. In such cases, the financing is only considered eligible if the borrower derives at least 90% of its revenues from the Eligible Activities on a medium-term average (i.e. over a rolling historical five-year period).

Eligible Green and Sustainable Themes and Activities²

Categories	Eligible Activities	Exclusions
<p>Renewable Energy</p>  	<ul style="list-style-type: none"> ■ Acquisition, development, operation, maintenance of projects / assets generating electricity from: <ul style="list-style-type: none"> ● Solar, wind (on and offshore), ocean, and tidal power. ● Geothermal. ● Waste biomass from forestry and agriculture. ● 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. ■ Production of technologies / equipment that support the above. ■ Transmission and distribution of renewable energy: <ul style="list-style-type: none"> ● Development and construction of operational electric grid that is either (i) dedicated to connecting renewables to the power grid, or (ii) supports / integrates at least 90% renewable electricity on medium-term average (i.e., over a rolling five-year period), including: <ul style="list-style-type: none"> – Overground transmission and distribution lines, e.g., overhead transmission lines, conductors, insulators, towers and infrastructure assets such as buildings, fences, earth mats and busbars. – Transmission lines on high-voltage and/or extra-high voltage interconnected system. ● 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. 	<ul style="list-style-type: none"> ■ In the case of solar thermal / CSP project (s), non-renewable energy back-up limited at 15% of the facility's electricity production. ■ Geothermal projects with direct emissions intensity greater than 100 gCO₂/kWh. ■ Waste biomass projects where waste feedstock is from non-RSPO certified palm oil operations. ■ Non-waste biomass projects with life cycle emissions intensity greater than 100 gCO₂/kWh or where feedstock includes peat, palm oil, or non-certified oil / energy crops, including corn, soy, and/or sugarcane. ■ Non-waste biomass feedstock that: <ul style="list-style-type: none"> ● (i) is produced on land with high biodiversity that has been converted for its production in the last 10-15 years, or ● (ii) is produced on land with a high amount of carbon that has been converted for its production, or ● (iii) competes with food production. ■ For production of renewable energy technologies / equipment, financing of facilities that are not wholly dedicated to the manufacture of components for renewable energy.

2. The criteria in the grid should be read in tandem with the "General Exclusions for Financing the Eligible Activities" section below.

Categories	Eligible Activities	Exclusions
<p>Energy Efficiency</p>  	<ul style="list-style-type: none"> ■ End-user energy efficiency <ul style="list-style-type: none"> ● Purchasing and installation / retrofitting of energy efficient technologies / industrial products or equipment that are non-motorized or powered by electricity (not by fossil fuels) that have received third-party certification for environmental or energy performance, in particular, ENERGY STAR. ● Other energy efficient technologies / products or hardware systems such as LEDs / smart lighting solutions / daylight controls, Building Management Systems (BMS), HVAC upgrades that not powered by fossil fuel. 	<ul style="list-style-type: none"> ■ Technologies / upgrades that: <ul style="list-style-type: none"> ● (i) improve the energy efficiency of fossil fuel production and/or distribution, or ● (ii) are designed / intended for processes that are inherently carbon-intensive and/or primarily driven / powered by fossil fuels, such as oil / gas-fired boilers, cogeneration / CHP units, production processes within heavy industries such as steel, cement, aluminum, etc.
<p>Green Building</p> 	<ul style="list-style-type: none"> ■ Buildings which meet, or are expected to meet any of the below criteria: <ul style="list-style-type: none"> ● Buildings that comply with the regional proxy³ for commercial buildings as determined by the Climate Bonds Initiative (CBI) ● Building upgrades⁴ – including energy efficiency investments and/or refurbishments of buildings – which follow the low carbon trajectory as set out in the Low Carbon Buildings Standard as determined by the CBI (at least 30% reduction in CO₂ emissions compared to baseline)⁵; ■ U.S. Leadership in Energy and Environmental Design (LEED) – minimum certification level of Gold or above; BREEAM – minimum certification level of Excellent or above; or DBJ Green Building Certification – minimum certification level of 4 Stars or above. 	<ul style="list-style-type: none"> ■ Buildings or energy efficiency projects for buildings that are, <ul style="list-style-type: none"> ● (i) designed for the purpose of extraction, storage, transportation or manufacture of fossil fuels, or ● (ii) built for the purpose of controversial activities including gambling, coal-fired power generation, nuclear energy generation, pornography, tobacco, weapons and defense industries and potentially negative resource extraction operations.
<p>Resource Efficiency & Pollution Prevention and Control</p>  	<ul style="list-style-type: none"> ■ Recycling <ul style="list-style-type: none"> ● Development, expansion, upgrade or maintenance of facilities and/or programs relating to processing of recyclable waste fractions into secondary raw materials. ■ Management of Municipal Waste – Development, expansion, upgrade or maintenance of landfill gas capture for energy generation from closed / decommissioned landfill with gas capture efficiency greater than 75%. 	<ul style="list-style-type: none"> ■ Chemical recycling of plastic, or electronic waste recycling at facilities that do not have a robust waste management process to mitigate associated risks. ■ Landfill gas capture for flaring. ■ Waste recycling/ management facilities that do no support source segregation of recyclables such as plastic, glass, metal, etc. ■ Plastics, rubber or tire derived fuel (TDF) for energy or fuel conversion

