



# CLIMATE TRANSPARENCY REPORT 2020

Mitsubishi Corp. - UBS Realty Inc.

# About the Climate-related Disclosure Indicators

Climate has been identified as a top priority for PRI signatories, with over 70% of asset owners reporting this as the most important long-term trend they are acting on.

The FSB Task Force's guidance on climate-related financial disclosure aim to create a single framework for disclosure on assessment and management of climate-related risk. The recommendations, supported by investors representing US\$22 trillion, identify four main disclosures, Governance, Strategy, Risk Management, Metrics and Targets, and include specific guidance for asset owners and managers.

As a result, the PRI introduced climate-related disclosure indicators that can be used to align with the TCFD recommendations in the 2020 PRI Reporting Framework.

## About this report

This report is an export of only the climate-related indicators from the 2020 Reporting Framework response. The full Public Transparency Report is available here (<https://reporting.unpri.org/surveys/PRI-reporting-framework-2020/-568FDC55-A1C5-4261-AD0C-011263563BA1/79894dbc337a40828d895f9402aa63de/html/2/?lang=en&a=1>). It shows the responses to all the completed climate indicators, even those you chose to keep private. It is designed for your internal review or – if you wish - to share with your stakeholders.

The PRI will not publish this report on its website if you have designated your 2020 climate reporting as “private”. Otherwise, you will be able to access the Climate Transparency Report of your organisation and that of other signatories on the [PRI website](#) and on the [Data Portal](#).

To easily locate information, there is a **Recommendation index** which summarises the indicators that signatories complete and disclose. The report presents information exactly as it was reported as per signatory preference. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory are presented in this report.

# TCFD Recommendations Index

Strategy and Governance - CC			TCFD Recommendation			
Indicator	Reported	Disclosure	Governance	Strategy	Risk Management	Metrics & Targets
SG 01.6 CC	✓	Private				
SG 01.7 CC	✓	Private				
SG 01.8 CC	✓	Private				
SG 01.9 CC	✓	Private				
SG 01.10 CC	✓	Private				
SG 07.5 CC	✓	Public				
SG 07.6 CC	✓	Public				
SG 07.7 CC	✓	Public				
SG 07.8 CC	-	Public				
SG 13.1	✓	Public				
SG 13.2	✓	Public				
SG 13.4 CC	-					
SG 13.5 CC	-					
SG 13.6 CC	-					
SG 13.7 CC	-					
SG 13.8 CC	-					
SG 14.1	✓	Public				
SG 14.2	✓	Public				
SG 14.3	✓	Public				
SG 14.6 CC	✓	Public				
SG 14.7 CC	-	Public				
SG 14.8 CC	✓	Public				
SG 14.9 CC	-	Public				
SG 15.1	✓	Public				
SG 15.2	✓	Public				
SG 15.3	✓	Public				

Symbol	Status
✓	The signatory has completed this sub-indicator
-	The signatory did not complete this sub-indicator.
	This indicator is relevant to the named TCFD recommendation
Within the first column "Indicator", indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.	

# ORGANISATIONAL OVERVIEW

This section provides an overview of your organisation. These characteristics are used to define your peer groups.

MAIN CHARACTERISTICS	
<b>Name</b>	Mitsubishi Corp. - UBS Realty Inc.
<b>Signatory Category</b>	Fund Management - Majority
<b>Signatory Type</b>	Investment Manager
<b>Size</b>	US\$ 10 - 29.99 billion AUM
<b>Main Asset Class</b>	>50% Property Internally Managed
<b>Signed PRI Initiative</b>	2013
<b>Region</b>	Asia
<b>Country</b>	Japan
<b>Disclosure of Voluntary Indicators</b>	62% from 38 Voluntary indicators

# Mitsubishi Corp. - UBS Realty Inc.

## Reported Information

### Public version

### Strategy and Governance

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Investment policy

SG 01	Mandatory	Public	Core Assessed	General
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

**SG 01.1** Indicate if you have an investment policy that covers your responsible investment approach.

## Governance and human resources

SG 07 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
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**SG 07.5 CC** Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.

Board members or trustees

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Investment Committee

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Other Chief-level staff or heads of departments

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Portfolio managers

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

### Dedicated responsible investment staff

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

### Investor relations

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

### Other role, specify (1)

#### Chief Sustainability Officer (CSO)

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

### SG 07.6 CC

For board-level roles that have climate-related issue oversight/accountability or implementation responsibilities, indicate how these responsibilities are executed.

