



MUFG Sustainability Report 2023

Mitsubishi UFJ Financial Group



Editorial Policy

Sustainability Report Editorial Policy

The Sustainability Report is a PDF version of Mitsubishi UFJ Financial Group's (MUFG) website (Sustainability) to provide stakeholders with a summary of MUFG's sustainability initiatives. This report is designed to provide stakeholders with a better understanding of MUFG's sustainability initiatives aimed at realizing a sustainable environment and society and sustainable growth. We also aim to continuously expand our information disclosure. Please refer to our website, along with the MUFG Report 2023 (JGAAP) for more information on our sustainable value creation mechanism and financial data.

Publication information

Period Subject to Reporting

FY2022
(April 1, 2022 to March 31, 2023)
Includes some information from
FY2023

Definitions of Specific Terms Used in This Report

Mitsubishi UFJ Financial Group, Inc. and its subsidiaries and affiliates	: MUFG /The Group
MUFG Bank, Ltd.	: The Bank
Mitsubishi UFJ Trust and Banking Corporation	: The Trust Bank
Mitsubishi UFJ Securities Holdings Co., Ltd. and its subsidiaries	: The Securities
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	: MUMSS
Mitsubishi UFJ NICOS Co., Ltd.	: NICOS

Disclaimer

This report contains forward-looking statements with regard to the expectations, forecasts, targets and plans of Mitsubishi UFJ Financial Group, Inc. and its subsidiaries and affiliates. These forward-looking statements are based on information currently available to the Group and are stated in this document on the basis of the outlook at the time that this document was produced. In producing these forward-looking statements, certain assumptions (premises) have been utilized that are subjective and may prove to be incorrect. Should any underlying assumption prove to be incorrect, actual results in the future may vary materially from some of the forward-looking statements in this document. The Group has no obligation or intent to update any forward-looking statements contained in this document. In addition, information on companies and other entities outside the Group that is included in this document has been obtained from publicly available information and other sources. The accuracy and appropriateness of that information has not been verified by the Group and cannot be guaranteed.

Contact Concerning This Report

Mitsubishi UFJ Financial Group, Inc.
7-1, Marunouchi 2-Chome, Chiyoda-ku, Tokyo
100-8330, Japan
Telephone: 81-03-3240-8111

URL: <https://www.muftg.jp/english/>
Mail: sustainability_office_PF@muftg.jp

Contents

CEO Message	1
Highlights	4
Sustainability Management	9
Priority Issues	
Process of Identifying and Resolving Priority Issues	19
Climate Change Measures & Environmental Protection	21
Response to Aging Population & Low Birthrate	28
Inclusion & Diversity	34
Developing Social Infrastructure	39
Supporting Industrial Development & Innovation	43
Ensuring Equal Access to Financial Services	51
Promoting Workstyle Reforms	54
Response to Poverty	56
Reduction of Educational Disparities	58
Overcoming Threats to Health	60
Environment	
Disclosure Based on TCFD Recommendations	62
The Equator Principles	150
Natural Capital and Biodiversity	155
Social	
Respecting Human Rights	162
Human Capital	175
Culture Transformation	222
Promoting for Customer Satisfaction	228
Corporate Social Responsibility Activities	236
Governance	
Corporate Governance	257
Compliance	262
Risk Management	265
Global Financial Crimes Policy Statement	272
Basic Stance toward Tax	275
Protection of Personal Information	277
Participation to Initiatives	278
External Evaluation	285
Various Reports/Data/Index	292
Policies and Guidelines	293



President and Group CEO
Hironori Kamezawa

Environmental and social issues are among the most vital concerns that all MUFG colleagues must take the initiative in addressing. Two years ago, we formally announced "Committed to empowering a brighter future" as our purpose. We identified ten major issues as priorities and pledged to address them in an integrated strategy of sustainability management – and we have taken action on them.

■ **Climate change measures**

Action to combat climate change is becoming an increasingly urgent need. The Sixth Assessment Report released by The Intergovernmental Panel on Climate Change (IPCC) of the United Nations stated that our planet is now facing an unprecedented critical situation, such that even achieving multiple nations' ambitious GHG emission reduction targets will not be sufficient to keep rising temperatures within two degrees above pre-Industrial Revolution levels.

MUFG has taken the lead in initiatives that include the first announcement of a carbon neutrality declaration by a Japanese bank. We have also set interim targets for GHG emissions in sectors with high emissions. We plan to formulate and release MUFG's transition plan during the current fiscal year, following guidance from GFANZ*1.

MUFG also embraces society's expectations for us to lead carbon neutrality in Japan and elsewhere in Asia as one of the region's leading financial institutions. I believe that engaging with customers, promoting transition financing, and helping shape international rules are three actions that financial institutions have a duty to undertake.

To achieve carbon neutrality, it is important to work toward realistic emissions reductions in the real economy through engagement, not divestment. MUFG dialogues and engages with about 1,500 corporate customers across the globe to understand their issues and emerging needs so that we can provide them with solutions.

We are also steadily building transition finance track records.

Pathways toward carbon neutrality differ among Europe, the U.S., and Japan due to differences in geography, industrial structure, and energy generation composition, and therefore, it is important for us to gain understanding of these pathways from stakeholders across society in order to support accountable transition. With this mindset, we worked with customers and issued our MUFG Transition Whitepaper 2022 last October. In preparing the paper, we communicated the importance of initiatives grounded in regional characteristics of Japan, and exchanged ideas with those involved in policy-making process in Europe and the U.S. This year, we released a new edition,

Priority Issues (p. 19)

Disclosure Based on TCFD
Recommendations (p. 62)

*1 Glasgow Financial
Alliance for Net Zero

our MUFG Transition Whitepaper 2023. This paper summarizes our initiatives aiming at a more sophisticated circular economy, including coverage of technologies and supply chains to promote carbon neutrality in electric generation and heat in Japan. MUFG has lead discussions to develop frameworks for transition finance both at NZBA^{*2}, a global network, which includes over 100 banks worldwide and at ATFSG^{*3}, which was launched to promote transition finance in Asia. MUFG is also the only Japanese bank participating in both Indonesia and Vietnam JETP^{*4}. We will support both countries in accelerating energy transition through leveraging financing mechanism such as blended finance, etc.

■ Addressing natural capital and biodiversity

Along with action on climate change, it is increasingly important to address environmental issues of natural capital and biodiversity. While the loss of these two resources constitute investment and financing risks for financial institutions, both risks and opportunities must be appropriately evaluated, as companies' conservation actions can also present business opportunities. Given the finalization of the TNFD^{*5} disclosure framework in September 2023, we are preparing for disclosure, including the start of risk analysis related to natural capital.

■ Respect for human rights

The universally held value of respect for human rights is closely related to the 10 environmental and social issues MUFG is addressing. It is a key issue we must consider in our management. As financial institutions, we do business with a wide variety of customers. We are expected to respect human rights of employees and other parties, as well as assume the role of encouraging related parties to do the same. We believe even more effective efforts will be required of us in the future. MUFG has strengthened our initiatives aimed at respect for human rights. In June, we released our MUFG Human Rights Report 2023, which summarizes our thoughts and initiatives on this issue.

■ Expansion of human capital

MUFG aims for every employee to energetically engage in contributing to customers and society. From that standpoint, human capital is among the most vital elements in our management capital.

In FY2023, we enacted a wage increase to recognize the hard work of our employees. We are also assisting them in improving their skills by covering the increasing costs of education and training, as well as enhancing our in-house training. We are also promoting the development and securing of professional human resources to ensure that we provide value that exceeds expectations of both society and customers. Supporting diversity among those who play active roles is also important. In FY2023 we launched an organizational structure to integrate and promote DEI^{*6} globally throughout MUFG. We pledge to create a corporate culture that encourages employees to honor each other's diversity, leverage each other's strengths, and work with an open mind and spirit.

■ Promotion of sustainability management

Reaching goals like carbon neutrality, biodiversity conservation, and respecting human rights can interact in complex, and sometimes contradictory or countervailing ways that require compromise or trade-offs. Given these circumstances, I feel it is important to braid these multiple themes into a unified whole and connect it directly to solving real-world problems.

To promote sustainability management in the most powerful manner, we need diverse teams with expert knowledge to work in collaboration. In October 2022, we hired Miyuki Zeniya from outside the company to serve as Chief Sustainability Officer. She brings to this role a wide-ranging knowledge and deep awareness of issues in the area of sustainability.

*2 Net-Zero Banking

Alliance

*3 Asia Transition Finance Study Group

*4 Just Energy Transition Partnership

Natural Capital and Biodiversity (p. 155)

*5 Taskforce on Nature-related Financial Disclosures

Respecting Human Rights (p. 162)

Human Capital (p. 175)

*6 Diversity, Equity, & Inclusion

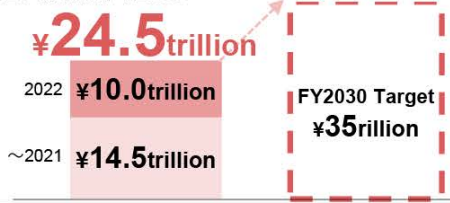
As sustainability-related issues become increasingly complex, we will fulfill our responsibilities as a leading company that diligently communicates our thoughts and actions as we help create a sustainable society.

President and Group CEO *H. Kangjun*

Sustainability Highlights

Sustainable Finance

Progress rate of approximately 70% toward our target for cumulative executed amount between FY2019 and FY2030



Strengthening Sustainability Management

Appointment of **full-time group CSuO** in October 2022

Revision of the MUFG Environmental and Social Policy Framework

Periodic reviews of the policy framework in response to changes in business activities and the business environment to materialize environmental and social considerations.

Mining (coal)	Palm oil	Forestry
Human trafficking	Conflict areas	

<Sectors reviewed in FY 2023>

Net zero GHG emissions from our financed portfolio

■ Disclosure of Progress and New Targets

	Standard (Base year)	FY2021	Interim Targets for 2030
Power (gCO ₂ e/kWh)	328 (2019)	299	156-192
Oil & gas (MtCO ₂ e)	84 (2019)	76	▲15%-▲28%
Real estate sector	Commercial (kgCO ₂ e/m ²)	—	44-47
	Residential (kgCO ₂ e/m ²)	—	23
Steel (MtCO ₂ e)	22 (2019)	—	▲22%
Shipping (PCA Score*)	PCA + 0.6% (2021)	—	PCA ≤ 0%

* A measure of consistency that indicates the difference from the required level across the portfolio. Calculates the Vessel Climate Alignment (VCA) of individual vessels providing financing as a weighted average of the percentages in the loan portfolio

■ Credit balance targets for coal-fired power generation

	FY2021	FY2022	Target (FY2040)
Project finance (Billions of US\$)	2.95	2.58	Zero*
Corporate Finance (billion yen)	Approx. 90	Approx. 80	Zero*

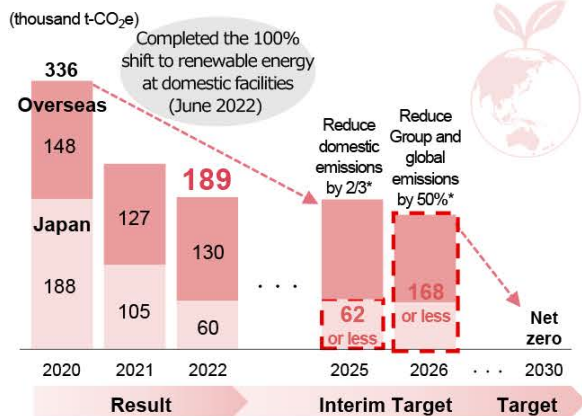
* Projects that contribute to the transition to a decarbonized society are exceptional according to the MUFG Environmental and Social Policy Framework

Engagement Activities

Japan and overseas
around **1,500** companies



GHG Emissions from Our Own Operations (Scope 1, 2)



We have set interim targets to accelerate our efforts to achieve net zero by 2030.

* Compared with FY2020

MUFG Transition White Paper



In October 2022, we issued MUFG Transition Whitepaper 2022 (Whitepaper 1.0) to communicate the importance of recognizing regional characteristics, interdependency among industries, and initiatives aimed at maximizing the adoption of renewable energy to achieve carbon neutrality in Japan. In September 2023, we issued MUFG Transition Whitepaper 2023 (Whitepaper 2.0).

Contribution to international discussions to develop frameworks for transition finance

We led discussions at NZBA (note 1) as the Chair of the NZBA Transition Finance Working Group and at ATFSG (note 2) as a member of the secretariat.

- NZBA Transition Finance Guide (published in October 2022)
- ATF Activity Report, ATF Guidelines (published September 2022)



*1 Net-Zero Banking Alliance *2 Asia Transition Finance Study Group

Materialize Measures for Natural Capital and Biodiversity

Beginning of risk analysis aimed at TNFD* disclosure

Taking the LEAP approach as reference and using the ENCORE risk analysis tool, we analyze our dependencies and impacts on nature

* Taskforce on Nature-related Financial Disclosures

Respecting Human Rights

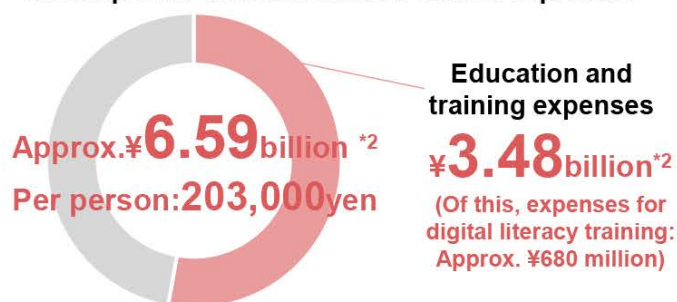
Publication of the MUFG Human Rights Report 2023

summarizes our ideas and efforts to respect for human rights, based on the United Nations Guiding Principles Reporting Framework



Sustainability Highlights

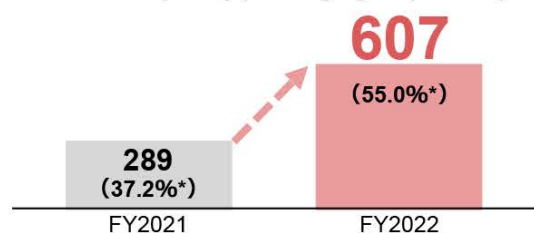
Development- and recruitment-related expenses*1



*1. In addition to education and training expenses, this includes personnel costs for study abroad and external trainees, recruitment-related expenses, etc. Benefits-related expenses are not included.
*2 Sum of results for the holding company, the Bank, the Trust Bank, and MUMSS

Number of Mid-Career Hires and Other Individuals Hired through Business Field-Based Recruitment

Increasing the hiring of professionals who are earmarked for various fields of specialty (including digital specialists)



* Ratio of Mid-Career Hires and Other Individuals Hired through Business Field-Based Recruitment among all Hires

Opportunities for work in Japan and overseas

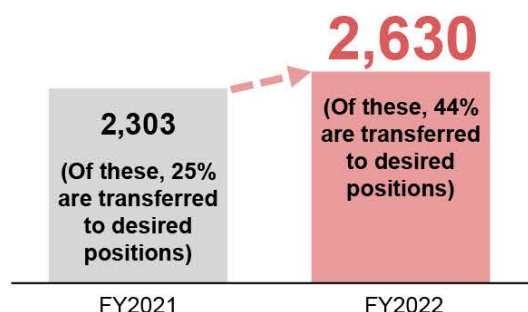
We proactively provide employees with opportunities to acquire diverse competencies and realize their potential in the global stage by seconding them to entities within and outside the Group or dispatching them to countries abroad.



* Sum of the Bank, the Trust Bank and the Securities

Number of Applicants to the Job Challenge Program (intra-Group job postings)

Enhance opportunities for employees to challenge different assignment within the Group



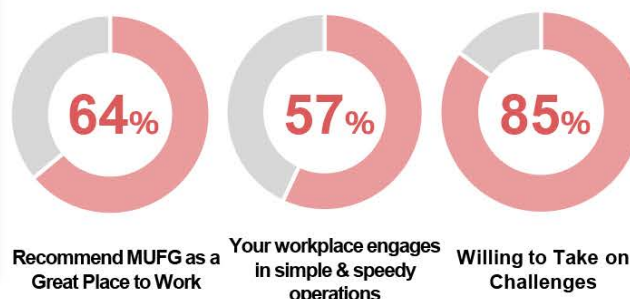
Returns to employees/Financial wellness

Raised wages

	the Bank	the Trust Bank	MUMSS
Actual Wage Increases*1	Approx. 7% of annual income	Approx. 7% of annual income	Approx. 5% of monthly income*2
Starting salary for new graduates in FY2024*3	¥255k (+50k)	¥255k (+50k)	¥267k (+12k)

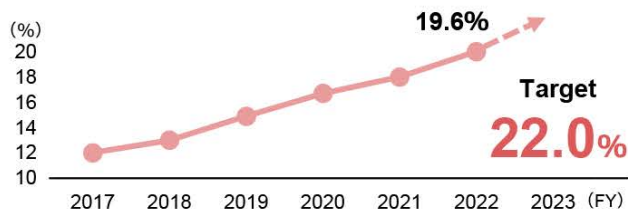
*1 Includes base-ups, regular raise, promotion, one-time allowance, other allowances and subsidies, and bonuses (the Bank and the Trust Bank) *2 Monthly income base raises given MUMSS bonuses are tied to performance *3 Starting monthly salary level for general position, all-area type, and college graduates

Group Awareness and Engagement Survey



Ratio of Women in Management in Japan*

Having achieved a steady increase in the ratio of women in management ahead of schedule, we have upwardly revised the target in fiscal 2023 to 22.0%.

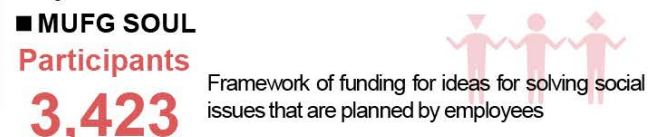


* Ratio of women in line manager or higher positions in Japan at the Bank, the Trust Bank and MUMSS

Expenses for social contribution activities

To address social issues that are difficult to tackle through our business, we have put in place a framework that returns about 1%* of our net operating profits to society, and engage in donations and volunteer activities.

* Net operating profits before credit costs for trust accounts and provision for general allowance for credit losses, after deducting total credit costs



ESG Evaluation

MSCI	S&P Dow Jones	CDP	FTSE	Sustainalytics*
A ⇒ A	53 ⇒ 62	B ⇒ A-	3.3 ⇒ 3.9	19.3 ⇒ 18.0

* lower scores are better

4th NIKKEI SDGs Management Grand Prix

Grand Prix

Highlights of MUFG Sustainability Report 2023

Environment

Disclosure Based on TCFD Recommendations

Governance

- The Board of Directors and other various committees deliberate on initiatives to achieve carbon neutrality

Strategy

- Initiatives aimed at net zero emissions from our financed portfolio
 - Disclosure of 2021 results in the power and oil & gas sector.
 - Setting and disclosure of interim targets for 2030 in the real estate (commercial and residential), steel, and shipping sectors.
- Response to climate change-related opportunities
 - Lead discussions on the formulation of guidelines for transition finance in the NZBA ^(note 1) and ATFSG ^(note 2).
 - Participation in all five GFANZ^(note 3) working groups, restructured in 2023.
The GFANZ Japan Country Chapter was launched in June 2023 as the first GFANZ Country Chapter.
 - Masamichi Kono, Senior Advisor of MUFG Bank, Former Deputy Secretary General of the OECD, was appointed as GFANZ Japan Advisor.
 - In October 2022, we issued MUFG Transition Whitepaper 2022 to communicate the importance of recognizing regional characteristics, interdependency among industries, and initiatives aimed at maximizing the adoption of renewable energy to achieve carbon neutrality in Japan.
In September 2023, we Issued MUFG Transition Whitepaper 2023.
 - With an aim to address issues and needs identified through customer engagement, we develop and provide a diverse range of solutions, including those designed to help the clients with visualizing the volume of their GHG emissions, strategy formulation assistance through TCFD disclosure-related consulting services, investment and financing assistance, and the introduction of overseas carbon credit to Japanese corporations.
(note 1) Net-Zero Banking Alliance (note 2) Asia Transition Finance Study Group (note 3) Glasgow Financial Alliance for Net Zero
- Net-zero GHG emissions from own operations
 - Setting of interim targets for reduction of GHG emissions from the business in Japan by two-thirds in FY2025 compared to the FY2020, and reduction of GHG emissions from the group by 50% in FY2026 compared to the FY2020.
 - For the first time, we also calculated the Scope 3 (Categories 1-14) GHG emissions of MUFG, the Bank, the Trust Bank, the Securities, NICOS, and ACOM, the Group's six major companies in Japan.
- Formulation during FY2023 of a transition plan in line with the GFANZ guidance framework released in November 2022

Risk Management

- We have developed a qualitative framework to evaluate client transitions and started a trial run of the framework in FY2022
- Revised the MUFG Environmental and Social Policy Framework

- Revised policies concerning the climate change-related sectors of forestry, palm oil, and mining (coal) (2023)

Metrics and Targets

- Disclosure of financed portfolio GHG emissions reduction in the power sector and the oil & gas sector; setting of interim targets for 2030 in the real estate, steel, and shipping sectors
- Calculation of group global emissions and achievement of shift to 100% renewable energy for in-house contracted power at all consolidated subsidiaries in Japan, aimed at net-zero GHGs from our own operations
- Cumulative execution amount of sustainable finance through FY2022 was 24.5 trillion yen, 70% of the way toward our goal of cumulative 35 trillion yen between FY2019 and FY2030. Review of goal is under consideration.
- Setting of a target to reduce the balance of credits amount related to coal-fired power generation (corporate finance) to zero by 2040 (April 2022).
- Measurement of financed emissions for Scope 1 to 3, by sector recommended for disclosure by TCFD recommendations

Natural Capital and Biodiversity

- Start of risk analysis related to our dependencies and impacts on the natural environment, aimed at finalization of the Taskforce on Nature-related Financial Disclosures (TNFD) framework

Society

Respecting Human Rights

- Issuance of MUFG's thoughts and activities concerning respect for human rights in "MUFG Human Rights Report 2023"
 - Identified salient human rights issues highly relevant to MUFG, and organization of human rights issues based on evaluation of the issues' severity and possibility of occurrence. Strengthening of support for human rights due diligence, through means including introduction of screening that utilizes external data on the serious human rights issues of child labor, forced labor, and human trafficking.
 - Participation in the JaCER* grievance redress platform and establishment of a redress desk to address adverse impacts on human rights occurring throughout the value chain
- * Japan Center for Engagement and Remedy on Business and Human Rights

Human Capital

- Recognition of nurturing professionals/reskilling, improvement in employee engagement, promotion of DEI (diversity, equity, and inclusion), and health management as four priority issues
- Promotion of development and securing of "true professionals" who possess high-level skills and expertise, through comprehensive recruitment and training initiatives
- Expansion of systems and opportunities to support employees' autonomous efforts in developing their career paths as well as their pursuit of personal growth and challenges, contributes to improving employee engagement
- Starting from FY2023, identification of three pillars - gender equality, learning & development, embedding DEI into our culture – as global common challenges for DEI, and raising of our target for ratio of female managers from 20% to 22% at the end of FY2023
- Communication of Health Management Declarations, and setting and monitoring of health measure KPIs, by our three main companies

Governance

- Incorporation of ESG elements in executive compensation from FY2021. In FY2023, addition of targets related to human rights, biodiversity, and human capital to bonus-related qualitative evaluations of performance of duties by the president and other relevant officers.

External Evaluation

- Receipt of Gold Medal at 4th ESG Finance Awards Japan, Grand Prize at the 4th Nikkei SDGs Management Awards (a first for a financial institution), etc.
- Improvement of scores by ESG rating agencies (FTSE, Sustainalytics, S&P Dow Jones, CDP)

Sustainability Management

- ▼ Approach to Sustainability
- ▼ Promotion of Sustainability
- ▼ Sustainable Finance
- ▼ Stakeholder Engagement

Approach to Sustainability

Sustainability Management

With the conviction that environmental and social sustainability are essential to achieving sustainable growth for MUFG, we will engage in value creation employing an integrated approach in which the execution of management strategies goes in tandem with the pursuit of solutions for social issues.

MUFG Way and Code of Conduct

MUFG Way

MUFG Way serves as the basic policy in conducting our business activities, and provides guidelines for all group activities.

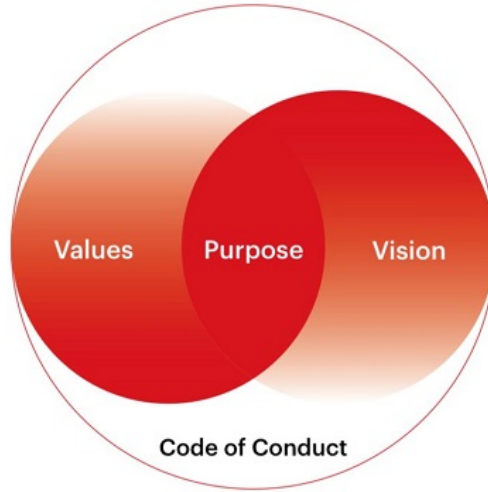
MUFG Way also is the foundation for management decisions, including the formulation of management strategies and management plans, and serves as the core value for all employees.