3. <https://www.climatebonds.net/standard/buildings/commercial/calculator>

4. Expenses are limited to property renovation cost only.

5. <https://www.climatebonds.net/standard/buildings/upgrade>

Categories	Eligible Activities	Exclusions
<p>Environmentally Sustainable Management of Living Natural Resources and Land Use</p> 	<ul style="list-style-type: none"> ■ Forest Products – Growing and/or purchase of: <ul style="list-style-type: none"> ● Products / operations certified by Forest Stewardship Council (FSC) or Program for the Endorsement of Forest Certification (PEFC). ■ Agriculture – Growing and/or purchase of: <ul style="list-style-type: none"> ● Products / operations certified by Rainforest Alliance, USDA Organic, Global Good Agricultural Practices (Integrated Farm Assurance – Crops Base),⁶ or Better Cotton Initiatives (BCI)⁷. ■ Land Conservation <ul style="list-style-type: none"> ● Preservation and/or restoration of native and high-conservation value forests.⁸ ● Preservation and/or restoration of biodiversity and valuable natural habitats. ● Preservation and/or restoration of biodiversity in urban areas such as parks, green rooftops, and other green spaces. ■ Soil remediation 	<ul style="list-style-type: none"> ■ Manufacturing / purchase of inorganic or synthetic fertilizers / pesticides / herbicides. ■ Agricultural units that include industrial livestock production units. ■ Soil remediation related to the contamination or negative environmental externality from MUFG’s own or its loan borrower’s own activities.
<p>Terrestrial and Aquatic Biodiversity</p> 	<ul style="list-style-type: none"> ■ Fisheries and aquaculture <ul style="list-style-type: none"> ● Products / operations certified by the Marine Stewardship Council (MSC)⁹ or Aquaculture Stewardship Council (ASC)¹⁰. ■ Aquatic Conservation <ul style="list-style-type: none"> ● Preservation and/or restoration of aquatic biodiversity and valuable aquatic natural habitats. 	<ul style="list-style-type: none"> ■ Financing of equipment running on fossil fuel

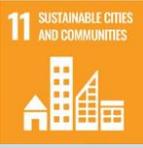
6. The certification scheme does not include sustainable land management practices, which implies that the expected positive environmental impact may be limited.

7. 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. In addition, Sustainalytics also notes that BCI allows for the use of genetically modified organisms. Notwithstanding these drawbacks, and noting the positive ambition of the BCI scheme, Sustainalytics does not consider the use of BCI as an eligibility criterion that detracts from the credibility of the Framework

8. Reforestation/afforestation should use tree species that are well-adapted to the site conditions. A sustainable management plan should also be in place, preferably certified to FSC/PEFC certification.