The MC-UBS Group's efforts to promote sustainability are spearheaded by the Sustainability Committee, recently established in January this year. This Committee drafts sustainability strategies and monitors the activities of the three investment corporations. Chaired by Mr. Suzuki, who concurrently serves as Chief Sustainability Officer as well as Deputy President and Representative Director of Mitsubishi Corp.-UBS Realty, the Committee reports to the Asset Management Company's Board of Directors while ensuring that the Group maintains a common understanding toward ESG issues included climate-related issues and enhances awareness levels.

We see financial risks from climate change as medium to long term risks. We understand its short term risk is limited as we conduct due diligence when acquiring properties. At the same time, we have come to recognize that there is even more severe physical risk when taking into consideration factors such as the increased severity of typhoons and floods from torrential rains beyond expectation occurring in recent years.

The Sustainability Committee identifies and evaluates important risks and opportunities related to climate change. Identified issues are managed under the aforementioned management structure, and MCUBS intends to study into the specific methods for strategy formulation and monitoring. And each investment corporation undertakes reduction of CO2 emissions as a response to climate change. While we have stated our goal of reducing CO2 emissions by 1% each year, we plan to revise our goal after deepening our recognition of the risks and opportunities brought by climate change and conducting scenario analysis.

### SG 07.7 CC

For management-level roles that assess and manage climate-related issues, provide further information on the structure and processes involved.

With the CSO as the committee chair and the President and other executive officers as the main members, the Sustainability Committee meets once every fiscal quarter to propose strategies regarding important issues-such as climate change-related to sustainability in general, and share information and verify the measures of the investment corporations related to aspects such as energy efficiency. These results are reported to the board of directors meeting chaired by the President of MCUBS. Under the committee, subcommittees-comprising sustainability staff from the Research, Marketing and ESG Department and the investment corporations-are established as appropriate to share information about the progress of specific issues and initiatives by each investment corporation so as to share recognition of issues and increase the level of awareness.

## ESG issues in asset allocation

SG 13	Mandatory	Public	Descriptive	PRI 1
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### SG 13.1

Indicate whether the organisation carries out scenario analysis and/or modelling, and if it does, provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).

- Yes, in order to assess future ESG factors

#### Describe

We have identified the ESG materiality as having a high level of importance to MCUBS at this time. In 2019, we organized opportunities and risks about it, and set new KPIs.

- Yes, in order to assess future climate-related risks and opportunities  
 No, our organisation does not currently carry out scenario analysis and/or modelling

### SG 13.2

Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.

#### We do the following

- Allocation between asset classes  
 Determining fixed income duration  
 Allocation of assets between geographic markets  
 Sector weightings  
 Other, specify  
 We do not consider ESG issues in strategic asset allocation

### SG 13.3

Additional information. [OPTIONAL]

We think that climate change will have the greatest impact on our asset allocation.

The Paris Agreement is an international framework regarding the climate change problem from 2020 and beyond. Its long term goal is stated as holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C, and aiming to reach global peaking of greenhouse gas emissions as soon as possible so as to achieve a balance between emissions and removals (by forests, etc.) of greenhouse gases in the second half of this century in order to achieve this goal.

MCUBS hopes to undertake scenario analysis while seeking collaboration with the United Nations Environment Programme-Finance Initiative (UNEP FI) and other organizations.

SG 14	Mandatory to Report Voluntary to Disclose	Public	Additional Assessed	PRI 1
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**SG 14.1**

Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.

- Changing demographics
- Climate change
- Resource scarcity
- Technological developments
- Other, specify(1)
- Other, specify(2)
- None of the above

**SG 14.2**

Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity

- Established a climate change sensitive or climate change integrated asset allocation strategy
- Targeted low carbon or climate resilient investments
- Phase out your investments in your fossil fuel holdings
- Reduced portfolio exposure to emissions intensive or fossil fuel holdings
- Used emissions data or analysis to inform investment decision making
- Sought climate change integration by companies
- Sought climate supportive policy from governments
- Other, specify
- None of the above

**SG 14.3**

Indicate which of the following tools the organisation uses to manage climate-related risks and opportunities.