Our Purpose, "Committed to empowering a brighter future." expresses our determination to help all our stakeholders take the next step forward. It is our view that our Purpose, as the starting point for all business activities, gives direction and force to the strategies included in our Medium-term Business Plan, allowing us to contribute further to realizing a sustainable society.

[MUFG Way](#)

What is the MUFG Way

MUFG Way serves as the basic policy in conducting our business activities, and provides guidelines for all group activities. MUFG Way also is the foundation for management decisions, including the formulation of management strategies and management plans, and serves as the core value for all employees.



Purpose

Committed to empowering a brighter future.

Today, all of our stakeholders are striving to overcome challenges and find a way to the next stage toward sustainable growth. We at MUFG will make every effort to help realize these goals. This will be our unchanging purpose now, and into the future.

Values

In addition to our unchanging primary value of "Integrity and Responsibility," we also value "Professionalism and Teamwork" and will "Challenge Ourselves and Grow."

Vision

By empowering our stakeholders to find a way to the next stage toward sustainable growth, we will make every effort to become an indispensable partner for them and to be the world's most trusted financial group.



To empower our customers and partners

We will take full advantage of digital technologies and deliver innovative financial solutions to help our customers lead fulfilling lives and support them through life's challenges.



To empower our communities and society

We will play our part in the development of robust and resilient communities and societies through innovation and the provision of secure platforms.



To empower future generations

We will address issues our society faces to help create a world in which society and the Earth's environment can coexist in harmony.

Committed to empowering a brighter future.

We will work to resolve issues faced by all our stakeholders by formulating and executing strategies based on the challenges they confront.



To empower shareholders and investors

We will live up to shareholder expectations by continuously enhancing our sustainability and corporate value.



To empower MUFG employees

We will create a working environment where diversity is respected and where employees can shine and grow together.

Code of Conduct

The Code of Conduct encapsulates the standards that guide employees' conduct and decision-making in our day-to-day business activities under the MUFG Way. The Code of Conduct is organized into three chapters.

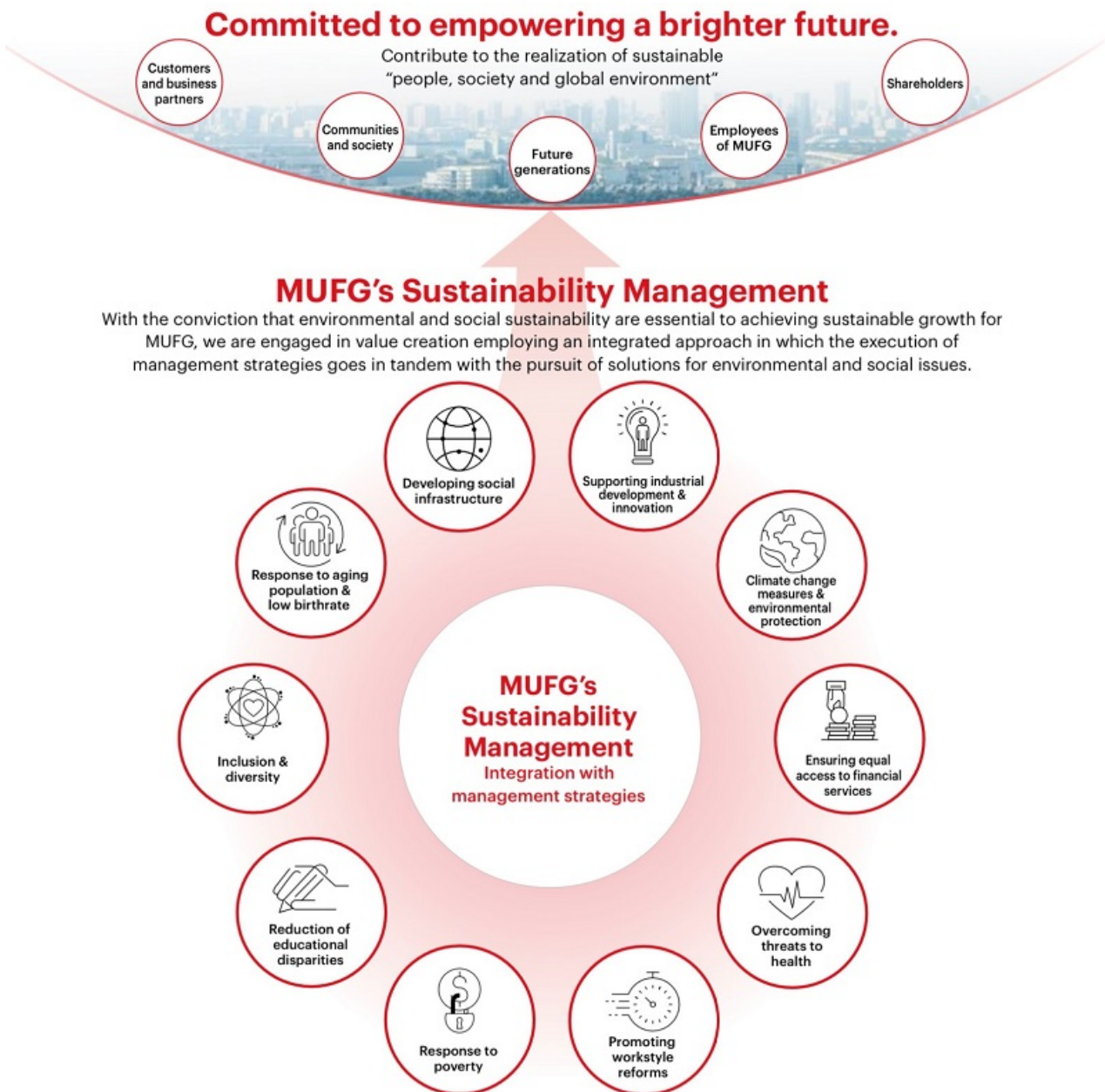
Code of Conduct

- Chapter 1 Customer Focus
- Chapter 2 Responsibility as a Corporate Citizen
- Chapter 3 Attitudes and Behaviors in the Workplace

Positioning in the Medium-term Business Plan (FY2021-FY2023)

MUFG strives to thoroughly address the issues of all stakeholders, including society and clients, and works to solve the issues in order to stay true to the purpose of MUFG to be committed to empowering a brighter future. In the medium-term business plan that started FY2021, we set our target to become The premier business partner that pioneers the future through the power of finance and digital services and placed sustainability management as one of three themes for change along with digitalization and speed and new challenges, which is the state we aim to achieve in three years. We will promote business strategies, risk management, and social contribution activities starting with our ten environmental and social issues that we will work on as our priorities to contribute to solving the environmental and social issues.

Overall of MUFG's Sustainability Management



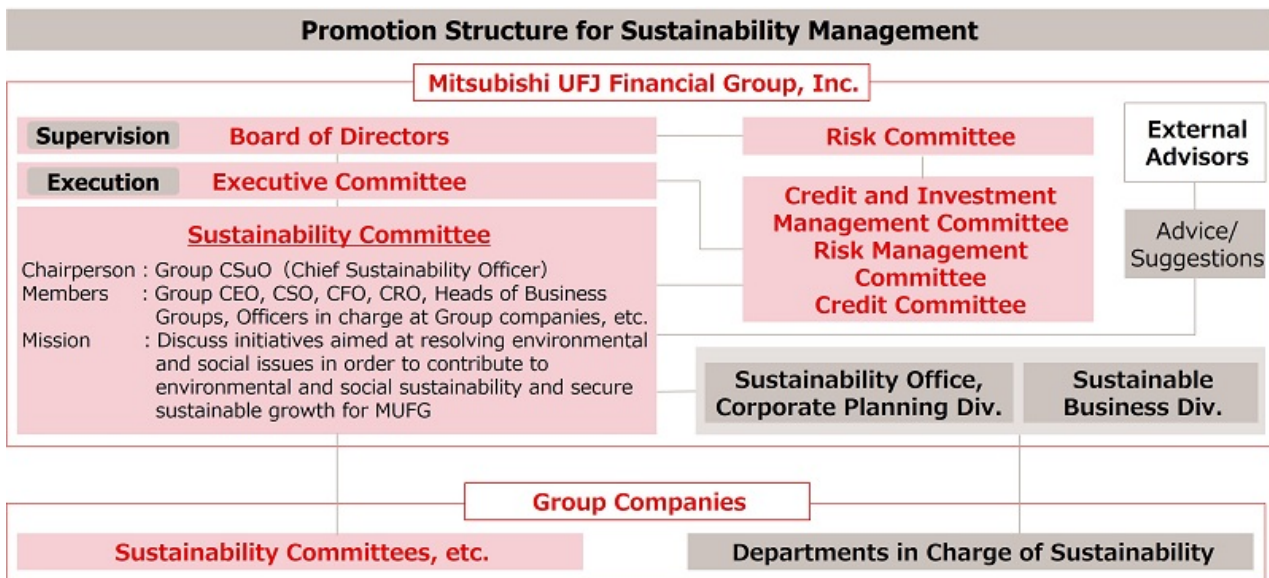
Promotion of Sustainability

Sustainability Promotion Structure

MUFG Under the supervision of the Board of Directors, MUFG has established a system to promote sustainability centered on the Sustainability Committee.

This committee is chaired by the Group Chief Sustainability Officer (CSuO), who is responsible for all sustainability initiatives. Under the leadership of the Group Chief Strategy Officer (CSO), the CSuO continue the work closely with him to promote sustainability initiatives in conjunction with management strategies.

In principle, MUFG convenes the Sustainability Committee at least once a year to check and discuss the status of sustainability initiatives and to report the contents to the Executive Committee and the Board of Directors, which supervise the Committee. In addition, three external advisors have been invited to provide expert opinions on sustainability issues and risks at any time. These advisors exchange opinions with the members of the Board of Directors and provide advice and recommendations from their professional standpoints on MUFG's sustainability initiatives.



Roles of Each Position and Department

Group Chief Sustainability Officer (CSuO)

The Group Chief Sustainability Officer is responsible for all initiatives to promote sustainability management.

External advisor

The external advisor regularly exchanges views with the management in order to make use of external knowledge for sustainability management.

Sustainability Office, Corporate Planning Division

The Sustainability Office is responsible for developing the foundation of MUFG's sustainability management as well as planning and promoting strategies for solving environmental and social issues while achieving sustainable growth.

Sustainable Business Division

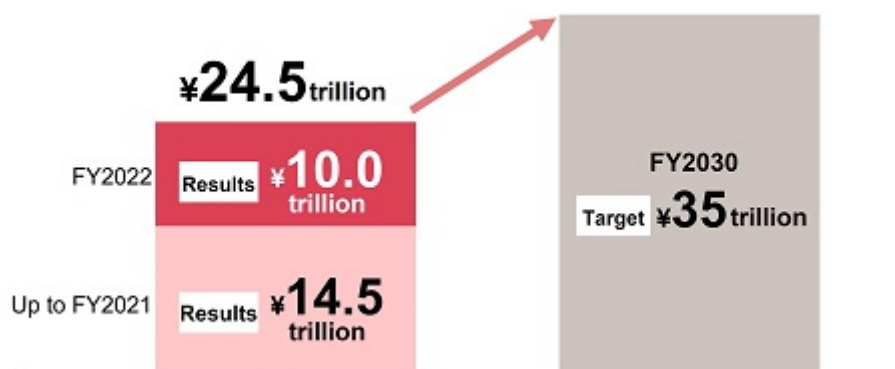
An organization dedicated to promoting sustainable business. By integrating MUFG's expertise in sustainability both in Japan and overseas, the Division supports the sustainable growth of customers by providing various types of information and solutions from the standpoint of solving environmental and social issues.

Sustainable Finance

Target and Progress

We have set the cumulative executed amount between fiscal year 2019 and fiscal year 2030 as our sustainable finance target for solving environmental and social issues. We are proceeding steadily toward this target, with a cumulative sustainable executed amount of ¥24.5 trillion (of which ¥8.9 trillion is in the environmental area) as of fiscal year 2022.

We are also considering a review of our sustainable finance targets through fiscal year 2030.



Progress in Sustainable Finance Goals

[Unit: trillion yen]

Category		FY2019 results	FY2020 results	FY2021 results	FY2022 results	Cumulative	FY2030 goals
Environmental	Project finances, etc. for renewable energy and environment-related businesses	0.5	0.6	0.6	0.7	8.9	18.0
	Underwriting and sales of Green Bonds.	0.5	0.5	0.5	0.6		
	Corporate loan origination for businesses contributing to climate change mitigation and adaptation, etc.	0.2	0.3	0.3	1.0		
	Financial advisory for businesses that contribute to climate change mitigation and adaptation	0.8	0.3	0.3	0.1		
	Others	0.0	0.0	0.2	1.0		
Social	Finance for social infrastructure development and regional vitalization, etc.	1.0	1.3	1.6	2.5	6.4	17.0
Others	Finance for solutions of various environmental and social issues.	0.6	1.4	3.2	4.0	9.2	
Total		3.5	4.4	6.5	10.0	24.5	35.0

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).

Responding to Funds-Supplying Operations to Support Financing for Climate Change Responses (Climate Response Financing Operations) at the Bank of Japan.

MUFG Bank and Mitsubishi UFJ Trust and Banking have been selected as counterparties of Funds-Supplying Operations to Support Financing for Climate Change Responses (Climate Response Financing Operations) at the Bank of Japan. The following include the criteria for eligible investment or loans for Climate Response Financing Operations by MUFG Bank and MUFG Trust and Banking.

MUFG Bank

[Criteria for eligible investment or loans for Climate Response Financing Operations and disclosure of specific procedures for judgement on suitability \(in Japanese\) \(PDF / 95KB\)](#)

[Outstanding of investment or loans for Climate Response Financing at the end of each fiscal year \(in Japanese\) \(PDF / 179KB\)](#)

MUFG Trust and Banking Corporation

[Criteria for eligible investment or loans for Climate Response Financing Operations and disclosure of specific procedures for judgement on suitability \(in Japanese\) \(PDF / 137KB\)](#)

[Outstanding of investment or loans for Climate Response Financing at the end of each fiscal year \(in Japanese\) \(PDF / 179KB\)](#)

Issuance of Green, Social and Sustainability Bond

MUFG is the only issuer in Japan with a track record of issuing green, social, and sustainability bonds as the largest financial institution in Japan. The proceeds from bonds issued by MUFG will be used for sustainability-related financing.

Green, Social, and Sustainability Bonds

Stakeholder Engagement

Stakeholder

In these rapidly changing times, all of our stakeholders are overcoming challenges to find a way to the next stage, toward sustainable growth. We at MUFG will make every effort to help realize these goals. This will be our unchanging purpose now, and into the future.

MUFG will continue to actively engage in constructive dialogs with stakeholders in order to gain new insights and deepen mutual understanding. We strive to build a relationship of trust and cooperation with our stakeholders by responding appropriately to their concerns and issues, and to help MUFG achieve sustainable growth and enhance its corporate value over the medium to long term.

Key Stakeholder Groups	Policies for Improving Corporate Value
Customers and partners	<p>Deliver both financial and non-financial solutions to help customers resolve challenges they are confronting through business operations that precisely align with changes in the business environment and leverage MUFG's strength</p> <ul style="list-style-type: none"> • Initiatives of each business group • Engagement with customers for decarbonization based on collaboration with external partners: Approximately 1,500 corporate clients at home and abroad • Customer feedback volume: Approximately 180,000 instances,^(note) including 214 inputs utilized to improve services <p>(note) The Bank, the Trust Bank, MUMSS, NICOS and ACOM</p>
Communities and society	<p>Serve as a component of the financial infrastructure supporting society by offering stable funding and making our solid operations and systems available to customers while contributing to the social transition to digital technologies</p> <ul style="list-style-type: none"> • Number of dialogues held with NPOs/NGOs: 27 • Response to aging population & low birthrate • Supporting business efforts and innovation-oriented endeavors aimed at resolving social issues • Cyber security-related initiatives
Future generations	<p>Discover opportunities from the pressing need to solve environmental and social issues, thereby becoming a pioneering company blazing a path into the coming era</p> <ul style="list-style-type: none"> • Moving towards Carbon Neutrality • Participation in climate change-related initiatives and the dissemination of MUFG's opinions • Disclosure based on TCFD recommendations • Promoting sustainable businesses • Participation in various global initiatives

Key Stakeholder Groups	Policies for Improving Corporate Value
<p>MUFG Colleagues</p>	<p>Promote corporate culture reforms focused on “speed” and “new challenges” by winning employee empathy toward “Corporate Transformation” via dialogue</p> <ul style="list-style-type: none"> • Human capital management • Number of employees who applied for Job Challenge, an in-house job-posting program: 2,630, the ratio of applicants transferred to desired positions via the program: 44% • MUFG Way Employee Sessions, MUFG Way Boost Project • Spark X—new business incubation program • Town hall meetings attended by top management members
<p>Shareholders and investors</p>	<p>Maintain highly transparent information disclosure and engagement in constructive shareholder dialogue while reflecting shareholder feedback in business management and strategies</p> <ul style="list-style-type: none"> • Number of attendees at the General Meeting of Shareholders: 758 (a total of 1,516 shareholders watched the meeting online) • Number of presentation meetings held for institutional investors and analysts: 7 • Dialogue between outside directors and institutional investors • Number of individual meetings with institutional investors: 359 (215 meetings with overseas investors) • Number of online seminars held for individual investors: 4 (a cumulative total of 3,200 viewers)

Having Dialogues with Stakeholders

Opening of MUFG PARK

In June 2023, MUFG and MUFG Bank renovated a company owned sports ground in Nishitokyo City, western Tokyo, into a multi-use facility open to the public, called MUFG PARK. MUFG PARK is equipped with tennis courts, sports grounds, and a community library. A variety of events involving community residents are planned.

Under the concept of "offering a base for pursuing your own high quality of life," MUFG PARK hopes to become a force by empowering the region and society. It seeks to do so by tackling the preservation and handover of precious nature, support for the formation of communities, the creation of a resilient society equipped with strength, and other regional and societal issues that we should address on behalf of the next generation through dialogue with the community and participation by employees. We also aim to communicate to society, the varied experiences (know-how) and values cultivated in the facility.



Group CEO Joins with Employees from Three Group Entities in Indonesia in a Town Hall Meeting, Engaging in Vigorous Discussions

To improve employee engagement, we have been proactively holding town hall meetings attended by officers in Japan and overseas. For the same purpose, a growing number of departments and branches have recently taken the initiative of hosting roundtable talks and other events.

In September 2022, President & Group CEO Kamezawa flew to Indonesia to host a town hall meeting.

Approximately 200 employees from three Group entities—the Bank’s Jakarta Branch, Bank Danamon, and Adira Finance (a subsidiary of Bank Danamon)—gathered at the venue.

Over the past decade, MUFG has placed utmost emphasis on executing investment in the country due to its high economic growth rate, with the acquisition of Bank Danamon being a prime example of this focus. While addressing attendees at the meeting, Mr. Kamezawa spoke in the Indonesian language to share MUFG’s Purpose of being “Committed to empowering a brighter future.” He communicated a powerful message with regard to his expectations for the concerted dedication of staff at three Group entities to work as One Team to empower a brighter future for Indonesia.

Also, a variety of questions from employees were addressed, encompassing such topics as diversity, equity & inclusion (DEI) and MUFG’s digital transformation (DX) strategy. The meeting was thus successful in improving employee engagement. Following the event, Mr. Kamezawa paid visits to neighboring Group bases and local financial authorities, attracting the attention of local media, with his activities covered in multiple news stories. In this way, his travel to Indonesia helped demonstrate MUFG’s commitment to supporting Indonesia’s development.



Climate Change Initiatives Seminar

Positioning sustainability as one of the most important themes of our current Medium-Term Business Plan, MUFG has made significant progress in addressing climate change since the MUFG Carbon Neutrality Declaration in 2021.

In May 2023, we published a presentation on our website to highlight our progress along with major future initiatives, and held a Q&A session for institutional investors and analysts in live stream format.

At the Q&A session, we received questions about self-evaluation of efforts so far, MUFG’s approach to the climate change related shareholder proposals at the 18th Annual General Meeting of Shareholders, sustainable finance targets, and other topics.

Analysts and investors reacted positively to MUFG’s initiatives and stance. They also recognized the importance of the event as an opportunity to interact with CSO and CSuO, and praised our presentation structure that provided specific responses and viewpoints regarding the shareholder proposals.



Process of Identifying and Resolving Priority Issues

Process for Identifying 10 Priority Issues

We have defined 10 priority issues that must be tackled to help achieve environmental and social sustainability in light of our newly established Purpose, "Committed to empowering a brighter future." with an eye to better fulfilling society's expectations in areas where MUFG's capabilities can be brought to bear.

STEP1. Assessing a broad range of environmental and social issues (218 issues)

Identified 218 issues by assessing environmental and social issues at home and abroad with reference to the United Nations Sustainable Development Goals (SDGs), stakeholder feedback regarding ESG issues and the requirements set out in the various guidelines listed below

GRI Standards, United Nations Global Compact, SASB Standards, ISO26000, UN Department of Economic and Social Affairs (After COVID-19), Issues selected by the Cabinet Office, etc.

STEP2. Screening, integrating and narrowing-down (123 issues)

Integrated the 218 issues into the 123 issues based on duplications or similarities, with the Sustainability Office undertaking the primary screening

STEP3. Extracting (12 issues)

Identified 12 major issues based on employee feedback gleaned via questionnaires and interviews

Items included in questionnaires or asked at interviews

- Issues respondents are currently addressing or willing to address through their business duties
- Issues respondents think that are addressed by companies considered to be good corporate citizen

STEP4. Deliberation and determination (10 issues)

Determined the 10 priority issues after multiple rounds of management discussion that took into account the opinions of external advisors, input from outside directors and the global trend toward sustainability, with an eye to better fulfilling society's expectations in areas where MUFG's capabilities can be brought to bear



Flow of MUFG's Process of Reviewing the 10 Priority Issue Initiatives

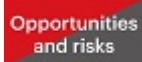
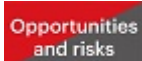


Climate Change Measures & Environmental Protection

MUFG recognizes that addressing climate change and environmental conservation is one of the most important management issues. We will respond to them by regarding them as business opportunities and risk management.

During this period, the movement to combat climate change gained tremendous global momentum. MUFG has taken another step forward by announcing the MUFG Carbon Neutrality Declaration in May 2021. Guided by this declaration, MUFG is implementing group-wide environmental measures globally, aiming to achieve net zero greenhouse gas (GHG) emissions from the financed portfolio by 2050 and net zero GHG emissions from our own operations by 2030.

In addition to addressing climate change, efforts aimed at conservation of natural capital and biodiversity and at transitioning to a circular economy have become increasingly important in recent years. MUFG is promoting related initiatives through means including investments, loans, and donations.

MUFG's recognition	 <p>The ongoing trend toward decarbonization is expected to result in major changes in global industrial structure which, in turn, will position MUFG and its customers to face both risks affecting their business continuity and opportunities for growth. It is important to ensure smooth transition to a carbon-neutral society and a virtuous cycle of environmental and economic improvement in order to realize a sustainable society.</p>
	 <p>The importance of across-the-board environmental protection initiatives expand to include not only climate change measures but also the protection of natural capital and biodiversity, etc.</p>

Main Initiatives

Moving Towards Carbon Neutrality

In May 2021, the MUFG Carbon Neutrality Declaration was announced. In line with this declaration, we are aiming for net zero GHG emissions from our financed portfolio by 2050 and net zero GHG emissions from our own operations by 2030.

We have published the MUFG Progress Report to update stakeholders on the progress of our initiatives.

[MUFG Carbon Neutrality Declaration](#)

[MUFG Progress Report](#)

Roadmap for Achieving Carbon Neutrality

In order to achieve carbon neutrality, we are advancing initiatives toward net-zero GHG emissions in our financed portfolio, decarbonization through financing, and net-zero emissions from our own operations, as we take action to meet our targets for 2030, 2040, and 2050.