⁹ The Marine Stewardship Council certification- <https://www.msc.org/standards-and-certification/the-msc-standards>

¹⁰ The Aquaculture Stewardship Council certification- <https://asc-aqua.org/producers/asc-standards/>

Categories	Eligible Activities	Exclusions
<p>Clean Transportation</p>  	<ul style="list-style-type: none"> ■ Passenger and freight vehicles – Development, manufacture, purchase, financing of: <ul style="list-style-type: none"> ● Zero direct-emission vehicles, including electric vehicles. ● Hybrid vehicles. ■ Mass transit – Development, manufacture, purchase, financing of: <ul style="list-style-type: none"> ● Low-to-zero carbon busses. ● Bus rapid transit infrastructure and other public rapid transit systems that are built exclusively for eligible BRT systems or buses. ● Train / rail stock. ● Train / rail infrastructure including tracks and stations. ■ Infrastructure – Investments in infrastructure for: <ul style="list-style-type: none"> ● Zero direct emission vehicles including electric vehicles. ■ Shipping <ul style="list-style-type: none"> ● Manufacture of new zero-to-low carbon ships (subject to emissions threshold in line with market practice) including electric, biofuel- or hydrogen-powered. ● Retrofit of existing passenger and cargo ships involving switching to a low-carbon fuel, as mentioned above. ● Shipping infrastructure including bunkering facilities for biofuels, hydrogen, ammonia and methanol, infrastructure for alternative maritime power including outlets, electrical distribution, and control systems. 	<ul style="list-style-type: none"> ■ Hybrid passenger vehicles and freight vehicles with direct emissions in excess of 75g CO₂e/passenger-km and 25g CO₂e/t--km respectively. ■ Public buses (including those included in the BRT infrastructure) with direct emissions in excess of 50 gCO₂e/p-km (based on WLTP). ■ Construction of roads or road bridges and parking facilities (even if charging and alternative fuel infrastructure are included) - except for dedicated lanes for eligible BRT infrastructure. ■ Individual rail with direct emissions in excess of threshold of 50 gCO₂e/p-km (passenger) or 25gCO₂/t-km (freight). ■ Systems and infrastructure used primarily for the transportation of fossil fuels or fossil fuel filling stations and other assets which prolong the life and/or facilitate the use of fossil- fuel powered transport or bunkering facilities for LNG / LPG. ■ New and/or retrofit of fossil-fuel powered ships, which are not in line with International Maritime Organization trajectory or 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.
<p>Sustainable Water and Wastewater Management</p>  	<ul style="list-style-type: none"> ■ Water efficiency / conservation – Development, manufacture, purchase of products and technologies that reduce and/or monitor water use. ■ Wastewater treatment – Development, expansion, upgrade, or maintenance of infrastructure. ■ Potable / Drinking water – Development, manufacture, purchase of products and technologies to increase supply / access to potable / drinking water. 	<ul style="list-style-type: none"> ■ Equipment and / or methods dependent on fossil fuels. ■ Systems and measures to provide water for fossil fuel operations, fracking, nuclear and mining. ■ Treatment of wastewater from fossil fuel operations. ■ Potable water supply for industrial activities.

Categories	Eligible Activities	Exclusions
<p>Climate Change Adaptation</p>  	<ul style="list-style-type: none"> ■ Monitoring technologies including climate observation and information support systems. ■ 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. ■ Flood mitigation – Investment in infrastructure to provide protection against flooding. 	<ul style="list-style-type: none"> ■ Flood mitigation projects without Vulnerability Assessment and Adaptation Plan in place. ■ Business-as-usual renovations and retrofits to existing flood mitigation systems.
<p>Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes</p> 	<ul style="list-style-type: none"> ■ Development and/or manufacture of: <ul style="list-style-type: none"> ● Products / packaging materials that are certified by Roundtable on Sustainable Biomaterials (RSB). ■ Production of technologies / equipment that support the above. 	<ul style="list-style-type: none"> ■ Commercial-scale manufacturing /production of resource-efficient/low-carbon of products without details on manufacturing process, assurance of sustainable sourcing, and/or reasonable basis for substantial reduction of life-cycle emissions. ■ Procurement of recycled/waste inputs intended for (non-medical) plastic packaging for single-use consumer products.

General Exclusions for Financing the Eligible Activities

- Projects and activities that are carbon intensive.
- Production of, or investment in, infrastructure, systems or equipment that create a fossil fuel lock in.
- Projects, activities or transactions that have negative impact on Indigenous Peoples Communities, High Conservation Value areas, wetlands designated under the Ramsar Convention, or UNESCO designated World Heritage Sites.
- Land expropriation leading to involuntary resettlement.

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