- Scenario analysis
- Disclosures on emissions risks to clients/trustees/management/beneficiaries
- Climate-related targets
- Encouraging internal and/or external portfolio managers to monitor emissions risks
- Emissions-risk monitoring and reporting are formalised into contracts when appointing managers
- Weighted average carbon intensity
- Carbon footprint (scope 1 and 2)
- Portfolio carbon footprint
- Total carbon emissions
- Carbon intensity
- Exposure to carbon-related assets
- Other emissions metrics
- Other, specify
- None of the above

**SG 14.5**

Additional information [Optional]

We'll participate in the UNEP FI TCFD Pilot Project of real estate in this year, and plan to analyzu the risk situation based on data calculated by the system.

<b>SG 14.6 CC</b>	Provide further details on the key metric(s) used to assess climate-related risks and opportunities.
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Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
<b>Climate-related targets</b>	<input checked="" type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	to reduce emission	Based on the Act on Rationalizing Energy Use (Energy Saving Act), each fund's goal is to reduce the units of consumption related to energy use by one percent or more of the yearly average.	
<b>Carbon footprint (scope 1 and 2)</b>	<input checked="" type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	to reduce emission	Based on the Act on Rationalizing Energy Use (Energy Saving Act), each fund's goal is to reduce the units of consumption related to energy use by one percent or more of the yearly average. New numerical targets will be set soon.	
<b>Portfolio carbon footprint</b>	<input checked="" type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	to reduce emission	Based on the Act on Rationalizing Energy Use (Energy Saving Act), each fund's goal is to reduce the units of consumption related to energy use by one percent or more of the yearly average.	

<b>SG 14.7 CC</b>	Describe in further detail the key targets.
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Targettype	Baseline year	Target year	Description	Attachments
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target				
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target				
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target				
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target				
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target				

<b>SG 14.8 CC</b>	Indicate whether climate-related risks are integrated into overall risk management and explain the risk management processes used for identifying, assessing and managing climate-related risks.
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- Processes for climate-related risks are integrated into overall risk management
- Processes for climate-related risks are not integrated into overall risk management

Please describe

Still in preparation and plan to integrate this year. We plan to analyze the risk situation based on data calculated by the system in UNEP FI Pilot Project.

SG 15	Mandatory to Report Voluntary to Disclose	Public	Descriptive	PRI 1
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**SG 15.1** Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.

Yes

**SG 15.2** Indicate the percentage of your total AUM invested in environmental and social themed areas.

%

100

**SG 15.3** Specify which thematic area(s) you invest in, indicate the percentage of your AUM in the particular asset class and provide a brief description.

Area

- Energy efficiency / Clean technology
- Renewable energy
- Green buildings

Asset class invested

Property

Percentage of AUM (+/-5%) per asset class invested in the area

55.2

Brief description and measures of investment

1 property gets the certificate of BELS, 13 properties get the certificate of CASBEE and 19 properties get the certificate of DBJ Green Building in the 94 properties of JRF.

8 properties get the certificate of BELS, 14 properties get the certificate of CASBEE, and 5 properties get the certificate of DBJ Green Building in the 57 properties of IIF.

5 properties get the certificate of BELS, 4 properties get the certificate of CASBEE, 1 property gets certificate of CASBEE for Smart Wellness Office, and 3 properties get the certificate of DBJ Green Building in the 57 properties of MCUBS MidCity Investment Corporation (MMI).

MMI announces that its property, G-Square Shibuya Dogenzaka, has received a certification for "CASBEE for Smart Wellness Office" newly established from Institute for Building Environment and Energy Conservation. This is the first case in the J-REIT which a property, G-Square Shibuya Dogenzaka, has received the certification after the system was launched. G-Square Shibuya Dogenzaka has already received a certification for "CASBEE for Real Estate", and by obtaining a certification for "CASBEE for Wellness Office", it also has been certified under "CASBEE for Smart Wellness Office" which comprehensively evaluates the next generation office model.

<https://www.jrf-reit.com/english/sustainability/environment/index.html>

<https://www.iif-reit.com/english/sustainability/environment/index.html>

<https://www.midcity-reit.com/en/sustainability/evaluation>

- Sustainable forestry
  - Sustainable agriculture
  - Microfinance
  - SME financing
  - Social enterprise / community investing
  - Affordable housing
  - Education
  - Global health
  - Water
  - Other area, specify
- No