	2019	2020	2021	2022	2023	2024	...	2030 interim target	...	2040	...	2050
Net Zero Emissions from the Financed Portfolio												
Power (emission intensity, gCO ₂ e/kWh)	328	307	299					156-192gCO ₂ e/kWh				
Oil & gas (emission reduction rate, MtCO ₂ e)	84	81	76					(15%)-(28%)				
Real estate (emission intensity, gCO₂e/m²)												
Commercial real estate		65						44-47kgCO ₂ e/m ²				
Residential real estate		27						23kgCO ₂ e/m ²				
Steel (emission reduction rate, MtCO ₂ e)	22							(22%)				
Shipping (PCA ¹)			0.6					PCA≤0				
Decarbonization through financial services												
Sustainable finance (trillions of yen)	3.7	7.9	14.5	24.6				¥35 trillion				
Credit balance targets for coal-fired power generation (FY)												
Project finance (billions of U.S. dollar)	3.58	3.77	2.95	2.58				50% reduction from fiscal 2019		Zero		
Corporate finance (billions of yen)		Approx. 120	Approx. 90	Approx. 80						Zero		
Net zero GHG emissions from own operations												
					Fiscal 2025 Domestic emission volume Reduce by 2/3	Fiscal 2026 50% reduction on a groupwide, global basis				Net zero		
Decarbonization initiatives as an asset manager												
										Reduce GHG emissions per economic intensity by 50% from 2019 to 55% of assets under management (Target 55% of assets under management)		
Targets for the reduction of CO₂ emissions through renewable energy project finance												
										Cumulative total of 36.63 million tons		
										Cumulative total from fiscal 2019 to 2030: 70 million tons		
Carbon-related assets (credit amounts²)	Results: A total of ¥60.2 ⁴ trillion (energy: ¥8.2 trillion; utility: ¥9.1 trillion; transportation: ¥12.0 trillion; materials & buildings: ¥26.8 trillion; agriculture, food & forestry products: ¥4.1 trillion) (As of fiscal 2022 end)											
Executive compensation linked with degree of success in climate change action	In fiscal 2021, we updated indicators for determining executive compensation, adopting a new indicator determined by the degree of improvement in external ratings granted by ESG rating agencies. Specifically, this new indicator is set to be used as part of the assessment of the level of achievement vis-à-vis targets under the Medium-Term Business Plan (MTBP). Achievement will be assessed on an absolute evaluation basis in light of ratings granted by five major agencies ⁵ and reflected in compensation as a portion of stock, representing 5% of the total evaluation weighting, to be granted based on medium- to long-term performance.											

*1 A measure of consistency that indicates the difference from the required level across the portfolio. Calculates the Vessel Climate Alignment (VCA) of individual vessels providing financing as a weighted average of the percentages in the loan portfolio *2 Cumulative annual CO₂ reduction effect from renewable energy projects MUFG has provided with finance in each fiscal year, calculated based on generation capacity, capacity factor and emission factor. The value is calculated after taking into account the share of MUFG's loan arrangement or underwriting amount. *3 Sum of loans, forex, acceptances and guarantees, unused commitment lines, etc. *4 In accordance with the revised TCFD recommendations of October 2021, the data were compiled for 4 non-financial groups (energy, transportation, materials and buildings, agriculture, food and forest products). Excludes credits for renewable power belonging to the utility sector. The results include partner banks (Bank of Ayudhya (Krungsri) and Bank Danamon Indonesia). Sector classification is based on the customer's core business (largest sales/power mix) *5. MSCI, FTSE Russell, Sustainalytics, S&P Dow Jones, CDP

Net zero GHG Emissions from Financed Portfolio: Disclosure of Progress and New Targets

In the MUFG Progress Report released in April 2022, MUFG announced the setting of interim 2030 targets for the power and oil & gas sector, to achieve net zero GHG emissions for the financed portfolio. In April 2023, we also reported new interim targets for the real estate, steel, and shipping sectors, along with emissions data for the power and oil & gas sectors.

	Standard (Base year)	FY2021	Interim Targets for 2030
Power (gCO ₂ e/kWh)	328 (2019)	299	156-192
Oil & Gas (MtCO ₂ e)	84 (2019)	76	(15%) - (28)%
Real estate (kgCO ₂ e/m ²)	Commercial (2020)	-	44-47 NEW
	Residential (2020)	-	23 NEW
Steel (MtCO ₂ e)	22 (2019)	-	(22)% NEW
Shipping (PCA Score*)	PCA+0.6% (2021)	-	PCA≤0% NEW

*A measure of consistency that indicates the difference from the required level across the portfolio. Calculates the Vessel Climate Alignment (VCA) of individual vessels providing financing as a weighted average of the percentages in the loan portfolio

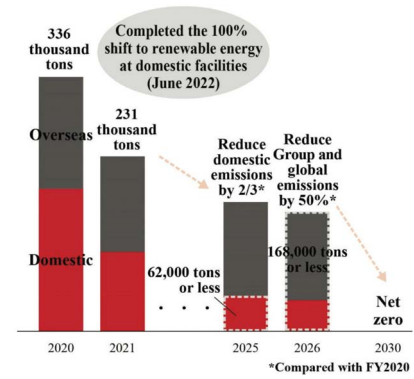
Net Zero GHG Emissions from Our Own Operations

In FY2022, MUFG accomplished switching to 100% renewable power sources for in-house contracted electric power at all consolidated subsidiaries in Japan, and set interim targets to accelerate initiatives for achieving net-zero emissions from our own operations by 2030.

< Interim targets >

FY2025: Reduction of GHG emissions from the business in Japan by two-thirds compared to FY2020

FY2026: Reduction of GHG emissions from the group by 50% compared to FY2020

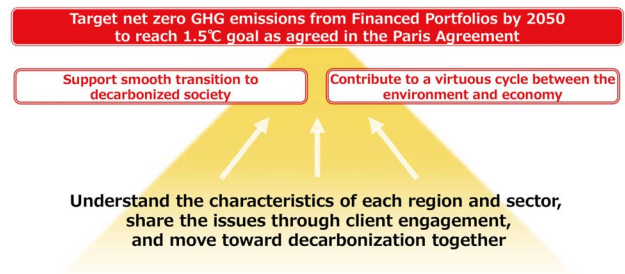


Formulation of a Transition Plan

In FY2023, we plan to develop and release a transition plan in line with the Glasgow Financial Alliance for Net Zero (GFANZ) guidance framework released in November 2022. In addition to our existing activities, we will accelerate initiatives involving risk management, engagement, and human resource development.

Approach to Achieving Carbon Neutrality

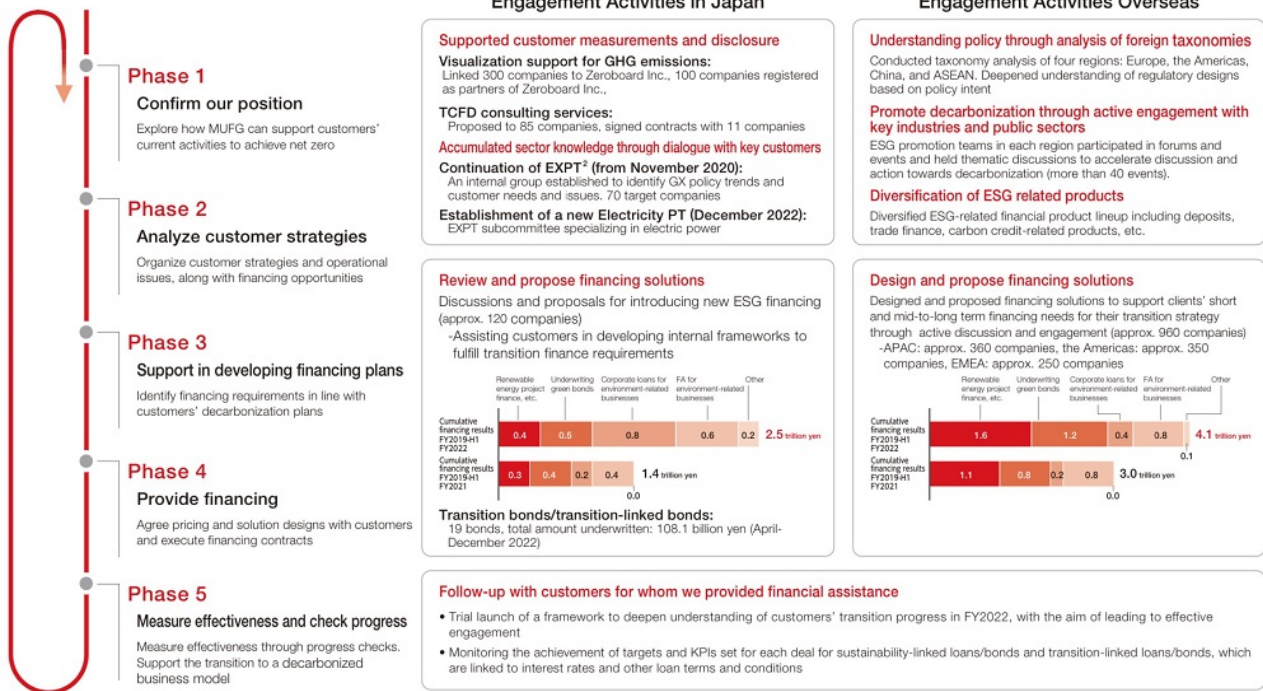
MUFG aims to achieve its priority goals of net-zero emissions and achievement of the 1.5°C target in 2050 by supporting a smooth transition to a decarbonized society and contributing to a virtuous cycle for the environment and the economy. To achieve these goals, we believe that not only net-zero emissions from our own group but also decarbonization by customers will be indispensable. We further believe that it is important that we share information on issues with customers through engagement and take steps together toward decarbonization, under an accurate understanding of regional and business characteristics.



Customer Engagement and Support

MUFG has extended our engagement activities to around 1,500 corporate customers.

With an aim to address issues and needs identified through customer engagement, we develop and provide a diverse range of solutions, including those designed to help visualize the volume of GHG emissions, strategy formulation assistance through TCFD disclosure-related consulting services, investment and financing assistance, and the introduction of overseas carbon credit to Japanese corporations.



Contributing to Global Initiatives

Through participation in climate change-related initiatives, MUFG is actively involved in discussions to develop international frameworks. Given that no pathway toward carbon neutrality will be identical among Europe, the U.S., Japan, and Asia, we advocate on behalf of a leading financial institution based in Asia.

As the Chair of the Net-Zero Banking Alliance (NZBA) Transition Finance Working Group (formerly known as the "Financing & Engagement" Working Group), and as a member of the secretariat of the Asia Transition Finance Study Group (ATFSG), we led discussions in each initiative to develop frameworks for transition finance.

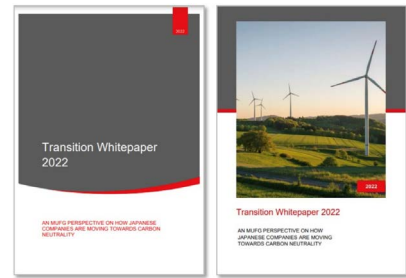
- NZBA: NZBA Transition Finance Guide (released in October 2022)
- ATFSG: ATF Activity Report, ATF Guidelines (released in September 2022)

Also, MUFG is the only Japanese bank participating in all five Glasgow Financial Alliance for Net-Zero (GFANZ) workstreams (re)structured in 2023, where we have actively contributed to discussions to promote the various net-zero initiatives in GFANZ.

The GFANZ Japan Country Chapter was launched in June 2023 as the first GFANZ Country Chapter. Masamichi Kono, Senior Advisor of MUFG Bank, Former Deputy Secretary General of the OECD, was appointed as GFANZ Japan Advisor.

MUFG Transition Whitepaper 2022

In October 2022, we published the MUFG Transition Whitepaper 2022 to communicate the importance of recognizing different regional characteristics, interdependency among industries, and individual efforts in maximizing renewable energy to achieve carbon neutrality in Japan. In September 2023, we published the MUFG Transition Whitepaper 2023, to present the list of technologies in supply chains that are important in advancing the path to carbon neutrality in Japan’s “electricity and heat” segment. MUFG will also steer its activities towards clarifying Japan’s transition plan to seek for new opportunities ahead of us.



Environmental and Social Risk Management in Finance

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

(note) Credit, bond and equity underwriting for corporate clients of MUFG’s main subsidiaries, the Bank, the Trust Bank and the Securities HD.

Policies on the Sectors Related to the Environment, Including Climate Change

Since its establishment in May 2018, the MUFG Environmental and Social Policy Framework has been periodically reviewed in response to changes in business activities and the business environment. Our most recent revision in 2023 tightened our policies concerning climate-related sectors (forests, palm oil, and coal mining).

Sector	2018	2019	2020	2021	2022	2023	Revised content
Coal-fired power generation	Enactment	Revision		Revision			Request for strengthening of supply chain management and enhancement of traceability
Forestry		Enactment		Revision		Revision	
Palm oil		Enactment		Revision	Revision	Revision	Request for strengthening of supply chain management and enhancement of traceability
Mining (coal)		Enactment			Revision	Revision	
Oil and gas			Enactment		Revision		Prohibition of support for expansion of general coal for power generation projects and linked infrastructure
Large-scale hydroelectric power generation			Enactment				

Please see [Disclosure Based on TCFD Recommendations](#) for details.

Initiatives for Protecting Natural Capital and Biodiversity

Natural capital is a stock, composed of animals, plants, water, soil, and air, which provides various merits, including water, food, and minerals to businesses and society through ecosystem services such as water purification as well as climate control.

Biodiversity is the diversity of animals and plants that are part of natural capital, functioning to maintain the natural capital in a healthy and stable state through recovery from natural disasters such as floods and droughts, support for the carbon cycle, the water cycle and soil formation.

Financial institutions face investment and financing risks caused by loss of natural capital and biodiversity. As companies' responses to the conservation of these can also create business opportunities for financial institutions, we believe that properly evaluating the risks and opportunities is important.

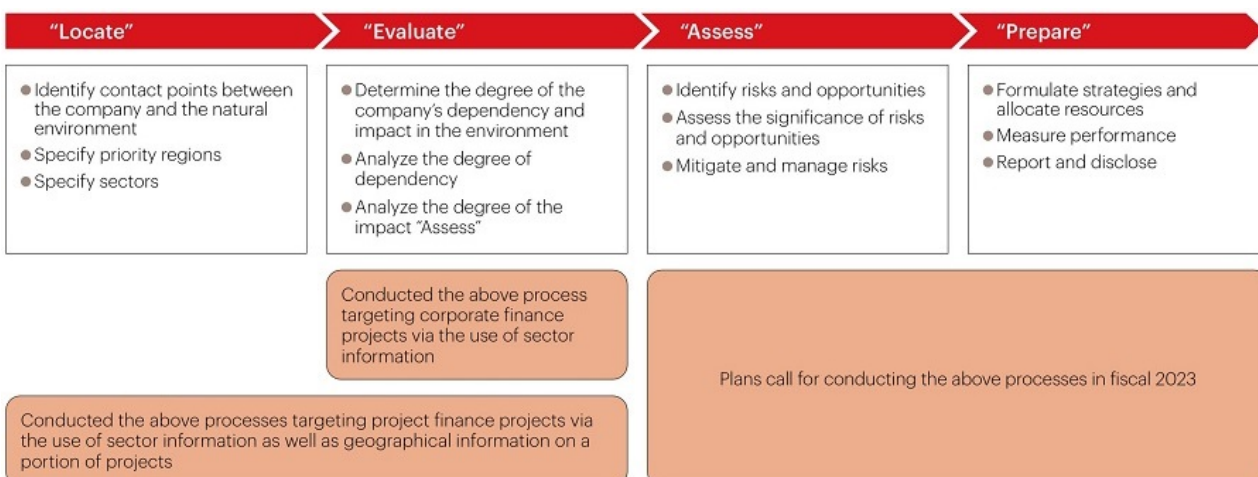


(Source: NATURAL CAPITAL PROTOCOL P.12)

Initiatives to Address the TNFD Disclosure

The Taskforce on Nature-related Financial Disclosures (TNFD) is an initiative founded by the UNEP-FI, the United Nations Development Programme (UNDP), the World Wide Fund for Nature (WWF) and the Global Canopy in June 2021. In February 2022, MUFG became a participant in the TNFD forum to promote initiatives to protect natural capital and biodiversity via the use of a groupwide, integrated approach. Also, we act as a member of the TNFD Consultation Group of Japan launched in June 2022. Looking ahead, we will play proactive roles in discussions among forum members to boost our contribution to the realization of a sustainable environment and society.

Analysis Process Utilizing the LEAP Approach



In reference to the LEAP approach proposed in the beta version of the TNFD framework, we have initiated the analysis of risks associated with natural capital. More specifically, we employ ENCORE, a risk analysis tool, to determine the degree of our “dependency” and “impact” on the natural environment.

Please see [Natural Capital and Biodiversity](#) for details.

Response to Aging Population & Low Birthrate

MUFG strives to enhance its financial products and services backed by comprehensive capabilities afforded by the Group to meet evolving and diversifying customer needs in the face of changes in social structure due to the aging population and low birthrate. We also engage in research and social contribution activities for the same purpose.

Moreover, we are developing channels specifically designed to make access to our services easier for elderly customers. At the same time, we constantly work to enhance customer convenience by upgrading our apps and other digital-driven tools supporting non-face-to-face channels to improve their operability and design.

MUFG's recognition	Opportunities Leveraging our comprehensive financial service capabilities is important in order to meet evolving and diversifying customer needs in the face of changes in social structure due to aging population and low birthrate.
	Risks The aging population and low birthrate may lead to economic stagnation and a decline in growth potential, leading to the shrinkage of both funding demand and interest margins, a situation that could, in turn, have a particularly negative impact on the traditional commercial banking businesses.

Main Initiatives

Main Initiatives in Each Issue Category

Issue	Aging Population			Low Birthrate
	① Succession of businesses and assets	② Response to the elderly	③ Asset building	④ Support for next generation
Financial Services	<ul style="list-style-type: none"> Support succession of businesses and assets 	<ul style="list-style-type: none"> Respond to deterioration of cognitive functions Support testament and bestowal etc. via trust banking functions 	<ul style="list-style-type: none"> Consulting on asset management and asset building Pension investment and consulting services for corporates 	<ul style="list-style-type: none"> Contribute by utilizing financial knowledge
Infrastructure	<ul style="list-style-type: none"> Services in response to aging population and deterioration of cognitive functions (27,000 registered supporters in the Bank) 	<ul style="list-style-type: none"> Branch facilities designed in the spirit of universal design Improvement of UI/UX¹ 		
Research / Social Contribution	<ul style="list-style-type: none"> MUFG Inheritance Research Institute Japan Financial Gerontology Institute 	<ul style="list-style-type: none"> MUFG Financial Education Institute 	<ul style="list-style-type: none"> Financial and economic education for students from elementary to high school Donation for children and students 	
Support for Employees	<ul style="list-style-type: none"> Create a workplace that enables both men and women to strike an optimal balance between work and childcare, nursing care or infertility treatment (ensure that our assistance programs are known by all, promote the utilization of such programs and foster an inclusive corporate culture) 			

¹ UI (User interface) and UX (User experience). Experiences and values capable of earning through usability of the services

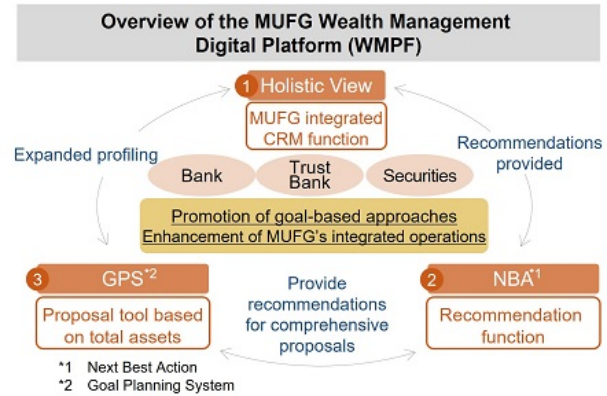
Succession of Businesses and Assets

Employing functions afforded by the Group as well as networks offered by our alliance partners, we deliver proposals regarding M&A, inheritance, real estate and asset management by taking a groupwide, integrated

approach. Through these endeavors, we support the succession of assets and businesses worth more than ¥1 trillion on an annual basis.

Utilization of the MUFG Wealth Management Digital Platform (WMPF)

MUFG Wealth Management aims to be a trusted brand that can serve as a good partner to support customers' lives for generations to come and to provide Group-wide comprehensive solutions, from banking and trust to securities, to our customers so that they can achieve true wealth at various stages of their lives. Utilizing the WMPF, a digital tool used across the Bank, the Trust Bank, and the Securities, and Wealth Canvas, for which some GPS functions were made available online in October 2022, we will come to understand customers' life goals and propose optimal solutions based on their total assets using the Group's comprehensive strengths to meet the diverse needs of individuals, their families, and businesses, such as asset succession, business succession, and asset management.



MUFG Inheritance Research Institute

The Trust Bank has established the MUFG Inheritance Research Institute in order to conduct research studies on asset management for an aging society and on smooth transfer of assets to the next generation.

In fiscal year 2022, we held the second symposium of "Diversifying Lifestyles and Future Inheritance", based on our recognition of issues concerning people without family members and interview surveys on the psychology of those who have their will. Anticipating issues that an aging society faces, such as cognitive decline, we engaged in exchanges of ideas with industry, government, and academia on judging testamentary capacity and on the utilization of digital technology.

We will continue to provide practical information from a neutral standpoint with the aim of resolving social issues, such as smooth asset management and asset succession, through symposiums and the publication of various reports and columns.

Started Tsunageru Toshin Service (Gift During Life/Asset Succession)

In July 2022, the Trust Bank started new *Tsunageru Toshin* service (gift during life/asset succession) designed for individual customers. It is a new service that contributes to the realization of long-term asset management through two approaches: Gift during life, which allows the younger generation without sufficient funds to invest due to education and housing expenses, to start investing in investment trusts early on by using gifted funds; and asset succession, which allows the next generation to continue managing investment trusts without having to convert inherited investment trusts into cash at time of inheritance.



Release of the "Inheritance Guide" Online Service to Assist with Inheritance Procedures

In line with MUFG's Purpose, in July 2023 the Bank released the "Inheritance Guide" online service to assist customers with issues involving inheritance procedures.

The service lets customers create and manage to-do lists for inheritance procedures based on responses to about 20 questions, as well as view informational articles and search for related experts such as attorneys, tax accountants, and judicial scriveners. The service is freely available with no requirement to submit personal information.

Details are available below.

[Inheritance Guide \(in Japanese\)](#)



Response to the Elderly

Today, the value of financial assets held by elderly citizens has grown bigger than ever before, while an increasing number of people suffer from dementia. Aware of these circumstances, we offer not only trust products that serve as solutions for testament formulation and the advancement of assets but also robust services to help mitigate our customers' looming sense of anxiety at the prospect of a possible aging-related cognitive deterioration.

Moreover, we endeavor to ensure that elderly customers can always enjoy access to safe and secure services. To this end, we promote training aimed at securing employee capabilities to accommodate customers with dementia. Today, more than 27,000 employees have received certification for provision of support for people with dementia.

Financial Gerontology

In addition, we are working to commercialize new products and services designed to help resolve issues arising from an aging society so that we can deliver even better services to our customers in the future. These efforts

include the development of technologies to assess cognitive functions and a system to verify testament content comprehension. To further enhance our services in the future, in fiscal year 2022 we took part in verification testing as a part of industry-academia research collaboration aimed at the practical application of services that contribute to solving issues in an aging society, including technologies for assessment of cognitive function and mechanisms for verifying comprehension capabilities related to testaments.

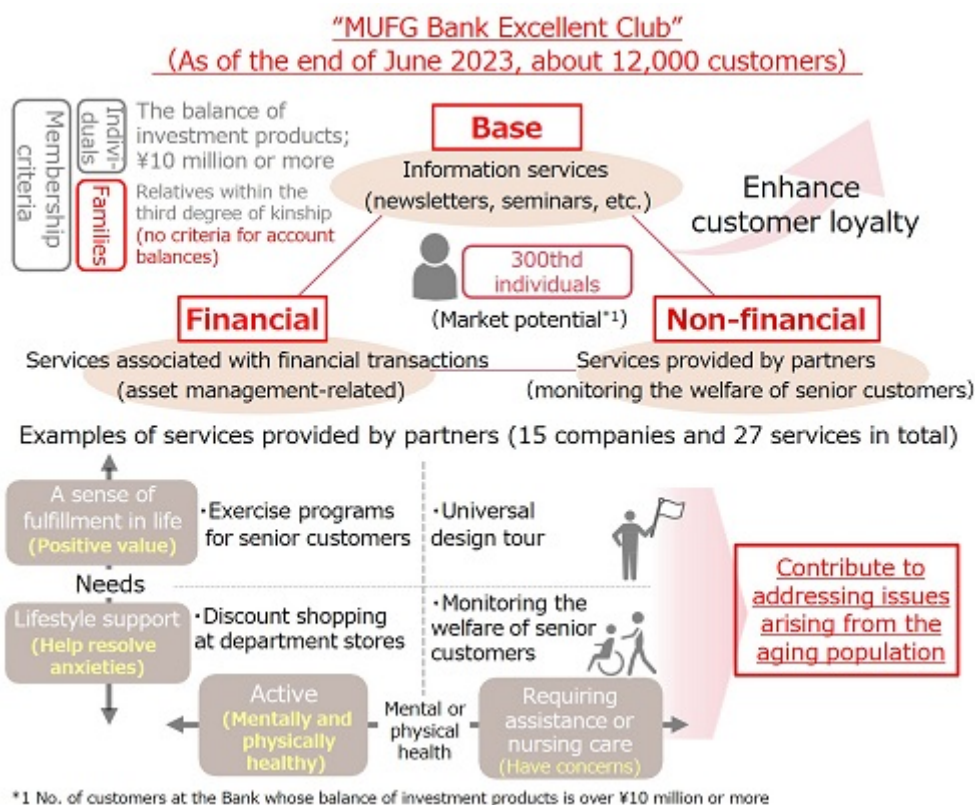
Excellent Club

As lifespans increase and customers' needs and questions concerning life plans diversify, financial institutions are expected to go beyond financial services to offer comprehensive solutions that include alliances with non-financial service providers.

Against this backdrop, in August 2022, the Bank launched the MUFG Bank Excellent Club, a free membership-based service based on the concept of "making 100 years of life 100 years of happiness." As of the end of June 2023, about 12,000 customers have signed up as members. In addition to providing information such as bulletins and seminars, as well as providing MUFG financial services, we also offer non-financial services that enrich our customers' daily lives and support healthy lifestyles.

Please click the link below for service details and membership conditions:

[MUFG Bank Excellent Club \(in Japanese\)](#)



The Trust Bank has already developed a similar membership service, "Excellent Club," which is used by its 340,000 members and many others.

The Trust Bank: [Excellent Club \(in Japanese\)](#)

MUFG has positioned each Excellent Club as a platform for providing solutions for the elderly and will contribute to solving the issues faced by the aging society.

Started Housing Loan Products with Options Linked with the Assumed Residual Value of Properties

In the coming era of centenarians, the ways people live and design their lives are expected to become increasingly diverse and transcend the scope of conventional concepts centered on the three life stages of student, worker and retiree. In addition to flexibly accommodating needs arising from changes in modes of education and workstyles, financial institutions are being called upon to help customers secure funds for post-retirement living and to provide other financial solutions that enable, for example, housing loan borrowers to complete repayment even after retirement. In addition, amid the ongoing diversification of lifestyles, these institutions need to respond to the housing-related funding needs of customers wishing for flexibility in their choice of accommodation.

With this in mind, the Bank released housing loan products with options linked with the assumed residual value of properties. These products are designed to provide borrowers with various choices aligned with an increasingly diverse range of life design, for example, options to reduce monthly payments or to secure funds for future relocation.

Asset Building

MUFG offers consulting on asset management for customers from diverse age groups while offering an extensive lineup of pension asset management and consulting functions for corporate clients.

Since fiscal year 2021, we have offered "D-Canvas," a smartphone app enabling persons enrolled in the defined contribution pension plans of our corporate clients to confirm the balance of plan assets and change products under our administration, and "Money Canvas," a one-stop platform through which users can enjoy access to a diverse range of financial products supporting asset building. We plan further infrastructure enhancements, including improvements to UI/UX, that will facilitate asset formation for customers of all ages.

Money Canvas

[Money Canvas \(in Japanese\)](#) 

MUFG Financial Education Institute

The Trust Bank established the MUFG Financial Education Institute for the purpose of providing practical and effective information on asset building and asset management from a neutral standpoint.

In fiscal year 2022, we conducted surveys on topics including withdrawal of retirement assets and changes in financial literacy. To make the survey findings widely useful for customers, we published research reports on the surveys on our website and communicated information through media appearances and other outlets.

While retirement asset building focuses attention on the accumulation stage during people's working years, our report "Considering the Withdrawal of Retirement Assets" takes up approaches to utilizing built-up assets following retirement. In addition to release on our website, our director of research spoke on topic of the report, with case studies included, at "Nikkei IR Individual Investor Fair 2022."

Support for Next Generation

Taking full advantage of its financial expertise, MUFG provides financial and economic education to young people. At the same time, we are actively supporting the sound upbringing of children and assisting students in their pursuit of higher education through donations and other means.

For example, MUMSS has been providing elementary school, junior high, high school and university students with programs aligned with the needs of learners at every educational stage, with approximately 3,300 students from 45 schools completing these programs in fiscal 2022. Since the beginning of fiscal 2023, MUMSS has also been providing new programs specifically designed for junior high and high school students.



Financial and Economic Education

Support for Employees

MUFG is working to create a workplace where both male and female employees can balance work with their childcare, nursing care, and fertility treatment.

Diversity, Equity & Inclusion

Inclusion & Diversity

Diversity is an important value that gives us the resilience we need to cope with times of change. At MUFG, we are working to create a workplace where diverse employees can work with vitality and fulfillment. We are also contributing to the promotion of Diversity, Equity & Inclusion in the world through our financial functions.

MUFG's recognition	Opportunities	Empowering diverse talents to inspire one another will facilitate the creation of new concepts and ideas and the transformation of employee modes of behavior, enabling MUFG to transform its corporate culture and deliver new value that surpasses the expectations of customers and society as a whole, while it will also contribute to inclusion of diverse individuals.
	Risks	Developing a resilient organization and society capable of empowering diverse talents with differing sense of values is essential to flexibly adapting to a time of rapid changes.

Main Initiatives

Promoting Diversity, Equity & Inclusion (DEI)



MUFG positions DEI as one of 10 issues to be given priority within sustainability management.

Our efforts began in 2006 with the launch of a dedicated department to enhance women’s job satisfaction. From 2010, we expanded the scope of our initiatives to encompass the promotion of inclusion and diversity, intending to enhance job satisfaction for diverse employees, not women alone. In 2018, the Bank, the Trust Bank, and the Securities began to cooperate to promote DEI groupwide. Also, DEI promotion teams globally have been working on DEI issues specific to each region. Since 2023, we established three common key DEI pillars; “Gender equity”, “Learning and Development” and “Embedding DEI into our culture”, and we are accelerating a variety of DEI initiatives globally, in close collaboration with the CHROs in respective regions.

In addition, while clarifying DEI in terms of equity (fairness and equity), we are advancing DEI as a management strategy under commitment by top management.

Thinking on DEI

MUFG is striving to build an inclusive organization, where employees with diverse backgrounds and values can thrive and empower each other to perform at their best, and are given equal opportunities for growth and development, irrespective of gender, disability, nationality, race, age, sexual orientation or other attributes. We believe that diversity in the workplace at MUFG can spark “chemistry” by respecting to each other’s differences and by leveraging each other’s unique strengths.

Moreover, this will encourage the employees to generate new ideas and adopt new modes of behavior and, in turn, foster an open-minded corporate culture and the creation of new value that transcends the expectation of customers and society. We therefore consider that promoting DEI is essential to achieve our purpose "Commitment to empowering a brighter future."

Compensation System

MUFG's compensation system for Executives is aimed at ensuring the achievement of short-term performance targets and intended to better incentivize these individuals to contribute to a medium- to long-term improvement in corporate value and encourage them to take on the challenge of driving innovation. In FY2022, we added DEI targets to qualitative assessment indicators for determining the amount of bonuses vis-à-vis the execution status of the recipients' duties to facilitate management efforts to promote and secure the robust employee understanding of DEI.

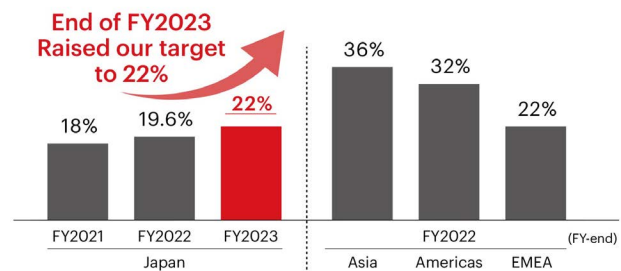
Raising the Target for the Ratio of Women in Management in Japan from 20% to 22%

At the Bank, the Trust Bank and the Securities, our joint numerical goal is to raise the ratio of women holding positions of line manager or higher to 22% in Japan by the end of March 2024. ^(note) This goal aims to reflect diverse perspectives and values into areas closer to management. It marks a milestone in achieving a 30% ratio of women in management in the medium-to long-term. In addition to the joint numerical targets of the three companies, each company has set its numerical targets to promote the appointment of female employees.

As of March 31, 2023, the ratio of female managers in the Bank, the Trust Bank, and the Securities (combined in Japan) was 19.6%.

(note) Ratio of women in line manager or higher positions.

Ratio of Female Managers*1



*1 Overseas bases: the ratio of female Managing Directors or Directors; domestic bases: the ratio of female employees in Chief Manager positions and above.

Encouraging Male Employees to Participate in Childcare

In order to create workplace environments that allow employees to balance work and childcare regardless of gender, MUFG Group companies are carrying out initiatives to encourage male employees to take childcare leave, thereby raising awareness on more balanced work styles and promoting better understanding of colleagues who are working while raising children. Since FY2019, we have begun encouraging male employees to take childcare leave of about one month, among other initiatives.

Ratio of male employees taking childcare leave

The Bank **98%**
The Trust Bank **91%**
The Securities **100%**

Percentage of the use of the leave by male employees of each subsidiary whose eligibility for childcare leaves expired in FY2022

The Gender Pay Gap and Initiatives to Eliminate It

■ The Gender Pay Gap

In our primary consolidated subsidiaries, the pay gap between male and female workers is as follows.

	The pay gap between male and female workers (%) ^(note1)		
	All workers	Regular workers	Non-regular workers
MUFG Bank	49.6	52.7	58.7
Mitsubishi UFJ Trust and Banking	63.2	62.7	84.5
Mitsubishi UFJ Morgan Stanley Securities	57.4	57.4	— (note2)

(note1) For the categories of regular, non-regular, and all workers, percentages are calculated as (average annual pay for women) ÷ (average annual pay for men).

(note2) There are no non-regular workers at the targeted companies.

In the above table, a partial breakdown for regular workers is as follows.

	The pay gap between male and female workers (%)				
	By Course		By qualification		
	Core Officer	Business Specialist (BS) Track/Regional Track	Management level	Managerial Staff	Non-Managerial Staff
MUFG Bank	65.9	91.8	87.2	82.0	81.2
Mitsubishi UFJ Trust and Banking	62.7	— (注)	89.4	83.1	89.1
Mitsubishi UFJ Morgan Stanley Securities	77.5	114.3	81.7	81.3	89.6

(note) Core Officer only at targeted companies.

■ Main Factors behind the Gender Pay Gap, and Future Initiatives

Looking ahead, each of our companies will continue to enhance its programs to support career development and will increase opportunities for women's advancement by expanding the promotion of women to senior positions and by enhancing the flexibility of work systems, to correct gaps in gender equality and in pays between men and women.

Promoting Understanding of LGBTQ

MUFG clearly prohibits any harassment or discrimination on the basis of sexual orientation and/or gender identity, aiming to create workplaces where all employees can stay true to themselves, regardless of sexual orientation, gender identity, etc.

Through initiatives such as providing training opportunities, publishing a handbook, and introducing a same-sex partnership recognition program, we are promoting understanding of LGBTQ within MUFG and are also working to raise awareness of society in cooperation with other financial institutions.

Active Participation of People with Disabilities

We are expanding roles for employees with disabilities by establishing special subsidiaries that offer suitable work options. Currently, about 1,400 employees with disabilities are playing an active role within MUFG and the Group's employment rate is 2.60%^(note) in Japan (as of June 1, 2023).

(note) The employment rate in Japan is calculated from the number of employees with disabilities at the Bank, the Trust Bank (for these two companies, special subsidiaries and the Group companies to which the exception rule applies are included), the Securities, NICOS and ACOM using the statutory formula set in the Employment Rate System for Persons with Disabilities

Active Participation of Senior Personnel

MUFG actively supports the creation of workplaces where senior personnel can flourish, continuing to make the most of their wealth of experience and abilities while developing their career. In addition to introducing programs to support capacity development and training for considering career development based on diverse values for employees reaching a certain age, we have established a continuous employment system that offers flexible forms of work after retirement to provide stable work opportunities and meet diverse needs.

Nurturing Global Human Resources

Today, the MUFG Group has expanded into more than 50 countries around the globe, and approximately 57% of its entire workforce is accounted for by overseas employees (as of May 31, 2023). Based on the concept of "Diversity, Equity & Inclusion", in order to recruit and develop a diverse range of professionals, it is necessary to foster our corporate brand both in Japan and overseas so that people will want to work for MUFG.

MUFG is expanding opportunities for employees to play an even more active role by operating a market-standard and globally unified human resources platform for title management, employee evaluation, wage determination and other human resources practices.

External Evaluation

As a result of various initiatives, MUFG was chosen for inclusion in the Bloomberg Gender-Equality Index developed by Bloomberg LP and was selected as a Semi-Nadeshiko Brand by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange. MUFG further received a Gold award in the PRIDE Index evaluation of LGBTQ initiatives.



Promotion through Financial Functions and Social Contribution Activities

Issuance of Gender Bonds by Krungsri (Bank of Ayudhya)

Krungsri (Bank of Ayudhya), our Partner Bank in Thailand, has issued social bonds (gender bonds) to support the financial needs of women entrepreneurs. Proceeds from the bond issuance are used to finance women-led small and medium-sized enterprises in Thailand. Through the issuance of these bonds, the bank provided opportunities for the underserved women in SME segment to access financial services and contributed to the development of the fast-growing social bond market in Asia.



Donations for Supporting Women's Health

As part of our efforts to support women's health, MUFG donated 30 million yen to the Japanese Society for Fertility Preservation (JSFP) with the aim of spreading correct knowledge of breast and cervical cancers for early detection and prevention measures. Also, for International Women's Day on March 8th, we hosted a seminar for employees about cancers specific to women to deepen their knowledge of women's health, concerning issues such as cervical cancer, breast cancer, HPV vaccination, and fertility preservation.

The venue was decorated with mimosa flowers, which are the symbol of International Women's Day, and participants were given colorful macarons, conveying the image of diversity.

In the future, MUFG and its executives and employees will undertake a variety of initiatives to help our customers, local communities and society, and the next generation make healthy and diverse life choices.



Please see [Diversity, Equity & Inclusion](#) for details.

Developing Social Infrastructure

To help develop a social infrastructure that is resilient against disaster and vitalize regional communities, MUFG is engaged in project finance and the formulation of funds, accommodating funding needs associated with the strengthening of aged infrastructure at home and abroad as well as the development of social infrastructure, especially in emerging countries.

Moreover, in the wake of the rapid popularization of digital technologies, we are striving to develop a solid financial system equipped with enhanced cyber security measures and capable of offering higher customer convenience. In this way, we are contributing to the safe and secure social transition to digital technologies.

MUFG's recognition	Opportunities	Robust countermeasures against the aging of infrastructure at home and abroad are key to the creation of sustainable society, as is the construction of social infrastructure, particularly in developing countries.
	Risks	For us to maintain trust and reliability as a financial institution and a component of social infrastructure, the proper handling of threats to safety and security is a requisite. It is therefore essential to strengthen security measures safeguarding informational assets and prevent financial crimes that have become ever more complex and sophisticated.

Main Initiatives

Solving Social Issues Using Social Loans

MUFG is extending social loans, which require borrowers to use funds for projects aimed at resolving social issues via, for example, the development of railway infrastructure to mitigate traffic jams and reduce exhaust gas, the development of water-related infrastructure, and the construction of hospitals.

The John F. Kennedy Airport Expansion Project in New York City, the United States

In June 2022, MUFG signed a project finance agreement to support the expansion of New Terminal One at John F. Kennedy International Airport in New York City, in the United States.

With the growing number of users, the project will redevelop the existing Terminals One and Two into a single integrated terminal.

Acting as Financial Advisor as well as the Lead-Left Bookrunner, MUFG closed this deal totaling USD6.6 billion (approximately ¥880.0 billion), which will support a major infrastructure development project aimed at expanding one of the largest international gateway airports in the United States handling traveler traffic from around the world.



Financing for infrastructure and energy related projects is more likely to bring stable revenue even amid economic fluctuations. MUFG has long been a market leader in this field. In recent years, we have realized both robust balance sheet control and higher fee income through project financing by, for example, proactively promoting the Origination & Distribution business^(note) and offering interest rate hedges with higher added value to our clients.

In recognition of the initiatives described above, MUFG was chosen in 2022 as “Global Bank of the Year” by Project Finance International (PFI), a leading publication company in the project financing industry. Looking ahead, we will continue supporting projects that empower our stakeholders, by leveraging our world-leading specialist expertise, extensive experience, and our robust global network.

(note) A business model selling syndicated project finance assets to institutional investors and others

Installation of Mobility Infrastructure Using MUFG Assets

■ Installation of electric micromobility sharing stations at bank locations

At its Ebisu Branch, Sangenjaya Branch, and Osaka Building (annex) location, the Bank has installed stations for the LUUP electric micromobility (e-bikes, e-scooters, etc.) sharing service provided by Luup, Inc. (December 2022)

By installing the stations for customers and nearby residents making use of new modes of transportation with low CO₂ emissions, the Bank is contributing to greater convenience and to decarbonization.



New sharing station installed at the Ebisu Branch

■ Installation of Gachaco standardized swappable batteries swapping station for electric motorcycle at MUFG PARK

At MUFG PARK, the Bank has installed a Gachaco station^(note1) provided by Gachaco, Inc., a company jointly funded and launched by five companies: ENEOS Holdings, Inc., Honda Motor Co., Ltd., Kawasaki Motors, Ltd., Suzuki Motor Corporation, and Yamaha Motor Co., Ltd. (June 2023)

By supporting customers' use of battery sharing services for electric motorcycle^(note2), the Bank aims to not only contribute to the realization of the decarbonized and recycling-based society but also to solve various social issues through exploration of the potential for versatile uses of the station at MUFG PARK, including use for food trucks and events and use as mobile batteries for disaster readiness.

(note1) Stations for freely swapping electric motorcycle batteries in town

(note2) Users can swap the batteries that is low on power with the fully charged batteries sharing common specifications, an aid in solving issues including the hassle of slow charging and concern over running out of battery power on the go.

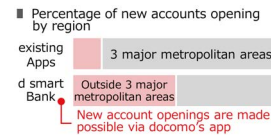
Efforts for Financial and Digital Platform Operator

Today, the contact points between businesses and their customers are more important than ever. As part of various online services, the Banking as a Service (BaaS) model, which embeds financial functions into digitized consumer activities, is gaining popularity, resulting in a growing call for financial services that are more convenient and attractive.

We are collaborating with multiple external businesses with large numbers of customer contact points to create a new model for financial services. By doing so, we aim to establish our standing as a financial and digital platform operator providing a safe, secure and reliable financial service platform accessible to a broad range of customers.

■ Digital account services (d smart bank)

d smart bank, launched by the Bank and NTT docomo in December 2022, is making progress in acquiring new accounts in areas outside of the three major metropolitan areas, where account openings have been relatively low. This leads to strengthened service provision for customers in areas with few bank branches.



■ Addition of easy deferred payments to our product lineup

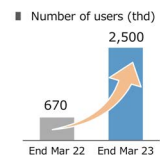
In collaboration with Kanmu, Inc., MUFG will add hassle-free deferred payment, a strength of Kanmu, to MUFG's product lineup. By strengthening our acquisition of young customers in particular, we will expand our approach to areas where we had shortfalls in the past.

■ Money Canvas Asset management platform

Money Canvas, our one-stop platform offering access to a wide range of financial products that support asset building for users, has been expanding its lineup to include products from other companies. We intend to strengthen the platform's point management to further enhance its asset formation features.



- Stock / mutual fund
- Jointly-managed money trust
- Crowd-funding
- Robo-advisor
- Insurance
- Investment using points



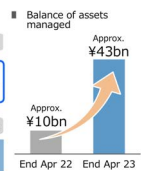
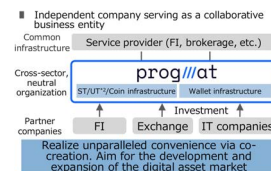
Response to Aging Population & Low Birthrate

■ Progmat: Digital asset platform

Our digital asset platform Progmat aims to develop and expand the digital asset market, achieving unparalleled convenience through co-creation. In addition to security tokens, Progmat has enhanced utility tokens and other digital assets, with its balance of assets under management breaking through 40 billion yen as of April 2023.

Based on the belief that achieving unparalleled convenience through co-creation among network participants is indispensable for the full-scale expansion of the digital asset market, we are pursuing our plan to make Progmat an independent company so that it can serve as a neutral cross-industry organization.

For information on MUFG's digital transformation (DX) initiatives, see our **"INNOVATION HUB" DX website** (in Japanese).



Security Measures to Counter Growing Threats

MUFG has set up a dedicated team focused on threat intelligence to centralize such related activities as impact analysis for newly found vulnerabilities or past experiences, and remediation for those impacts on a groupwide and global basis. Additionally, the team monitors systems for external stakeholders daily to prevent any flaws in security updates or configuration settings.

In step with the widespread popularization of electronic payment via such internet services as Internet banking, cybercrimes that target online services have become a social issue. MUFG is implementing a variety of initiatives

to deliver safe and secure services to customers, such as ensuring robust online verification, thoroughgoing vulnerability countermeasures, threat intelligence, anomaly detection and suspicious-transaction monitoring. As a financial industry-wide initiative, we engage in collaborative activities to share information on cyber security and enhance safety through Financials ISAC Japan^(note1) and the Japan Cybercrime Control Center^(note2).

(note1) An organization for financial institutions cooperating on cyber security

(note2) An organization for industry, academic, and government parties cooperating on cyber security

Risk Management

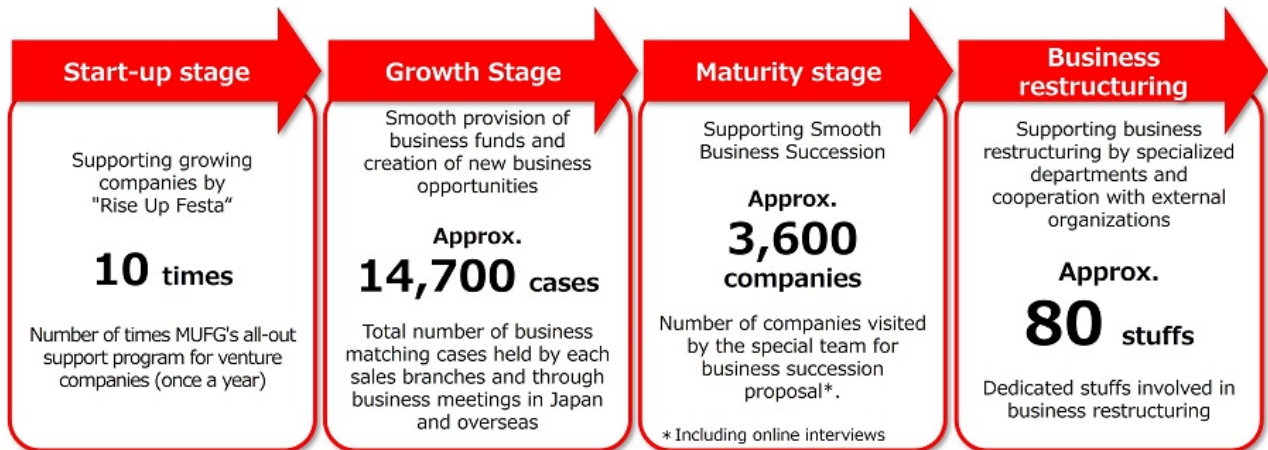
Supporting Industrial Development & Innovation

MUFG is tackling business incubation and supporting innovation by providing growing industries and venture startups with a variety of business opportunities.

<p>MUFG's recognition</p>	<p>Opportunities and risks</p> <p>Offering assistance for the creation of growing industries, which are the drivers of economies, and vibrant venture startups is essential to avoiding economic stagnation and securing sustainable growth. Our financial functions are expected to play an important role as such endeavors require a financier capable of risk-taking.</p>
----------------------------------	--

Main Initiatives

Supporting Every Business Stage



Hosting of "MUFG ICJ ESG Accelerator in Tokyo"

In tandem with Inclusion Japan, Inc., which is engaged in ESG investment in the venture field, we held the "MUFG ICJ ESG Accelerator in Tokyo" program in May 2023.

This marks the second time the program has been held by a Japanese bank, following the first in Osaka in fiscal 2022. The program is aimed at facilitating collaboration across a range of players from startups and business corporations to venture capital and other investors in order to accelerate business development endeavors toward the realization of carbon-neutral and circular economies. In fiscal 2023, of 81 Japan and overseas venture startups applying for this program, 11 companies were selected as finalists. MUFG has since engaged these companies in discussions alongside its cosponsoring partners to co-create new businesses.

Going forward, MUFG will help startups move forward steadily toward the commercialization of their endeavors, working in tandem with them to assist their efforts to discover growth opportunities and launch innovative businesses.

Holding the 10th Rise Up Festa

As part of these efforts, since 2014 we have held Rise Up Festa in which we take full advantage of our network and abundant knowhow in management support and other fields to assist venture startups that take on novel or unique business endeavors over the medium- to long-term.

At the 10th Rise Up Festa in 2023, we solicited a wide-ranging business proposals in four areas seen as holding potential for growth. Of the more than 170 business plans submitted, eight companies were commended for particularly original and compelling plans.

- Achievement of a sustainable environment: Greentech, energy, materials, etc.
- Contribution to a healthy society and global health: biotechnology, life sciences, Healthtech, etc.
- DX in existing industries and creation of platforms: AI, robotics, utilization of satellite data, etc.
- Updating of cities and lifestyles: Smart cities, well-being, regional revitalization, space infrastructure, etc.

Financing Support for Energy Startup PowerX, Inc.

PowerX Inc. is an energy startup established in 2021. Possessing proprietary design and manufacturing technologies for storage batteries, the company is developing new businesses involving the evolution of power storage and transmission technologies. The company engages in the development and sales of stationary storage batteries and battery-integrated ultra-fast EV chargers, the nationwide roll-out of charging stations vital to the proliferation of EVs, and the manufacture of oceangoing "Battery Tankers" to store and transport electricity using storage batteries. PowerX is currently constructing one of the largest storage battery assembly plants in Japan to mass-produce low-cost, high-performance storage batteries.

The Securities provided support for project financing as the exclusive financial advisor for PowerX's Series A and Series B funding. Cumulative funding reached 15.26 billion yen (as of August 2023). PowerX will invest the funds in factory launches and the production and shipment of products including stationary storage batteries and battery-integrated ultra-fast EV chargers. The company has successfully achieved milestones including the announcement of its EV charging station business and the start of pre-orders for ship storage batteries. It plans to begin shipping EV chargers, stationary storage batteries, and other products in the fall of 2023.

< PowerX Charge Station >



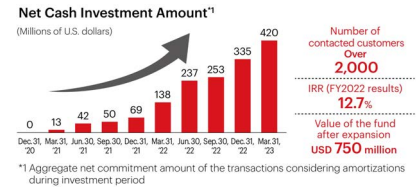
Nationwide, PowerX is rolling out ultra-fast EV charging stations using 100% energy from renewable sources.

Mars—Supporting Startups via the Use of AI Technologies

Initiatives Undertaken by Mars Growth Capital

Mars Growth Capital (Mars) is a joint venture established by MUFG and fintech company Liquidity Capital. Currently, Mars is providing finance to startups based mainly in Asia. Since starting the business, Mars Growth Capital has provided loans to over 30 companies and are steadily expanding the business.

By conducting business in the form of a fund, Mars has taken on the challenge of new forms of loans not bound by the traditional bank screening methods of the past. Among the companies that Mars supports there are many startups employing technology to solve social issues, such as online educational services or medical services. Through the power of finance, Mars will support the growth of these companies.

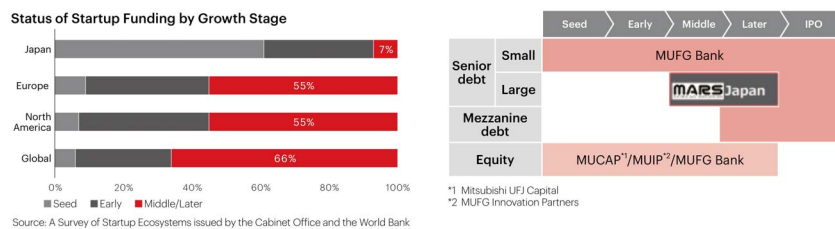


Launching Mars Japan

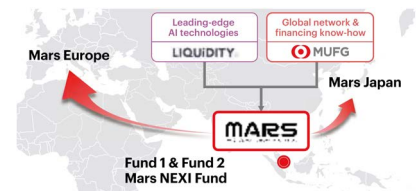
Pre-unicorn companies in middle or later stages often need to receive large-size debt financing to achieve growth. However, compared to countries abroad, Japan has far fewer major lenders capable of such financing. Because of this, domestic pre-unicorn companies tend to be dependent solely on equity-based fundraising, resulting in a great number of instances in which they choose to be listed before achieving sufficient business growth.

Aware of this situation, MUFG decided to launch Mars Japan, with the aim of extending financing to domestic startups in a way that leverages the AI-based lending screening model developed via startup financing in Asia. Through Mars Japan, we will provide promising pre-unicorn and unicorn companies in Japan with funds for securing business growth. By doing so, we will contribute to the creation of Japan-made, globally competitive unicorn companies and support their growth.

Furthermore, with financing as a starting point, we will extend comprehensive support backed by functions afforded by the Group and thereby accommodate the needs of startups that are aiming for an IPO or considering other business development measures.



Recently, we invested in Liquidity Capital to leverage our insights and know-how—accumulated in the course of financing activities overseas—in an even broader range of business fields. Mars Growth Capital is now poised to pursue further business expansion, with plans calling for establishing a new fund in Europe as well as launching a fund based on an insurance scheme offered by Nippon Export and Investment Insurance (NEXI). Looking ahead, we will promote startup financing on a global basis.



Contributing to Development and Solutions in the Space Industry

The market scale of the space industry is 56 trillion yen in 2023 and will be 90 trillion yen^(note) in 2030, making it one of the fastest growing markets in the world.

The utilization of satellite-based communications, location data, and earth observation data is expected to expand in more wide-ranging fields and to contribute to solutions to a variety of social issues.

The Bank engages in business co-creation investments that will contribute to the creation of new businesses and the achievement of sustainability in space. By providing knowledge and know-how concerning comprehensive financial services along with the wide-ranging network of the Bank, we will support the advancement of the space industry.

(note) Estimate by Mitsubishi UFJ Research and Consulting Co., Ltd.

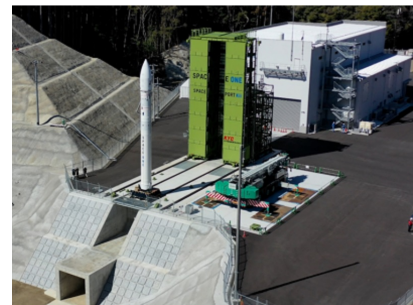
Support for a Small Rocket-based Satellite Launch Business: Collaboration with Space One

As an initial business co-creation investment in the space domain, in December 2022 we invested in Space One Co., Ltd., a company engaged in the satellite launch business using small rockets.

The ground-to-space transport business for artificial satellites, etc. is a foundation that supports space industry, yet Japan faces an industrial structure issue in the lack of rockets and sites capable of low-cost, high-frequency launches.

Space One has its own privately operated rocket launch site and is undertaking integrated operation that spans development to launch of small rockets carrying satellites.

With this investment as our starting point, the Bank aims to compensate for the above-noted issues and create new industrial clusters through cooperation with space-related companies and private business operators.



Space Port Kii, the rocket launch site of Space One Co., Ltd.

Support for Space Debris Removal and Other Orbital Services: Collaboration with Astroscale Holdings

As a second business co-creation investment in the space domain, in February 2023 the Bank made an investment in Astroscale Holdings, a company engaged in orbital services including the removal of space debris.

Future rocket launches are planned for tens of thousands of satellites, a vital element in space development. However, older satellites and other debris are increasing rapidly, exerting a serious impact on the sustainable development of space.

To achieve "space sustainability," we will contribute to the development of the space industry and the resolution of issues together with Astroscale Holdings, which aims to commercialize the business as a part of space infrastructure.



Astroscale Holdings' ADRAS-J commercial debris removal demonstration satellite

Support for Regional Revitalization

[MUIC Kansai]

In February 2021, MUFG opened MUIC Kansai in Osaka, a membership-based innovation center, as an initiative to solve issues in the tourism industry and revitalize the Kansai economy.

The core function of MUIC Kansai is a “problem-solving programs” aimed at creating innovation, and MUIC Kansai provides a platform that can identify social issues to be solved, conduct a PoC, and implement the solutions in society in an integrated manner. In addition, the facility is equipped with co-working spaces and shared offices, available for various relevant events to provide opportunities for new business matching for co-creation from the perspective of both hardware and software.

In FY 2022, we released a beta version ^(note1) of the Kansai Wide-Area Digital Map (Dig the Local, Kansai), a collaborative project with online map platform operator Strolly, Inc. and the KANSAI Tourism Bureau.

The beta version of this illustrated map, rich in design sensibility, is a platform that users can easily access online to intuitively grasp information on sightseeing and attractions in 10 Kansai area prefectures. Tapping area pins on the map calls up scenes before, during, and after travel on a fascinating illustrated map. It offers information found only on sightseeing maps from specific areas, letting users collect sightseeing information effectively and over a wide area.

The project was the winner of the Kansai Inbound Grand Prize at the 6th Hanayaka Increasing the Appeal of KANSAI Award ^(note2), which recognizes initiatives that contribute to regional revitalization and to the attraction of global human resources and companies through the incorporation of inbound tourism demand.

In future initiatives, we plan to promote interregional round-trip travel to locations other than travel destinations through the maps, to draft tourism promotion measures in regions based on browsing and behavior data, and to strengthen PR for inbound tourists to Japan by releasing official information overseas.



(note1) Sample software for users to try out before release of official version

(note2) The Hanayaka Increasing the Appeal of KANSAI Award was established in 2016 as the main project of the Hanayaka Increasing the Appeal of KANSAI Forum sponsored by the Kansai Economic Federation and the Kansai Bureau of Economy, Trade and Industry. It commends initiatives that seek to contribute to regional revitalization and to the attraction of global human resources and companies through the incorporation of inbound tourism demand.

MUIC Kansai

Signing of Partnership Agreement with ES CON FIELD HOKKAIDO

The Bank and Fighters Sports & Entertainment Co., Ltd. (hereinafter "Fighters") have signed a partnership agreement aimed at co-creating a business that combines finance with sports.

Fighters is a company that engages in the development and operation of HOKKAIDO BALLPARK F VILLAGE, the core of which is the new ES CON FIELD HOKKAIDO stadium that opened in March 2023. Centered on that core, we are promoting sustainable urban development that combines lodging facilities, commercial spaces, agricultural learning facilities, Certified Childcare Centers, residences, and more.

The Bank is taking part in new urban development and new business creation with a focus on sports at ES CON FIELD HOKKAIDO. Symbolizing this, the Bank obtained naming rights for the interview room and christened it

"MUFG Co-Creation Room." While serving as a hub for the local community and varied stakeholders, the Bank is advancing MUFG's aim of the social implementation of innovation and the resolution of social issues through sports.



ALL JAPAN Tourist Area Regeneration/Revitalization Fund

Invigorating the domestic tourism industry is positioned as one of Japan's critical economic policies and is deemed key to facilitating regional revitalization. Moreover, it is seen as an essential growth strategy as the nation strives toward a GDP target of ¥600 trillion. With the number of visitors from overseas growing, the industry is seeing the creation of new and varied market demand and its potential is expanding. However, on the business front, the industry is faced with a number of challenges, including a shortage of accommodation due to an aging and insufficient supply of facilities, the graying of facility operators and a pressing need for management succession planning. Regional businesses are also being called upon to develop new sightseeing resources and meet increasingly diverse tourist needs.

To help the industry take on these challenges, the ALL JAPAN Tourist Area Regeneration/Revitalization Fund was instituted in April 2018. The first domestic private fund of its kind, this megafund is uniquely designed to facilitate investment that transcends regional boundaries. Alongside other leading business corporations representing various industries, MUFG will collaborate with regional financial institutions to operate the fund, thereby promoting a thriving tourism industry and invigorated regional economies in all 47 prefectures nationwide. By doing so MUFG will actively contribute to Japan's industrial development and economic growth.

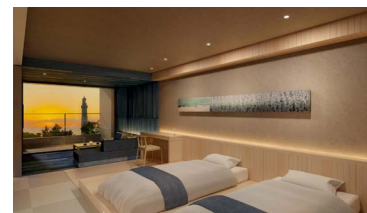
The number of investment projects totaled 37 (15 real estate investments and 22 venture investments). Some of these projects are listed below.

We established a second fund in June 2023. We invited JTB Corporation as a new sponsor and strengthened the fund's solution functions. We will continue to be active as a platform for the tourism industry and for regional revitalization.

Examples of Investment Projects

KAI Izumo (Izumo City, Shimane Prefecture)

Renovation of hot spring accommodation facilities located in the tourist area of "Hinomisaki." By attracting Hoshino Resorts, which are highly acclaimed throughout Japan, KAI Izumo aims to develop a high-quality hot spring accommodation that allows guests to rediscover the charm of the region. It has contributed to an increase in tourists in Izumo City and the Hinomisaki area.



Fairfield by Marriott (29 properties in Hokkaido, Hyogo, and other 16 prefectures)

A project to develop Marriott International's Fairfield by Marriott brand hotels near Michi-no-*Eki* roadside stations. By providing accommodation infrastructure near Michi-no-*Eki* roadside stations, which function as action bases for travelers, as a network to provide accommodation to foreign visitors and the wealthy, etc., we will contribute to development of a tourism-oriented country by inviting foreign visitors to rural areas and creating new tourist routes.



Tripla Co., Ltd. (Business activities: AI development, Creation of IT solutions for the travel industry)

A start-up company that not only improves the operational efficiency of accommodation facilities by providing IT and AI solutions but also maximizes in-house reservations and the acquisition of hotel members, thereby contributing to the improvement of the profitability of each facility. The SaaS-type accommodation booking engine "tripla Book" has already been introduced to more than 1,500 facilities in Japan and overseas, and more than 1,000 facilities have entered contracts (current as of August 2022) for "tripla Bot," which is equipped with proprietary AI. In addition, we have developed a one-stop service that improves accommodation services and maximizes revenues, such as triplaConnect, a CRM and marketing automation solution specialized for accommodation facilities, and tripla Pay, a local payment service. Through the expansion of the company's services, the business efficiency of lodging and other facilities suffering from under staffing and complex issues will be improved, contributing to providing higher quality services to travelers.



Wiredbeans Inc. (Business activities: Planning, development, and sales of manufacturing businesses, Development and operation of e-commerce sites)

A start-up company in Sendai City that is developing its two main business lines: manufacturing business and digital solutions business. As for the company's manufacturing business, it manufactures and sells "real goods" which make people want to spend their lifetime with, such as glasses and mugs created by skilled craftsmen. In the digital solutions business, the company is developing and supporting e-commerce sites for many manufacturers. In 2020, this fund project and the company collaborated together on a project to help restore traditional industries with severe economic impact by, for example, plunge in sales due to the COVID-19 pandemic and a decline in tourism. Utilizing the fund's network of regional financial institutions, we are recruiting ceramics craftsmen (potteries) from various regions who can manufacture "Mugs for Life," which are designed by the company.



Interest Rate Subsidy Program to Support Regional Revitalization

The interest rate subsidy program to support revitalization is a comprehensive Cabinet office support program to encourage autonomous and independent local initiatives that invigorate local economies, create local employment opportunities and revitalize communities in other ways. Companies that borrow money for businesses that contribute to community regional revitalization plans can receive up an interest rate subsidy of up to 0.7% from the Cabinet office.

Interest Rate Subsidy Program to Support Comprehensive Special Zones

In response to changes in the socioeconomic situation, including changes in the industry structure and the international competitive landscape, as well as the rapid decline in the birthrate and aging of the population, the interest rate subsidy program to support comprehensive special zones serves as a comprehensive and concentrated effort to bolster the international competitiveness of Japanese industry and promote regional invigoration, thereby buttressing Japan's socioeconomic strength and facilitating sustainable development. Companies that borrow money for businesses that contribute to the plan for comprehensive special zones can receive an interest rate subsidy of up to 0.7% from the Cabinet office.

Ensuring Equal Access to Financial Services

By ensuring equal access to financial services, MUFG supports economic development and improvements of living standards in emerging and developing countries, while addressing issues arising from gaps in information.

<p>MUFG's recognition</p>	<p>Opportunities and risks Providing more customers with opportunities to access financial services and investment not only contributes to improving the growth of economies but also allows for MUFG to secure an even more robust foundation for growth.</p>
----------------------------------	---

Main Initiatives

Capturing Digital Financial Needs in Asia

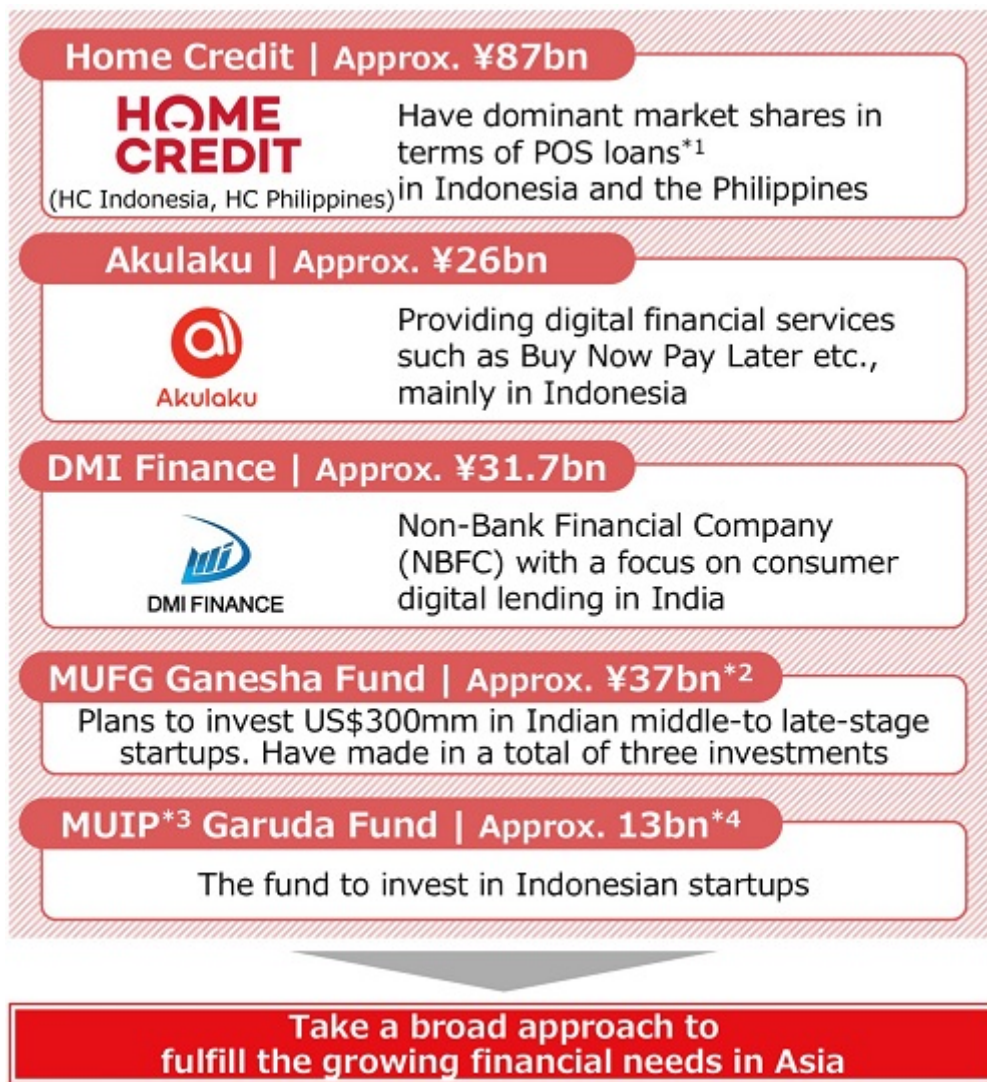
MUFG has positioned Asia as our second “home market” and has been proactively pushing ahead with investment in the ASEAN region with the aim of capturing opportunities arising from the region’s burgeoning economic growth. To date, MUFG has invested in four commercial banks in Thailand, Indonesia, Vietnam and the Philippines, completing the development of an extensive commercial banking platform encompassing ASEAN countries in April 2019. Based on this platform, we have striven to deliver solutions unique to MUFG while helping each partner bank enhance its corporate value.

On the other hand, the use of conventional financial services has yet to become widespread in the region. Meanwhile, fintech companies and others providing digital-driven financial services powered by data and AI technologies are rapidly growing businesses. These companies accommodate financing needs among the underbanked and unbanked individuals as well as SMEs with the potential to become bank customers, thus accelerating the trend of financial inclusion.

Investment in Digital Financial Players

In Asian countries, digital financial services utilizing data and AI technology are emerging. In order to capture these digital financial needs in Asia in a diversified manner, we decided to acquire Home Credit’s operation in Indonesia and the Philippines and to invest in Akulaku and DMI Finance.

In addition to these investments, we also made investments through funds and executed a total of three investments through the MUFG Ganesha Fund, an investment facility for startups in India. We also established a new 100-million-dollar fund to invest in Indonesian startups.



*1 Point of sale loan is an installment loan provided at automobile and household appliance dealerships *2 JPY equivalent of planned investment amounting of US\$300mm using actual exchange rates as of end Mar 2022 *3 MUFG Innovation Partners *4 JPY equivalent of commitment amount of US\$100mm using actual exchange rate as of end Jan 2023 *5 JPY equivalent of MUFG's LP commitment (including planned amount) using actual exchange rates as of end Mar 2023. Increased amount during FY22 was US\$250mm (¥33bn) *6 Aggregate net commitment amount of the transactions considering amortizations during investment period

Collaboration with Grab

MUFG signed a capital and business alliance agreement with Grab Holdings, one of the ASEAN's leading digital platform operators, in February 2020, with the aim of securing the ability to provide next-generation financial services.

Partner banks collaborate with Grab by providing

saving and loan products to underserved segments such as Grab drivers and Grab food merchants. By combining Grab's dynamic data and partner banks' expertise in finance, we are meeting the financial needs of new customers for partner banks, thereby further expanding our customer base and contributing to financial inclusion.

Target	From	Progress
Drivers	Sep.2020	340k loans disbursed (As of 23/5) +162% year on year
Food Merchants	Oct.2020	100k loans disbursed (As of 23/5) +187% year on year

Provision of Microfinance through HATTHA Bank Plc.

Krungsri (Bank of Ayudhya), our Partner Bank in Thailand, provides opportunities for customers in emerging and developing countries to access financial services through its microfinance institution in Cambodia, HATTHA Bank Plc (HTB), and others.

In addition to providing microfinance, HTB also provides financial education to those with low-income, which contributes to improving their living standards.

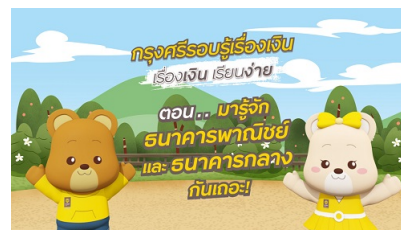
Results of HTB Microfinance in 2022	
Number of Transactions	217,595 (+6.77% year on year)
Outstanding loan balance (USD mil)	1,936 (+14.49% year on year)
Number of branches	177 (±0% year on year)

Effort to Promote Financial Literacy

Krungsri Financial Literacy: ‘Simple to Learn’ Project

Krungsri (Bank of Ayudhya) has initiated the “Krungsri Financial Literacy: Simple to Learn” Project since 2015 to promote basic financial knowledge and saving habits among primary school students in grades four to six throughout the country.

Krungsri adjusted its activities and collaborated with Office of the Basic Education Commission (OBEC), Equitable Education Fund (EEF) and the Bank of Thailand (BOT) to develop an online animated series, which featured easy-to-digest and entertaining financial knowledge. This series has been distributed to more than 28,000 primary schools and contributed to promote financial literacy among many children.



External Evaluation

Provision of Financial Education by Bank Danamon to Improve Financial Literacy

Danamon's programs to promote financial literacy and entrepreneurship are implemented through training and sharing sessions. In response to the increased digitalization of products and services, Danamon has also developed digital financial literacy activities. In 2022, Danamon also focused on education sector that there were five financial literacy series involved 735 students, teachers and parents as beneficiaries. Furthermore, there were 31 episodes of Danamon Financial Friday^(note), aired through the YouTube Bank Danamon channel.

(note) Danamon Financial Friday is a financial education series to help the audience navigating their financial life and challenges and give them the solutions through Bank Danamon products, services, and channels.



Promoting Workstyle Reforms

As we aim to enable employees to realize their full potential, we have promoted the revision of administrative procedures and the streamlining of meeting practices while going paperless and developing infrastructure for remote working. By doing so, we help employees allocate more time to engaging in direct communications with customers and taking on new challenges.

We are pushing ahead with expanding the scope of banking procedures that can be completed online, believing that improving the efficiency of our financial functions, which constitute a part of social infrastructure, will help society as a whole achieve higher productivity, in addition to making us more productive.

MUFG's recognition	<p>Opportunities and risks</p> <p>On the back of Japan's declining population, businesses are expected to provide their employees with opportunities to embrace flexible workstyles aligned with an evolving sense of values, changes in social structure and the growing need to strike a work-life balance. Fulfilling these expectations provides the baseline for the effective utilization of human resources and achievement of corporate growth and, in light of fallout from COVID-19, has become a matter of even greater importance.</p>
	<p>Opportunities and risks</p> <p>Improving the efficiency of our financial functions, which constitute a part of social infrastructure, will help society as a whole achieve higher productivity while positioning us for greater productivity as well.</p>

Main Initiatives

Promotion of Smart Work

MUFG is promoting the active use of remote work and staggered working hours, and employee motivation and work efficiency by realizing a flexible work style that is not restricted by location or time.



The Development of a Working Environment Supportive of Remote Working

Promoting the development of a working environment supportive of remote working by, for example, enhancing satellite offices, facilitating the use of online meetings, and upgrading functions of company-furnished smartphones.

Paperless Initiatives

With the release of an online business card exchange function, we are promoting the digitization of business cards and the digitization of contracts to promote paperless initiatives.

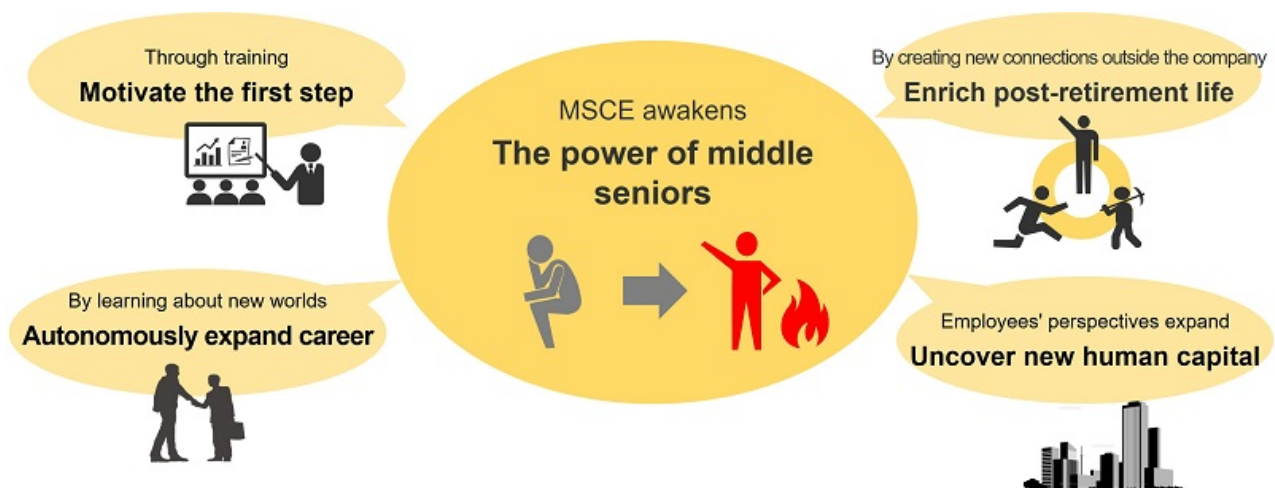
Autonomous Career Development for "Middle Senior" Workers

Establishment of the "Middle Senior Career Expansion Consortium"

As Japan's working population shrinks, expectations are high for what will become the largest working demographic: middle-aged persons in their late 40s to 50s (hereafter referred to as "middle seniors"). However, as persons in this current "middle senior" demographic have spent most of their working life with a single company, their careers tend to be dependent upon that company. Many such persons possess abundant knowledge and experience, yet have been unable to find ways to make use of those.

A questionnaire survey of 2,000 people aged 45 to 63 conducted by the Trust Bank in 2022 found that the majority of respondents recognized themselves as having passed the peaks of their careers, with only a limited number working actively toward career expansion. We recognize that issues related to middle seniors' careers are social issues that will grow in the future. By having middle seniors autonomously undertaking career development based on their own interests and aptitudes while building networks outside their companies that will lead to richer post-retirement lives, we hope to achieve enhanced quality of life for these workers and energize Japan's companies and society as a whole.

Toward this end, in April 2023 the Trust Bank and Ostance, Inc. established the "Middle Senior Career Expansion Consortium" (MSCE), an organization for sharing knowledge among companies, identifying issues, and studying countermeasures. MSCE seeks to provide those middle seniors, who as business professionals have supported Japan's companies, with new opportunities that are difficult to gain in their current jobs, and to further enhance their potential. Doing so, they will energize their companies and in turn raise the level of Japanese society. The Trust Bank also plans to commercialize solutions to middle senior-related issues in Japanese companies, drawing on valuable knowledge gained through MSCE.



Response to Poverty

MUFG is tackling poverty issues in line with its support of the United Nations Sustainable Development Goals (SDGs), which aim to create a sustainable world that leaves no one behind. In addition to utilizing our financial functions to help those in need, our initiatives in this field include a broad range of social contribution activities, such as making donations.

<p>MUFG's recognition</p>	<p>Risks Poverty often results in a variety of other problems posing serious threats to social stability (e.g., public health, hygiene and security) and human rights (e.g., sufficiency in food, clothing and housing) as well as to the formation of a basis for sustainable economic growth (e.g., educational equality).</p>
----------------------------------	---

Main Initiatives

Continuous Support

To support the healthy upbringing of children, we engage in ongoing donations contributing a total of ¥180 million over a three-year period. These donations are directed to three separate NPOs^(note) that strive to assist poverty-stricken families and children battling diseases.

(note) CliniClowns Japan, Learning for All and Chance for Children

Supporting Dining Services for Disadvantaged Children

MUFG implements “MUFG SOUL”, a framework in which employees are invited to submit passionate and original ideas for CSR activities, with MUFG providing financial support for these activities. This is designed to encourage employees to set their sights higher regarding what they can do for the public good and to take tangible action. This contributes to the resolution of a wide range of social issues by addressing them from the perspective of employees.

Utilizing this framework, MUFG supported several volunteer-run cafeterias that provide free or inexpensive meals to children) through monetary and food donations.



Corporate Social Responsibility Activities

Children's Poverty Symposium

We held an in-house symposium on children's poverty, inviting representatives from Learning for All (NPO) and Chance for Children as well as experts from Mitsubishi UFJ Research and Consulting. In addition to an overview of the reality of child poverty in Japan and its impact on society, the activities of each organization were introduced. At the end of the event, speakers answered questions from the participant employees, helping them deepen their knowledge of the social issue of child poverty as well as providing an opportunity to think about social issues around them.



Donation of sanitary products through the "Period Poverty Countermeasures Support Project"

To help solve the social issue of "period poverty," by which women are unable to access period-related products due to economic circumstances or lack of social understanding, the Securities donated sanitary products to Nerima Ward in Tokyo through the "Period Poverty Countermeasures Support Project" led by Insource Co., Ltd. The project solicits corporate sponsors that agree to donate sanitary products and provides the products to local governments and social welfare councils across the country, bringing companies and communities together nationwide to solve period poverty. Sanitary products donated by the Securities were distributed to persons in need at a total of 12 facilities including the Life Support Center, insurance consultation desks, and social welfare offices in Nerima Ward.

Reduction of Educational Disparities

Believing that proper education is the bedrock of a stable society and empowers it to achieve sustainable economic development, we provide financial and economic education to help raise the general public's financial literacy as part of our mission as a financial institution. Since the emergence of the COVID-19 pandemic, we are more focused than ever before on offering educational assistance as the number of young people found to be negatively affected by inequality in educational opportunities has been growing amid the pandemic's fallout.

MUFG's recognition	Opportunities	Those who are now students will shape the next generation and, therefore, constitute the foundation of future society. Among them may also be our potential colleagues. Therefore, supporting them is of great importance.
	Risks	Proper education is at the base of social stability and sustainable economic growth. Thus, educational shortfalls can result in a negative heritage of inequality that will be passed down to future generations. The lack of educational opportunity due to economic disadvantage therefore deserves major public attention and needs to be tackled.

Main Initiatives

Establishing the Ashinaga MUFG Scholarship

Since 2020, MUFG has donated to the Ashinaga Foundation. To create a more meaningful framework for our donations, MUFG established the Ashinaga MUFG Scholarship. This fund provides a lump-sum payment of 300,000 yen to cover expenses required for entrance examinations and enrollment for third-year high school students who aim to enter university, and a benefit of 40,000 yen per month until graduation for university students studying the sciences who face a large tuition burden. Together with the Ashinaga Foundation, which has provided support for over half a century to children who have lost parents due to illness, disaster, or other causes and children from families with parents unable to engage in sufficient work due to disabilities, we will offer scholarships to motivated students who would otherwise have to abandon their studies and educational advancement for economic reasons. We will work to improve these students' rate of advancement to university education.



Supporting Charities that aim to empower girls in South Africa

MUFG EMEA contributes to solving challenges faced by communities where they operate. This is done through engaging employees to volunteer and fundraise in support of charity partners across the region. One of the major annual fundraisers is the annual Fitprints for Good month-long campaign, which brings together employees across the EMEA region through participating in sporting activities. The campaign helps to raise much-needed funds for local charity partners in effort to support in increasing their positive impact in the local community. In fiscal year 2022, some of the Fitprints for Good funds were donated to the charitable organisation House Group in Johannesburg. The House Group seeks to empower vulnerable girls aged 12 to 18 who have experienced gender-based violence through providing residential care, medical attention, and training in skills development needed to gain sustainable employment.

The funds were allocated to the establishment of an in-house bakery in the House Group. The project seeks to provide the girls with practical opportunities to build on their work experience, develop skillsets and raise their aspirations for their brighter and successful futures. The bakery has also been beneficial for the wider local community in providing food to over 100 children at a local school, therefore also addressing child poverty and hunger which remains a significant challenge within the region.

Contributing to Improving the Quality of Education

MUFG donated to Teach for Japan, an NPO that supports a fellowship program to send skilled individuals with outstanding qualifications and abilities in the educational field as teachers to schools for two years.



Overcoming Threats to Health

We also believe that maintaining public health is key to the constant improvement of how society functions and this, in turn, empowers people to enjoy sustainable economic activities.

We will continue to undertake a variety of initiatives to enable our customers, communities, society, as well as the next generation, to pursue various healthy lifestyles.

MUFG's recognition	Opportunities	Innovation in the healthcare sector will contribute to improvement in social and economic resilience.
	Risks	The sustainability of economic activities will be largely dependent on the strengthening of capabilities for preventing novel infectious viruses from spreading (via the development of vaccines, etc.) and responsiveness to the pandemic (via the development of medical technologies and institutions) in order to ensure robust social functions in anticipation of the further aging of population.

Main Initiatives

Supporting R&D of Next-Generation Vaccines through Impact Investing

The Bank has entered into an investment agreement with VLP Therapeutics, Inc., a biotechnology company. With its business philosophy of responding to the “unmet medical needs” of the world, VLP Therapeutics researches and develops cancer treatment as well as vaccines for malaria, dengue, and COVID-19.

Considering the social significance and the potential the firm has, we have decided not only to directly invest in the firm but also to provide personnel to VLP Therapeutics in order to support its business management more closely. In fiscal 2022, through collaboration among three parties including consultants, we worked to deepen impact engagement, taking actions such as establishing an international principle-based impact assessment framework for the investment.



Krungsri Breast Cancer Awareness Project

Krungsri (Bank of Ayudhya) has been involved in diverse activities to ensure health and high-quality healthcare as well as promoting well-being of the local community and their employees.

In collaboration with the Breast Foundation Under the Patronage of Her Royal Highness the Princess Mother, Krungsri has provided free breast cancer screening for disadvantaged women, as well as supporting the creation of online media which aims to enhance knowledge of the breast self-examination. This online media will be delivered to public health service centers, to increase awareness for breast cancer.

In addition, Krungsri joined hands with the foundation in organizing activities to raise awareness of breast cancer and breast self-examination by having the foundation's experts educate and demonstrate the correct breast self-examination method to health volunteers, totaling 100 people from two public health service centers in Yan Nawa District and three Tambon Health Promoting Hospitals in Samut Prakan Province.



โครงการสืบสานพระราชปณิธานสมเด็จพระนางเจ้าฯ พระบรมราชินีนาถ
มูลนิธิอภินิหารรักษ์ในพระราชูปถัมภ์สมเด็จพระศรีนครินทราบรมราชชนนี

Initiatives Related to Food and Nutrition

Lifestyle-related diseases and other diseases originating in nutritional issues impede the nation's economic growth and spur increases in medical expenses and other social security costs. Solving nutrition-related issues is essential for the sustainable advancement of Japan and the world.

Initiatives to address these concerns directly relate to overcoming threats to health in an aging society in Japan, as well as to the development of the next generation and support for children. Such initiatives will provide comprehensive support for the sound growth of all children and for raising the quality of life, as well as activities connected to the preservation and transmission of Japan's food culture.

The supply chains of the food most familiar in people's lives extend globally in terms of raw materials, production, distribution, and retail. Food encompasses diverse social issues including climate change, biodiversity, human rights, supply chain disruptions during emergencies, malnutrition, and overnutrition. MUFG will take the lead in addressing these problems.

Initiative for the Creation of a Japanese Nutrient Profile

The Bank collaborates with the Ministry of Health, Labour and Welfare and the National Institute of Health and Nutrition to create a nutrient profile tailored to Japan. The lack of an adequate nutrient profile as the basis for the food nutrition labeling that informs consumers could negatively impact proper nutrition intake. Creation of a profile will enhance access to healthy foods and contribute to the improvement of nutrition. In order to also contribute to global nutrition profiles, we will conduct studies aimed at mutual recognition with the Access to Nutrition Initiative (ATNI), which publishes indices to companies' nutrition-related initiatives.

Sponsorship of the SKS Japan Foodtech Event

Innovation through frameworks that extend beyond traditional players is important in solving food issues, which is leading to heightened expectations for foodtech. MUFG co-sponsored the SKS (Smart Kitchen Summit) Japan foodtech event held in July 2023, in the role of a Headline Partner. Our participation in the event marked the first by a financial institution. In a panel discussion by food innovators from Japan, the US, Europe, Asia, the Middle East, South America, and other regions, we shared information on MUFG's stance in addressing food issues, along with the catchphrase "MUFG, empowering a brighter future food."

Disclosure Based on TCFD Recommendations

Highlights

In April 2021, we defined our purpose as being “Committed to empowering a brighter future.” Since then, we have been implementing our medium-term business plan, led by a heightened commitment to helping resolve environmental and social issues. To better contribute to building a sustainable environment and society, MUFG has selected 10 priority environmental and social issues. One of the priorities we especially focus on is climate change measures and environmental protection. MUFG has taken another step forward by announcing the MUFG Carbon Neutrality Declaration in May 2021. Guided by this declaration, MUFG is implementing group-wide environmental measures globally, aiming to achieve net zero GHG^(note) emissions from the financed portfolio by 2050 and net zero GHG emissions from our own operations by 2030.

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.

(note) Green House Gas

Status of Response to the TCFD Recommendations

Governance

Disclose the organization's governance around climate-related risks and opportunities.

- a. Describe the board's oversight of climate-related risks and opportunities.
- b. Describe management's role in assessing and managing climate-related risks and opportunities.

- Governance to deal with climate change - the Board of Directors supervises climate change-related initiatives -
- Opportunities and risks related to the environment and society, including climate change, are regularly discussed by the Sustainability Committee under the Executive Committee. Depending on the theme, matters are also reviewed by the Credit & Investment Management Committee, Credit Committee, and Risk Management Committee also under the Executive Committee. The contents of the review by the committees are reported to the Executive Committee and then to the Board of Directors to be reviewed.
- The contents of the review by the Credit & Investment Management Committee and the Risk Management Committee are reported to the Board of Directors after being reviewed by the Risk Committee, which is composed mainly of outside directors.

- Established the MUFG Environmental Policy Statement, the action guideline for environmental considerations (May 2018)
 - To be determined by the Board of Directors from May 2021: Clearly stated the commitment to proactively disclose information concerning the environment, including climate change.

- Set up new Chief Sustainability Officer (CSuO) role for the Group in 2020 to strengthen our efforts to address environmental and social issues, including climate change, and to clarify responsibilities. Appointed full-time Group CSuO in October 2022.

- Invited two external experts in environmental and social fields as permanent external advisors since 2019. Changed to a three-person system in October 2022.

- Reflected ESG factors in the executive compensation system.
 - Started to review the performance-linked indicators for executive compensation from FY 2021 and reflected the degree of improvement found through the external ratings granted by five major ESG rating agencies to further advance sustainability management.
 - For bonus-related qualitative evaluations of performance of duties by the president and other relevant officers, set targets related to contribution to the resolution of environmental and social issues, the promotion of inclusion & diversity, and the strengthening and upgrading of MUFG's governance structure. In FY2023, added targets related to human rights, biodiversity, and human capital.

Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.

- a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.
- b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.
- c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

- MUFG Carbon Neutrality Declaration
 - Declared the achievement of net-zero GHG emissions from our finance portfolio by 2050 and net-zero GHG emissions from our own operations by 2030 (May 2021)

- During FY2023, develop a transition plan in line with the GFANZ guidance framework released in November 2022

- Initiatives Aimed at Net-Zero Emissions in the Financed Portfolio
 - Set an interim target for 2030 to reduce emission intensity in the power sector from 328gCO₂e/kWh (2019) to 156-192gCO₂e/kWh. Results for 2021 were 299gCO₂e/kWh, a reduction of about 9% from FY2019.
 - Set an interim target for 2030 to reduce absolute emissions in the oil and gas sector by 15%-28% from 84MtCO₂e (2019). Results for 2021 were 76MtCO₂e, a reduction of about 9% from FY2019.
 - Within the real estate sector, set interim targets for 2030 to reduce emission intensity in commercial real estate from 65kgCO₂e/m² (2020) to 44-47kgCO₂e/m², and reduce emission intensity in residential real estate from 27kgCO₂e/m² (2020) to 23kgCO₂e/m².

- Set an interim target for 2030 to reduce absolute emissions in the steel sector by 22% from 22MtCO_{2e} (2019).
- Set an interim target for 2030 to reduce the PCA ^(note) score in the shipping sector to 0% or lower.

(note) A consistency metric that indicates the difference from the required level across the financed portfolio for shipping. It is calculated from the Vessel Climate Alignment (VCA) of individual vessels to which finance is provided, weighted for percentage within the loan portfolio.

● Climate Change-Related Opportunities

- Approach to the achievement of carbon neutrality

1. Policy proposals in cooperation with industry and government agencies

- Lead discussions on the formulation of guidelines for transition finance in the Net-Zero Banking Alliance (NZBA) and Asia Transition Finance Study Group (ATFSG).
- Participated in the five working groups of the Glasgow Financial Alliance for Net Zero (GFANZ). In June 2023, appointed Masamichi Kono, Senior Advisor of MUFG Bank, Former Deputy Secretary General of the OECD, was appointed as GFANZ Japan Advisor.
- Participated by MUFG Asset Management (hereafter "MUFG AM") in the Net Zero Asset Managers (NZAM) initiative in November 2021. In October 2022, set an interim target for 2030 covering 55% of assets under management, to reduce GHG emissions per unit of economic intensity (absolute emissions amount (tCO_{2e}) / balance of assets under management) by 50% compared to 2019 level.
- In October 2022, we published the MUFG Transition Whitepaper 2022 to communicate the importance of recognizing different regional characteristics, interdependency among industries, and individual efforts in maximizing renewable energy to achieve carbon neutrality in Japan. As the next phase, In September 2023, we published the MUFG Transition Whitepaper 2023, to present the list of technologies in supply chains that are important in advancing the path to carbon neutrality in Japan's "electricity and heat" segment. MUFG will also steer its activities towards clarifying Japan's transition plan to seek for new opportunities ahead of us.

2. Strengthening of ability to offer solutions that support decarbonization by customers in line with government policies and strategies

- Set sustainable finance targets with a cumulative execution amount of ¥35 trillion (including ¥18 trillion in the environmental area) from FY2019 to FY2030. The cumulative execution amount through FY2022 is ¥24.5 trillion (including ¥8.9 trillion in the environmental area) and is steadily growing.
- Actively support transition finance with a focus on transition bonds and loans.
- Develop and provide solutions aimed at carbon neutrality and originating with customer needs, including support for GHG emissions visualization, TCFD consulting services, and carbon credits.

3. Leverage relationships with customers, local governments, and industry organizations to grasp new needs and issues

- Advance carbon neutrality through cooperation with regions such as Hokkaido and Osaka.
- Study the creation of a blended finance scheme in collaboration with NEXI to tackle climate change issues with the Asia Zero Emission Community (AZEC) in mind.
- Regularly aggregate and share knowledge among relevant officers and lower levels, and launch the GX Strategy PT as a venue for communicating information that contributes to concrete business creation and promotion of GX investment and financing.
- To reinforce expertise of relationship managers at branches and enhance capabilities for engagement, The Bank has assigned "Sustainable Business Promotion Leaders" (hereinafter "Promotion Leaders") at corporate sales branches nationwide.

- In 2021, assigned ESG Heads and ESG specialist managers to regions (Europe, Americas, and Asia) to strengthen ESG teams in the regions. Also built a system to consolidate intelligence and business opportunities by bringing together top management from regions at the Global ESG Conference.
- At partner banks (Krungsri and Danamon), promote initiatives to achieve a sustainable environment and society through sustainable finance, etc.
- In May 2023, together with Mitsubishi Corporation and Pavilion Private Equity Co., Ltd., the Bank established Marunouchi Climate Tech Growth Fund L.P. The Fund has Marunouchi Innovation Partners Co., Ltd. as its general partner, and will invest mainly in climate-tech-related startups for growth.
- Climate Change Risks
 - Organize cases of impact (cases of potential risks) for each category of major transition risks and physical risks arising from climate change.
 - Conduct a scenario analysis of transition risks through 2050 and physical risks through 2100.

[Transition Risks]

In addition to current three sectors (energy, utilities, and automotive), steel, air and maritime transportation sectors were added to the analysis target. Analyses were conducted for NGFS scenarios as well as for International Energy Agency (IEA) scenarios.

Scenario	• Various scenarios, including the sustainable development scenario (the [less than] 2°C scenario) of the IEA and the 1.5°C scenario that the NGFS has released.
Analytical method	• An integrated approach is adopted to assess the impact by combining the bottom-up approach at the individual company level and the top-down approach at the sector level. Using this approach, the impact on credit ratings in each scenario is analyzed along with the effect on the overall financial impact of the sector's credit portfolio.
Target sector	• Energy, utilities, automotive, steel, air and maritime transportation sectors
Target period	• Until 2050 using the end of March 2022 as the standard
Result of analysis	• Single-year basis: 1.5 billion yen to 28.5 billion yen (Last time result: 1.5 billion yen to 23 billion yen)

[Physical Risks]

Analyses are conducted for floods that are notable for their frequency of occurrence and damage.

Scenario	• RCP 2.6 (the 2°C scenario) and 8.5 (4°C scenario) published by the Intergovernmental Panel on Climate Change (IPCC).
Analytical method	<ul style="list-style-type: none"> • Estimated damage in the event of a flood is analyzed, and an approach to measure its impact on the overall credit portfolio using the change in default probability that the occurrence of floods would have on the credit portfolio is adopted. • In the calculation of financial impact, the period of the suspension of the business of the borrower and the loss of assets, among other aspects, are reflected.
Target sector	• Flood
Target period	• Until 2100 using the end of March 2022 as the standard (Last time period: Until 2050 using the end of March 2021 as the standard).
Result of analysis	• Cumulative total: Approximately 115.5 billion yen

- Net Zero GHG Emissions from Own Operations
 - Formulate a roadmap for net-zero emissions by 2030 and set interim targets for reduction of domestic GHG emissions by two-thirds in FY2025 compared to FY2020 level and reduction of group and global GHG emissions by 50% in FY2026 compared to FY2020 level.
 - Perform first-time calculation of Scope 3 (Categories 1-14) GHG emissions from MUFG, the Bank, the Trust Bank, the Securities, NICOS, and ACOM, the Group's six major companies in Japan.

Risk Management

Disclose how the organization identifies, assesses, and manages climate-related risks.

- a. Describe the organization's processes for identifying and assessing climate-related risks.
- b. Describe the organization's processes for managing climate-related risks.
- c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.

- Approach to risk management for responding to climate change
 - Recognizing climate change-related risks as one of the most important risk categories, they are discussed by the Credit & Investment Management Committee, Credit Committee, and Risk Management Committee under the Executive Committee. The contents of the discussions held by the Credit & Investment Management Committee and the Risk Management Committee are discussed by the Risk Committee, which consists mainly of outside directors, and then reported to the Board of Directors.
- Reflection in the Risk Appetite Statement
 - From FY 2021, climate change-related risks have been added to the Risk Appetite Statement.
- Reflection in the top risk management
 - Climate change-related risks are positioned as one of the Top Risks.
- A management framework concerning risks related to climate change is constructed on a Group and global basis
 - To consider a management framework for supervising countermeasures against climate change risks, a project team is established with the Group Chief Risk Officer (CRO) as the lead and with participation of the CROs from the holding company, the Bank, Trust Bank and Securities, as well as regional CROs of the holding company and Bank. Risk management is strengthened by tracking and sharing regulatory trends and establishing risk management frameworks on a Group and global basis.
- We have developed a qualitative framework to evaluate client transitions and started a trial run of the framework in FY2022
- Environmental and social considerations concerning finance have been practiced based on the MUFG Environmental and Social Policy Framework
 - Revised policies concerning the climate change-related sectors of forests, palm oil, and coal mining (2023).

Metrics and Targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

- a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.
- b. Disclose Scope1, Scope2 and, if appropriate, Scope3 greenhouse gas (GHG) emissions and the related risks.
- c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

● GHG Emission Reduction Targets from the Financed Portfolio (MUFG, Scope3)

Sector	Interim target for 2030	Emissions at the time of target setting	Results
Power sector	156-192gCO ₂ e/kwh (Emission intensity)	328gCO ₂ e/kwh (2019)	299gCO ₂ e/kwh (2021 results)
Oil and gas sector	15-28% reduction compared with 2019 level (Absolute GHG emissions)	84MtCO ₂ e (2019)	76MtCO ₂ e (2021 results)
Real estate sector	Commercial: 44-47kgCO ₂ e/m ² Residential: 23kgCO ₂ e/m ² (Emission intensity)	Commercial: 65kgCO ₂ e/m ² Residential: 27kgCO ₂ e/m ² (2020)	—
Steel sector	22% reduction compared with 2019 level (Absolute GHG emissions)	22MtCO ₂ e (2019)	—
Shipping sector	PCA≤0%	PCA+0.6% (2021)	—

● Net Zero GHG Emissions from Own Operations (MUFG, Scope1 and 2)

- Aggregation of MUFG's GHG Emissions on a Group and global basis for FY2022. Total emission of Scope 1 and Scope 2 in FY2022 was 189,000 tCO₂.
- On June 2022, MUFG achieved a switch to 100% renewable power sources for in-house contracted electric power at all consolidated subsidiaries in Japan.

● Sustainable Finance

- The target amount of sustainable finance has been set at 35 trillion yen (of which 18 trillion yen is for the environmental sector) for the period from FY2019 to FY2030. We steadily accumulated results of ¥24.5 trillion (including ¥8.9 trillion in the environmental area) through the end of FY2022, and are also studying a review of our targets.
- Targets for reducing CO₂ emissions through renewable energy project financing
 - MUFG set a cumulative CO₂ reduction target of 70 million tCO₂ from FY2019 to FY2030, and disclosed its progress. The achievement through FY2022 was 36.63 million tons.
- Credits amounts related to coal-fired power generation (project finance)
 - The loan balance reduction target to achieve a 50% reduction from FY 2019 in FY 2030 and zero by around FY 2040 is set and disclosed (October 2020). Project financing at the end of FY2022 was \$2,581million.

- Credits amounts related to coal-fired power generation (corporate finance)
 - Set and disclosed a target for reducing the outstanding balance to zero by FY 2040 (April 2022). Corporate financing at the end of FY2022 was approximately ¥80 billion yen.
- Measurement of financed emissions through Scope 1-3, by sector recommended for disclosure by TCFD recommendations
- Carbon-related assets (credit amounts)
 - In addition to the previously disclosed energy and utilities sectors, the breakdown of other carbon-related assets (transportation, materials and buildings, agriculture, food and forest products) following the revision of the TCFD recommendations in October 2021 has been disclosed.

Governance

MUFG's Governance for Countering Climate Change -Board Oversight of Climate Change Initiatives-

MUFG's Governance Structure for Countering Climate Change

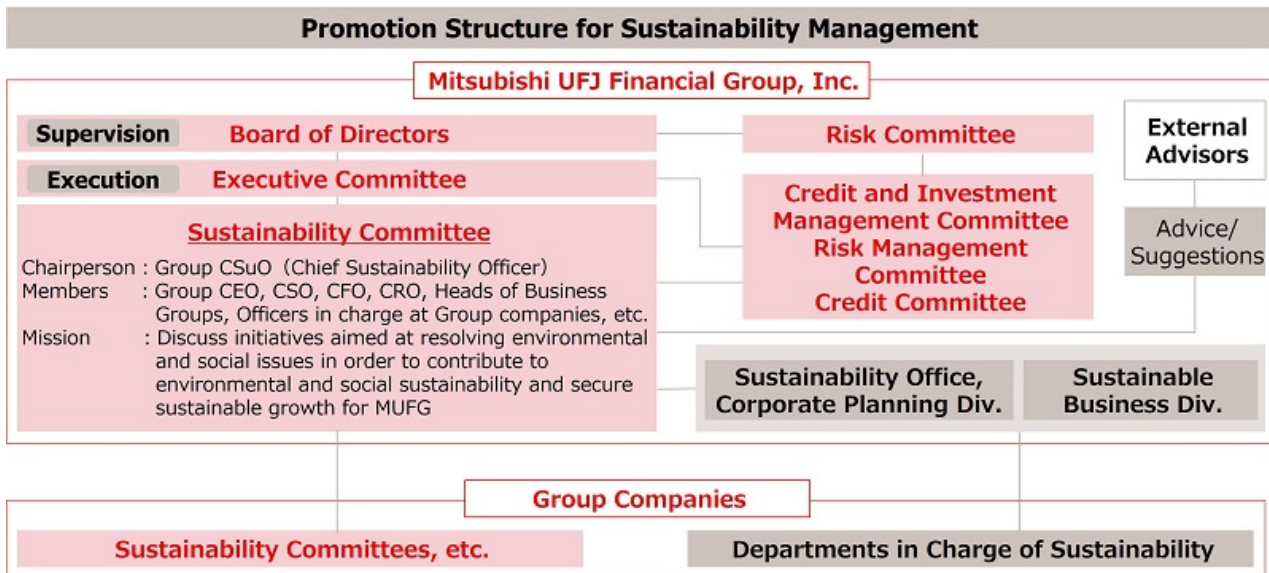
At MUFG, the Sustainability Committee, which operates under the Executive Committee, is charged with periodically deliberating policies on and determining the status of the Group's response to opportunities and risks arising from climate change and other environmental and social concerns.

MUFG has positioned climate change-related risk as one of the Top Risks that it must pay close attention to. Accordingly, these risks are discussed by the Credit & Investment Management Committee, the Credit Committee and the Risk Management Committee, all of which are under the direct supervision of the Executive Committee.

Conclusions reached by the above committees are reported to the Executive Committee—which is tasked with deliberating and making decisions on important matters regarding business execution—and, ultimately, reported to and discussed by the Board of Directors. In addition, matters discussed by the Credit & Investment Management Committee and the Risk Management Committee are also examined by the Risk Committee, which mainly consists of outside directors, and then reported to the Board of Directors. In these ways, the Board of Directors exercises supervision over MUFG's climate change-related initiatives.

Specifically, the Board of Directors handles issues requiring a groupwide perspective and, to this end, identifies important themes deserving intensive discussion, thereby managing these issues based on a PDCA cycle in accordance with an annual schedule.

Also, sustainability management is considered an important theme. The Board of Directors actively addresses matters related to this theme through dedicated sessions in addition to deliberations at regular Board meetings.



Committees Related to Climate Change and Items Discussed and Reported

Committee		Major Climate Change-Related Items for Deliberation and Reporting from FY2022 Onward
Supervision	Board of Directors	<ul style="list-style-type: none"> • State of progress related to the Carbon Neutrality Declaration <ul style="list-style-type: none"> ▸ Progress of sustainable business ▸ Setting interim targets for financed portfolio (real estate, steel, and shipping sectors) ▸ Setting interim targets in the asset management domain ▸ Progress of results in sectors with disclosed interim targets (power, oil and gas sectors) ▸ Reduction of in-house GHG emissions, etc. • Revision of MUFG Environmental and Social Policy Framework • Evaluation by ESG rating agencies • Response to shareholder proposals
	Risk Committee	<ul style="list-style-type: none"> • Recommendations for Board of Directors resolutions and reported items
	Compensation Committee	<ul style="list-style-type: none"> • Revision of the executive compensation system (inclusion of ESG-related items into performance evaluation items)
	Audit Committee	<ul style="list-style-type: none"> • Monitoring, supervising, and recommending towards our ESG responses
Execution	Executive Committee	<ul style="list-style-type: none"> • Progress related to the MUFG Carbon Neutrality Declaration • Revision of the MUFG Environmental and Social Policy Framework • Status of MUFG's sustainability management initiatives and address for future (Report on matters to be deliberated by the Sustainability Committee)
	Credit & Investment Management Committee	<ul style="list-style-type: none"> • Recognition of current conditions and issues • Direction of the management system for climate change-related risks
	Risk Management Committee	<ul style="list-style-type: none"> • Monitoring the status of climate change-related risks using the Risk Appetite Framework and integrated risk management methods • Reporting on risks arising from climate change, as one of the Top Risks
	Credit Committee	<ul style="list-style-type: none"> • Recognition of current conditions and issues related to climate change • The status and direction of climate change-related risk management efforts • Revision of credit policies related to climate change
	Sustainability Committee	<ul style="list-style-type: none"> • Progress toward the Carbon Neutrality Declaration <ul style="list-style-type: none"> ▸ Progress of sustainable business ▸ Setting of interim targets for financed portfolio (real estate, steel, and shipping sectors) ▸ Progress of results in disclosed sectors (power, oil and gas sectors) ▸ Reduction of in-house GHG emissions, etc. • Revision of the MUFG Environmental and Social Policy Framework • Assessment by ESG rating agencies

We regularly hold discussions on climate change response and other sustainability management topics with outside directors, and use these discussions to deepen sustainability initiatives.

< Key comments from outside directors >

- Our initiatives since our MUFG Carbon Neutrality Declaration have made great progress. I continue to expect responsive, prompt, and apt actions.
- It is important to consider sustainability from a long-term perspective, with awareness of not only current stakeholders but future ones as well.
- It is vital that we act with an awareness of the gap with Global Systemically Important Banks (G-SIBs).

Engagement and Utilization of External Advisors in the Environmental and Social Fields

We regularly hold meetings for exchanges of ideas between external advisors and members of the Board of Directors to leverage expert knowledge from outside the group in our sustainability initiatives. At such a meeting held in December 2022, the group CEO, bank president, trust and securities companies presidents, group CSO, group CSuO, and other relevant members actively exchanged ideas spanning wide-ranging areas, including the latest trends in the most important issue of climate change response, discussions at COP27, the increasingly important topics of biodiversity and initiatives toward human capital and respect for human rights.

< External Advisors >

Rintaro Tamaki	President, Japan Center for International Finance
Junko Edahiro	Professor, Graduate School of Leadership and Innovation, Shizenkan University / President, Institute for Studies in Happiness, Economy and Society / Founder and President, e's Inc.
Kenji Fuma	CEO, Neural Inc.

< Key Comments from External Advisors >

- Climate change, biodiversity, human rights, and so on are complex issues and often involve trade-off relationships. How we should move forward overall is a matter called into question.
- The trend in Europe is statutory disclosure requirements for transition plans. Similarly, the U.S. is moving toward mandating disclosure of transition plans. I think this trend will soon come to Japan as well.
- As there are no longer companies that fail to recognize the importance of decarbonization, what will be important as the next step in engagement is how we support individual companies' strategies.

A Heightened Metric for ESG-Related External Ratings is Installed as an Evaluation Index of the Executive Compensation System

MUFG has revised its executive compensation system to achieve the medium-term business plan and implement sustainability management, and has newly installed a heightened metric for ESG-related external ratings as a medium- to long-term performance-linked indicator for stock-based compensation.

The system is designed to reflect the degree of improvement found through the external ratings granted by five major ESG rating agencies^(note) for executive compensation. The intention is to align MUFG's corporate activities with the interests of its diverse stakeholders.

(note) MSCI, FTSE Russell, Sustainalytics, S&P Dow Jones, CDP

Type of compensation	Linkage with performance	Performance-based compensation range	Standards for payment		Time of payment	Payment method	Proportion of Group CEO's compensation	
				Weight				
Annual base salary	Fixed	—	<ul style="list-style-type: none"> • Paid based on positions, etc. • Includes Director Allowance, Committee and Chair Allowance, Housing Allowance, Overseas Representative Allowance, etc. 		Monthly	Cash	1	
Stock compensation	Non-performance-based	—	Base amount by position		At the time of retirement of executives		1	
	Medium- to long-term performance-based	0-150%	Base amount by position	Performance factor (medium- to long-term achievement evaluation)	<50%>	At the end of the MTBP		50% in shares 50% in cash Note: Subject to malus (confiscation) and clawback (restitution claim)
				Target attainment rate of indices below in MTBP				
				(1) Consolidated ROE 30% (2) Consolidated expenses reduction amount (excluding performance-linked expense) 15% (3) Ratings granted by ESG rating agencies 5%				
Performance factor (competitor comparison evaluation) ③	<50%>							
			Comparison of year-on-year growth rate of indices below with competitors	25%				
			(1) Consolidated net operating profits	25%				
			(2) Profits attributable to owners of parent	25%				
Cash bonuses	Short-term performance-based	0-150%	Base amount by position	Performance factor (quantitative evaluation factor applied to the Group CEO)	<60%>	Annually	Cash	
				Rate of year-on-year change and target attainment rate of indices below				
				(1) Consolidated net operating profits 20% (2) Profits attributable to owners of parent 10% (3) Consolidated ROE 20% (4) Consolidated expense amount 10%				
				Status of individual execution of duties (qualitative evaluation factor applied to Group CEO)				
			<ul style="list-style-type: none"> • Improvement in customer-segment profitability • Risks handling • Enhancement of efforts on ESG, evolution of sustainability management • TSR, etc. 	<40%>				

1. To incentivize efforts to improve MUFG's earnings power, capital efficiency and profit structure, each of which is considered a management issue requiring the utmost priority, the degree of achievement vis-à-vis target levels stipulated in the Medium-Term Business Plan (MTBP) regarding consolidated ROE and consolidated expense reduction (excluding performance-linked expense) is determined on an absolute evaluation basis.
2. In addition to incentivizing recipients to advance sustainability management, the degree of improvement in external ratings granted by the five major ESG rating agencies (MSCI, FTSE Russell, Sustainalytics, S&P Dow Jones and CDP) is determined on an absolute evaluation basis, with the aim of objectively assessing the recipient's contribution to MUFG's initiatives to address ESG issues in a variety of fields.
3. Relative comparisons with competitors are made with Mizuho Financial Group and Sumitomo Mitsui Financial Group.
4. In bonus-related qualitative evaluations of performance of duties by the president and other relevant officers, we have set targets related to contribution to the resolution of environmental and social concerns, the promotion of inclusion & diversity, and the strengthening and upgrading of MUFG's governance structure. In fiscal 2023, we further added targets related to human rights, biodiversity, and human capital.

Skill Matrix of Directors

Our Board of Directors is composed of 15 directors who bring a well-rounded mix of diverse knowledge and expertise. Eight of the members, a majority, are outside directors. As shown in the Skill Matrix, directors possess deep knowledge of MUFG's business and have been selected for their expertise in finance, financial accounting, legal compliance, and other areas.

The Board of Directors overall also has members with experience in the global development of our business and experience in sustainability, IT, and digital technologies, allowing them to lead the solving of social issues such as digital shift and climate change issues.

List of Directors

	Name	Gender	Current position at MUFG and committee-related duties ¹⁾				Knowledge, expertise and experience								
			Nominating and Governance Committee	Compensation Committee	Audit Committee	Risk Committee	Corporate management	Finance	Finance & accounting	Legal affairs	Global	IT/digital	Sustainability		
Outside directors	Mariko Fujii	Female	○	○		⊙		●		●					
	Keiko Honda	Female			○			●		●		●			
	Kaoru Kato	Male	○	○	○		●				●	●			
	Satoko Kuwabara	Female	○	⊙					●	●		●			
	Hirofumi Nomoto	Male	⊙	○			●				●	●			
	David Sneider	Male				○			●	●					
	Koichi Tsuji	Male			⊙				●	●					
	Tarisa Watanagase	Female				○		●		●					
Internal directors	Kenichi Miyanaga	Male			○		Internal directors shall have extensive knowledge of MUFG Group's business and the ability to appropriately perform management of MUFG Group				●				
	Ryoichi Shinke	Male			○						●				
	Kanetsugu Mike	Male									●	●	●	●	
	Hironori Kamezawa	Male	○	○							●	●	●	●	
	Iwao Nagashima	Male									●			●	
	Junichi Hanzawa	Male													●
	Makoto Kobayashi	Male									●				●

¹⁾ ⊙: Chairperson of the Committee, ○: Committee member

Carbon Neutrality Project Team and Committee

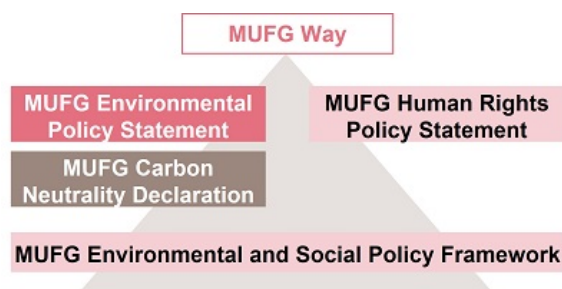
We have launched a global and group-wide project team to discuss strategies and policies, and to engage in agile decision-making through steering committee and review meetings with participation by the CEO and other key management members. This takes place under the supervision of the Board of Directors. In FY2022, a total of eight thematic review meetings for management were held, along with two steering committee meetings.



MUFG Environmental Policy

Under the MUFG Way, which guides all of our activities, MUFG has established the MUFG Environmental Policy Statement as a specific action guideline for practicing environmental considerations.

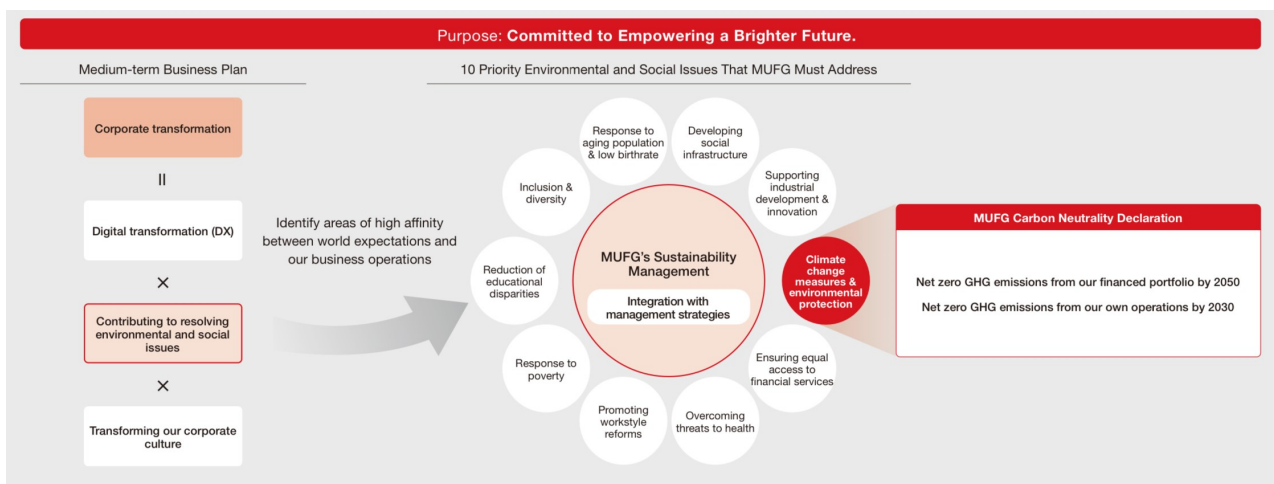
The MUFG Environmental Policy Statement has been the matter to be determined in the Board of Directors since May 2021. The Policy Statement clearly states the company's commitment to proactively disclose information on the environment, including climate change.



Strategy

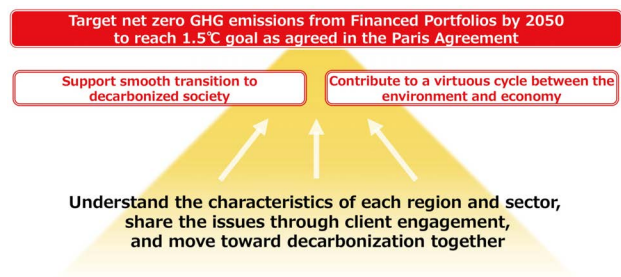
MUFG Carbon Neutrality Declaration

To better contribute to building a sustainable environment and society, MUFG has selected 10 priority environmental and social issues with an eye on better fulfilling society's expectations in areas where MUFG's strengths can be applied. One of the priorities we especially focus on is climate change measures and environmental protection. MUFG has taken another step forward by announcing the MUFG Carbon Neutrality Declaration in May 2021. Guided by this declaration, MUFG is implementing group-wide environmental measures globally, aiming to achieve net zero GHG emissions from the financed portfolio by 2050 and net zero GHG emissions from our own operations by 2030.



Approach to Achieving Carbon Neutrality

MUFG aims to achieve its priority goals of net-zero emissions and achievement of the 1.5°C target in 2050 by supporting a smooth transition to a decarbonized society and contributing to a virtuous cycle for the environment and the economy. To achieve these goals, we believe that not only net-zero emissions from our own group but also decarbonization by customers will be indispensable. We further believe that it is important that we share information on issues with customers through engagement and take steps together toward decarbonization, under an accurate understanding of regional and business characteristics.



Roadmap for Achieving Carbon Neutrality

In order to achieve carbon neutrality, we are advancing initiatives toward net-zero GHG emissions in our financed portfolio, decarbonization through financing, and net-zero emissions from our own operations, as we take action to meet our targets for 2030, 2040, and 2050.

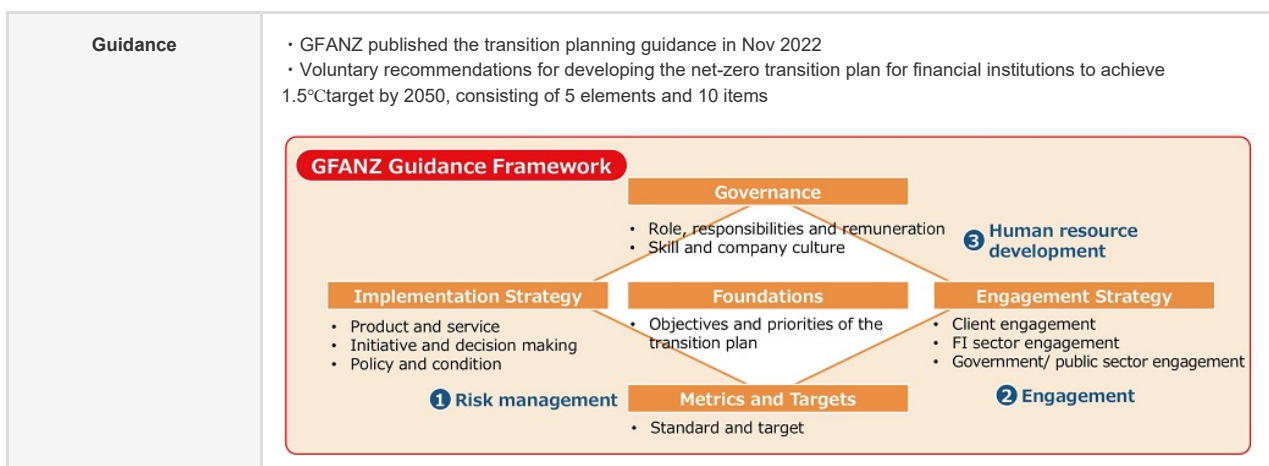
< Key Progress in FY2022 >

	2019	2020	2021	2022	2023	2024	...	2030 interim target	...	2040	...	2050
Net Zero Emissions from the Financed Portfolio												
Power (emission intensity, gCO ₂ e/kWh)	328	307	299					156-192gCO ₂ e/kWh				
Oil & gas (emission reduction rate, MtCO ₂ e)	84	81	76					(15%)-(28%)				
Real estate (emission intensity, gCO ₂ e/m ²)												
Commercial real estate		65						44-47kgCO ₂ e/m ²				
Residential real estate		27						23kgCO ₂ e/m ²				
Steel (emission reduction rate, MtCO ₂ e)	22							(22%)				
Shipping (PCA ¹)			0.6					PCA≤0				
Decarbonization through financial services												
Sustainable finance (trillions of yen)	3.7	7.9	14.5	24.6				¥35 trillion				
Credit balance targets for coal-fired power generation (FY)												
Project finance (billions of U.S. dollar)	3.58	3.77	2.95	2.58				50% reduction from fiscal 2019		Zero		
Corporate finance (billions of yen)		Approx. 120	Approx. 90	Approx. 80						Zero		
Net zero GHG emissions from own operations					Fiscal 2025 Domestic emission volume Reduce by 2/3	Fiscal 2026 50% reduction on a groupwide, global basis		Net zero				
Decarbonization initiatives as an asset manager								Reduce GHG emissions per economic intensity by 50% from 2019 for 55% of assets under management (Target 55% of assets under management)				
Targets for the reduction of CO ₂ emissions through renewable energy project finance								Cumulative total from fiscal 2019 to 2030: 70 million tons				
Carbon-related assets (credit amounts ²)	Results: A total of ¥60.2 ⁴ trillion (energy: ¥8.2 trillion; utility: ¥9.1 trillion; transportation: ¥12.0 trillion; materials & buildings: ¥26.8 trillion; agriculture, food & forestry products: ¥4.1 trillion) (As of fiscal 2022 end)											
Executive compensation linked with degree of success in climate change action	In fiscal 2021, we updated indicators for determining executive compensation, adopting a new indicator determined by the degree of improvement in external ratings granted by ESG rating agencies. Specifically, this new indicator is set to be used as part of the assessment of the level of achievement vis-à-vis targets under the Medium-Term Business Plan (MTBP). Achievement will be assessed on an absolute evaluation basis in light of ratings granted by five major agencies ⁵ and reflected in compensation as a portion of stock, representing 5% of the total evaluation weighting, to be granted based on medium- to long-term performance.											

*1 A measure of consistency that indicates the difference from the required level across the portfolio. Calculates the Vessel Climate Alignment (VCA) of individual vessels providing financing as a weighted average of the percentages in the loan portfolio *2 Cumulative annual CO₂ reduction effect from renewable energy projects MUFJ has provided with finance in each fiscal year, calculated based on generation capacity, capacity factor and emission factor. The value is calculated after taking into account the share of MUFJ's loan arrangement or underwriting amount. *3 Sum of loans, forex, acceptances and guarantees, unused commitment lines, etc. *4 In accordance with the revised TCFD recommendations of October 2021, the data were compiled for 4 non-financial groups (energy, transportation, materials and buildings, agriculture, food and forest products). Excludes credits for renewable power belonging to the utility sector. The results include partner banks (Bank of Ayudhya (Krungsri) and Bank Danamon Indonesia). Sector classification is based on the customer's core business (largest sales/power mix) *5. MSCI, FTSE Russell, Sustainalytics, S&P Dow Jones, CDP

Formulation of a Transition Plan

In FY2023, we plan to develop and release a transition plan in line with the Glasgow Financial Alliance for Net Zero (GFANZ) guidance framework released in November 2022. In addition to our existing activities, we will accelerate initiatives involving risk management, engagement, and human resource development.



Future initiatives	<ul style="list-style-type: none"> • Accelerate the following initiatives. Organize the overall in the GFANZ guidance framework and announce it ①Risk management: In addition to the qualitative framework^(note), planning to incorporate risk quantification and management models ②Engagement: Planning to strengthen the structure for integrated management of business risk and incorporating escalation policies, etc. ③Human resource development: Strengthen ability and skill development at each level. Accelerate culture-building toward net-zero
---------------------------	---

(note) A framework to check customers' progress toward transition. For progress evaluation, transition strategy, execution capability and feasibility, governance, etc. will be checked.

Net Zero GHG Emissions in Our Financed Portfolio

2030 Interim Targets

MUFG joined NZBA in June 2021 after announcing the Carbon Neutrality Declaration. NZBA members share a common goal: net zero financed portfolios by 2050. They are also required to set interim targets for 2030 or earlier using a science-based approach.

We are committed to helping achieve the goals of the Paris Agreement by achieving carbon neutrality by 2050, and at the same time, supporting a smooth transition to a decarbonized society through our financial services, and proactively contributing to creating a sustainable society by fostering a virtuous cycle between the environment and the economy. Today, we have set interim targets for 2030, aligned with the Paris Agreement. We recognize that the processes for achieving these targets vary depending on the characteristics of each region and business. We are also aware that our business is greatly affected by geopolitical risks and other factors, so we will share issues that we find through engagement (dialogue) with customers and support them to help resolve these issues.

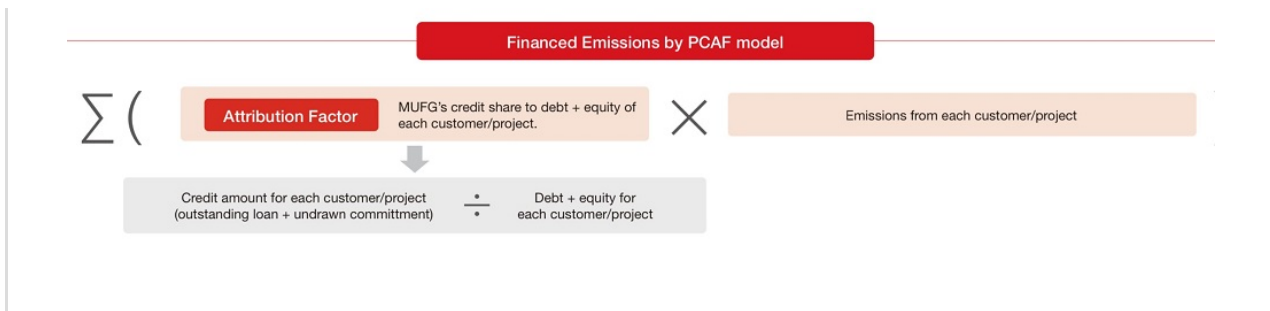
Innovations which are still in the conceptual stage is another indispensable element for the world to achieve decarbonization. We believe that there is a gap between the real world and the goal that is yet to be materialized. Therefore, our aspiration is to further contribute to the changes where the world advances more towards decarbonization by developing research on new technologies for implementation.

To reflect our stance mentioned above, we have set ranged interim targets in order to work together with our stakeholders to achieve net zero GHG emissions by 2050.

Net zero GHG Emissions from the Financed Portfolio



Net zero GHG emissions from the financed portfolio means decarbonizing the sector portfolio by reducing the GHG (Scope3) generated through financing customers and projects. GHG emissions from the financed portfolio are defined as “financed emissions”. This is the amount of GHG emissions attributed to each financial institution through financing each customer or project. MUFG uses the calculation model recommended by the PCAF. When calculating MUFG’s attribution factor, while the PCAF guidelines recommend using outstanding amounts of loans and investments, MUFG uses outstanding credit amount which includes the undrawn amount of commitment in order to reflect our credit stance as a financial institution more accurately.



Four Approaches to Setting Interim Targets

We have adopted the following four approaches to setting the interim target.

Going forward, we will reflect the changes in the IEA (International Energy Agency) scenario and various guidelines, as well as the increase in the quality of data disclosed by our customers, as appropriate.

■ Science-based

Following the NZBA Guideline, MUFG will ensure that the interim target for 2030 is scientifically “well below 2°C, preferably to 1.5°C,” as agreed in the Paris Agreement.

As a benchmark for 1.5°C, we will refer to scientific scenarios published by IEA and others.

■ Data quality

We use the best available data to set targets. However, there are limits to the amount and quality of data currently available, so we will use the PCAF data quality score to check the quality of emissions data disclosed by MUFG.

When data is updated or new data is disclosed, improvements in accuracy and quality will be reflected. MUFG will also contribute to improving data accuracy by being highly transparent when disclosing information.

■ Highly standardized and transparent

MUFG believes that targets should be set from a global perspective using widely accepted and transparent methods. We participate in various initiatives, collecting insights and reflecting them in the targets we set. We will proceed with target setting, incorporating guidelines and rules developed by NZBA, PCAF, PACTA, and SBTi etc., as well as the outcomes of the global working groups which we participate in.

■ Sector-specific

Pathways and the methods to achieve carbon neutrality vary by sector, so for each sector we will take into consideration the characteristics of the business, the guidelines and the targets set by each customer.

By taking this approach, MUFG will identify issues in each sector and support customers’ efforts for achieving carbon neutrality.

Interim Target-Setting Process

MUFG set current interim targets in accordance with the following process: (1) Identify priority sectors, (2) Perform sector analysis, (3) Determine methodologies and measure GHG emissions, and (4) Set interim targets.



Initiatives by Sector

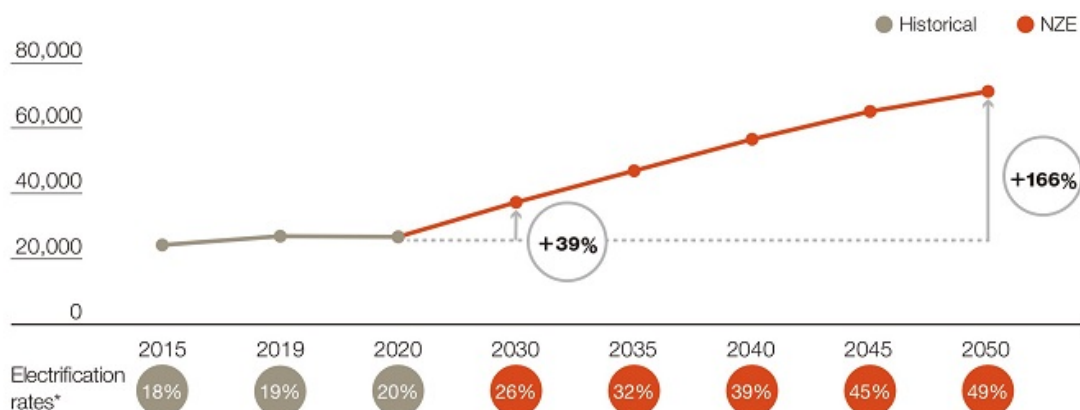
■ Power sector

Characteristics of the Sector

In the transition stage to a decarbonized society, the demand for power is expected to increase due to economic growth in developing countries and the electrification of industry. So, the power sector will need to shift to renewable energy and low-carbon fuels, while ensuring a stable supply of energy^(note). The policies and initiatives of each country are important because the business model of this sector is local and therefore has particularly strong regional characteristics.

(note) Electricity demand under the IEA 1.5°C scenario (IEA NZE scenario in which the increase in the global surface temperature rise is limited to 1.5°C with a 50% or greater probability of success) is estimated to grow by 39% by 2030 and 166% by 2050 (compared with 2020).

Global electricity demand (TWh)



Source: IEA World Energy Outlook 2021 * The ratios of electricity to final energy consumption

Business Opportunities and Risk Management

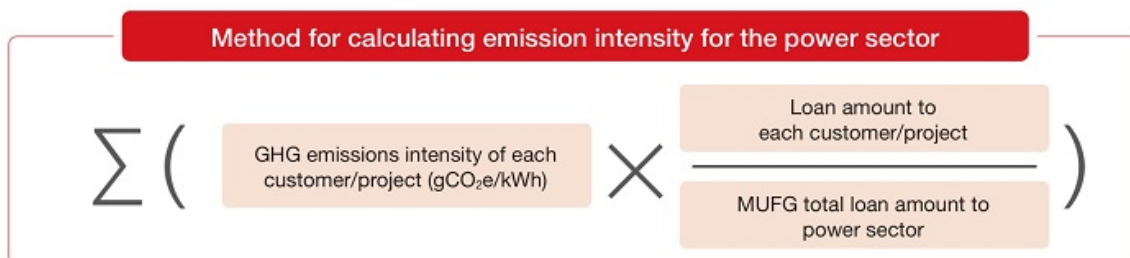
In the power sector, MUFG is taking action to implement appropriate risk management, capture business opportunities, and provide support for the transition to a decarbonized society.

Envisioned Business Opportunities	Risk Management
<ul style="list-style-type: none"> • Investment in renewable energy (short, medium, long): Capital investment aimed at expanding renewable energy. Approximately four times the renewable energy capacity as of 2021 in Japan and overseas is required to achieve the 1.5°C scenario in 2030. • Investment in transmission and distribution network (short, medium, long): Technology development and capital investment for flexible power supply through grid enhancement, energy storage systems, etc. • Investment in innovative technologies (medium, long): Fund raising for R&D, demonstration projects, and practical application of decarbonized thermal power (hydrogen power generation, etc.), next-generation nuclear reactors, next-generation solar power, long duration energy storage technology (LDES), etc. • Investment in ammonia/hydrogen energy and CCUS (short, medium, long) 	<ul style="list-style-type: none"> • Reduction of GHGs from financed portfolio Interim target setting, performance management • Management of transition risks Understanding and confirming transition strategies through engagement • Reduction of environmental and social risks based on Environmental and Social (ES) policy Prohibition of investment and financing in new and expanded coal-fired power generation • Setting finance targets for coal-fired power generation

Setting of Interim Targets for Net-Zero Emissions in the Financed Portfolio



Calculation methodology for emission intensity in the power sector



Target scope	Value chain: Power generation businesses Emission scope: Scope 1
Asset scope	Loan amounts (including undrawn-committed amounts) ^(note) (note) More than 85% of the exposure is included in the calculation.
Target metric	Emission intensity (gCO ₂ e/kwh)
Data source	Information disclosed by each customer, CDP, Bloomberg, etc.

(Target scope)

Following SBTi and PACTA, the value chain and emission scope which we cover is Scope 1 of the power generation business, which accounts for the majority of GHG emissions in this sector.

(Target metric)

The power sector is expected to take a leading role in driving cross-industry decarbonization. GHG emission intensity, a measure of emission efficiency, will be used as the metric because the power sector needs to support the increasing electricity demand while simultaneously moving ahead with clean energy conversion.

Interim target setting



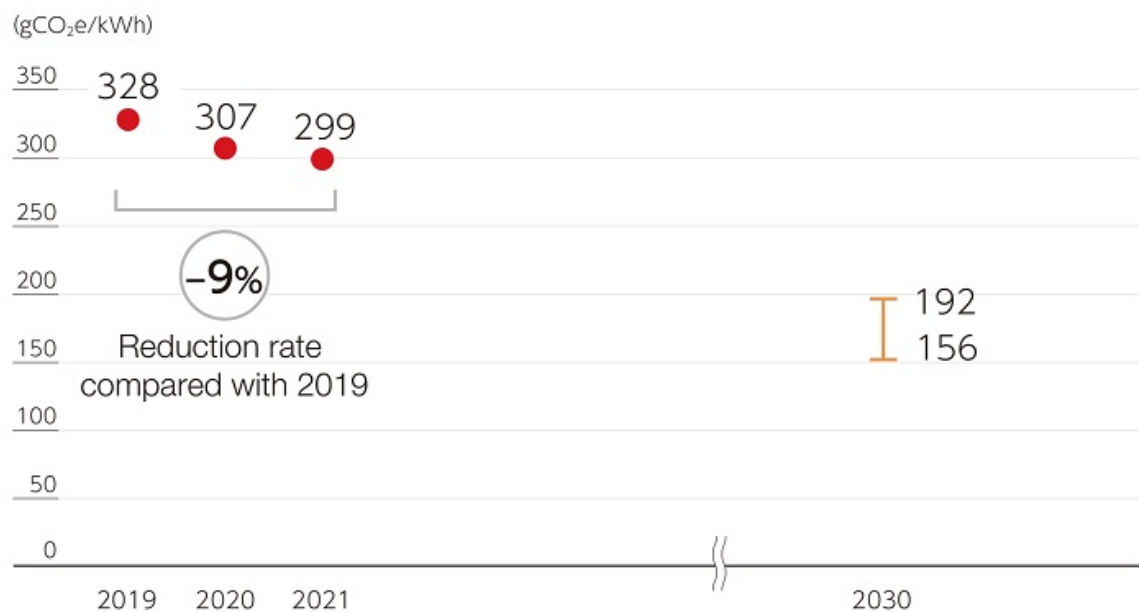
The interim target for 2030 is 156-192gCO₂e/kWh.

The power sector has a local business model with strong regional characteristics, and is expected to take a leading role in promoting each NDC^(note) with governments. We will achieve 192gCO₂e/kWh by supporting our customers to meet each country’s NDCs, which are essential for achieving the Paris Agreement, and also by helping their initiatives for green, transition and innovation. 192gCO₂e/ kWh is a level well below the IEA 2°C scenario in 2030.

In addition to the above, we aim for 156gCO₂e/kWh, which is consistent with the IEA 1.5°C scenario in 2030, by making further contributions to the promotion of renewable energy, etc. as a leading company in sustainable finance.

(note) Nationally Determined Contribution. This report, submitted by over 190 countries, shows how much each country will contribute to reducing GHGs under the Paris Agreement. An update to the report is required every five years

Results over time



As of March 2022, the emission intensity of the power sector was 299gCO₂e/kWh, a decrease of about 9% from 328gCO₂e/kWh in the base year of 2019. This is due to the progress in decarbonization of our customers.

MUFG will support our customers' initiatives for green, transition, and innovation to achieve the 2030 target, and will contribute to the promotion of renewable energy etc. as a leading company in sustainable finance.

Initiatives toward Carbon Neutrality



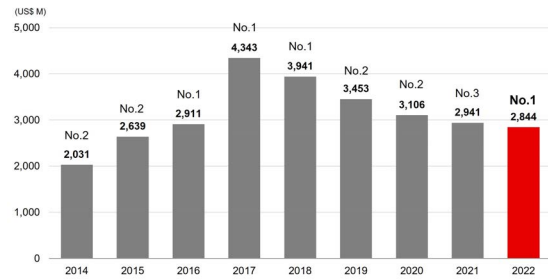
Target for implementation	Outline of initiatives
Initiatives toward Japanese companies	In December 2022, we established a new Power Project Team (PT) focused on the power sector, a key sector in achieving carbon neutrality in Japan. The PT is working to strengthen relationships with power utilities and industry associations by holding bi-weekly internal sessions with invited external experts to deepen understanding of related policy trends and complex power system structures. Participating members include head of branches which are in charge of electric power utilities nationwide as well as management from relevant divisions at the bank headquarters. The sessions are aimed at strengthening customer approach through management-level discussions. Activities are aimed at not only reinforcing knowledge but also strengthening cooperation among power sector sales managers, with sales managers from around country gathering to tour customers' nuclear power-related facilities, power plants, and other facilities.
	MUFG continuously coordinates dialogue between customers and overseas institutional investors to aid in eliminating the gap between these parties regarding the recognition of ideals and reality in the achievement of carbon neutrality. Through interviews with overseas investors, we recently shared analyses of the impacts on corporate value of customers' ESG responses, and conducted exchanges of ideas on approaches to respective transition, thereby contributing to the building of a foundation for customers' future strategy formulation.
	MUFG conducts in-bank study sessions with invited experts to enhance industry knowledge, and continuously works toward a multi-faceted understanding of customers' external environments and awareness of issues, through means including tours of power generation facilities and regular exchanges of ideas with top management and other parties in customer organizations. Through such activities, we discuss optimal ways by which MUFG can contribute to customers' formulation and implementation of strategies without being bound by conventional frameworks, including the possibility of strategic investment and provision of human capital to achieve the shared goals of customers and MUFG.
Company A (EMEA)	MUFG leveraged its strong relationship with a listed UK company with renewable electricity generation and electricity network businesses and conducted continuous dialogue with its Treasury and Sustainability teams. Through client engagement, MUFG was appointed as a Sole Sustainability Coordinator in two Sustainability-linked loans – one for transmission and one for distribution - and advised the client based on their unique ESG footprint and strategy for the two business entities.
Company B Group (APAC)	Group Company B has set their 2050 net zero goal and has also set mid and long-term GHG emission reduction targets for their key and emerging businesses to meet the group's net zero ambitions. Through consistent outreach by a combination of MUFG's front RMs, Product Office, Sector Coverage teams, MUFG engaged the parent holding company and their subsidiaries in power and telecom sectors and established the parent holding company's debut SLL and green loan for their overseas renewable energy projects.
Company C (Americas)	MUFG acted as a lead arranger in JICA PSIF (JICA Private Sector Investment Finance) facility and provided financing towards capex for improvement and development of a power grid in low-income region in Brazil. The financing will support innovative solution for power distribution namely improvements in energy efficiency, increase power distribution capacity and reducing losses.

Promotion of Renewable Energy Business-Related Financing

MUFG is one of the world's top performers in the global project finance sector, as shown in the Lead Arrangers League Table related to renewable energy projects.

In May 2021, MUFG set a target of reducing CO₂ emissions through project finance for renewable energy projects by a cumulative total of 70 million tons from FY 2019 to FY 2030. This is equivalent to the annual CO₂ emissions of about half of the households in Japan.

Through FY2022, we have reduced CO₂ emissions by a cumulative 36.63 million tons.



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

Initiatives toward Renewable Energy Project Financing

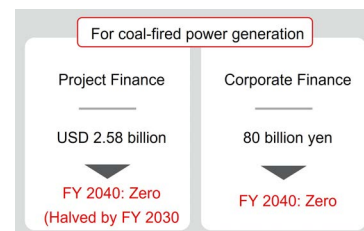
< Examples >

Country	Target of support	Project overview
Japan	Offshore wind power generation	MUFG supports all the offshore wind power projects in Japan, including the Akita Offshore Wind project.
Japan	Solar power generation	Achieved financial close for the first distributed solar generation project based on Corporate PPA structure in Japan.
U.S.	Transmission lines	Project finance for underground and underwater transmission line projects, increasing renewable power transmission capacity in New York metropolitan area.
Portugal, Spain	Solar and wind power generation	Refinancing of the largest platform of onshore wind and solar PV in Iberia cementing MUFG's presence in the region.
India	Solar and wind power generation, storage batteries	The first hybrid renewable round-the-clock battery-enabled project in India. Complemented with storage capacity, the project will be able to provide electricity for 24 hours.
Australia	Wind power generation	MUFG provides project finance to support the acquisition of operational wind farms with one of the largest renewable energy developers in Australia.

Corporate finance targets for coal-fired power

For credit related to coal-fired thermal power generation, we have set a target to reduce to zero^(note) the balance of financing to coal-fired power generation projects by FY2040. We will continue to promote investments and loans for green, transition and innovation through engagement (dialogue) aimed to help customers decarbonize who are operating coal-fired thermal power generation.

(note) Projects that contribute to the transition toward a decarbonized society are excluded following the MUFG Environmental and Social Policy Framework.

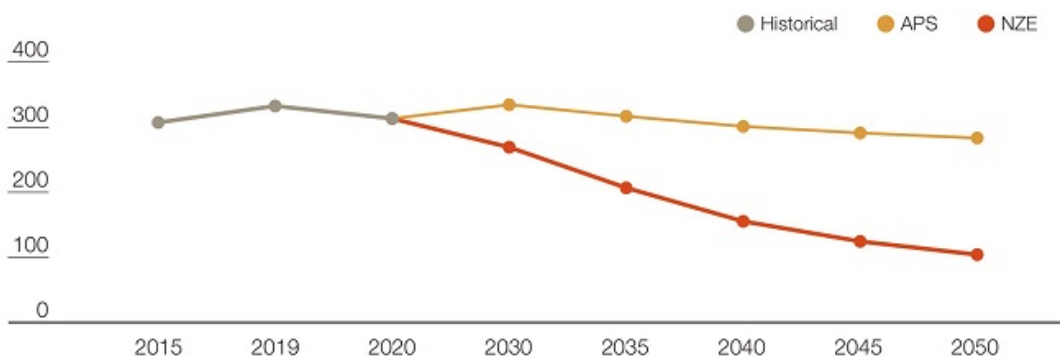


■ Oil and gas sector

Characteristics of the Sector

For decarbonization, GHG emission reductions can be done through electrification of production processes, CCUS, etc. (i.e. Scope 1, 2 of the upstream business). On the other hand, a large amount of this sector's GHG emissions is due to cross-industrial consumption (Scope 3), indicating that decarbonization in the oil & gas sector cannot be achieved without industries and households transitioning away from fossil fuels. The IEA figures suggest that currently there is a large gap between the demand (IEA APS scenario that is based on the commitments announced by each country) and the 1.5°C scenario. It is important to promote decarbonization in the demand sectors as well in order to close the gap between these two scenarios.

Global primary energy demand for Oil & Gas (EJ)



Source: IEA World Energy Outlook 2021

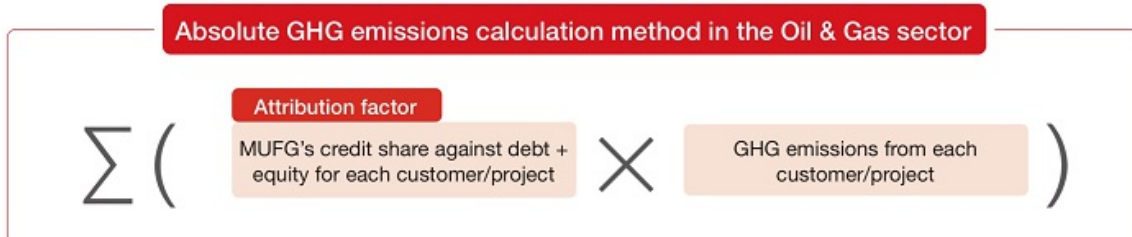
Business Opportunities and Risk Management

In the oil and gas sector, MUFG is taking action to implement appropriate risk management, capture business opportunities, and provide support for the transition to a decarbonized society.

Envisioned Business Opportunities	Risk Management
<ul style="list-style-type: none"> • Transition to decarbonization business (short, medium, long): M&A and capital investment for new entry and/or expansion into renewable energy generation, bio/synthetic fuel business, etc., and for conversion from gasoline stations to EV and hydrogen station businesses, etc. • Investment and supply chain development for decarbonized fuels, etc. (short, medium, long): Funding for R&D, demonstration projects, and practical application of hydrogen, ammonia, synthetic fuels, etc., and fund raising associated with supply chain development • Investment in decarbonization of fossil fuel businesses (short, medium, long): Investment in upgrading existing equipment, electrification, adoption of CCUS, etc. 	<ul style="list-style-type: none"> • Reduction of GHGs from financed portfolio Interim target setting, performance management • Management of transition risks Understanding and confirming transition strategies through engagement • Reduction of environmental and social risks based on ES policy Confirmation of environmental and social consideration for oil sands, Arctic development, shale oil and gas, and pipelines

Setting of Interim Targets for Net-Zero Emissions in the Financed Portfolio

Calculation methodology of absolute emissions in the oil and gas sector



Target scope	Value chain: Upstream production businesses (including integrated businesses heavily involved in upstream businesses) Emission scope: Scope 1, 2, 3
Asset scope	Loan amounts (including undrawn-committed amounts) ^(note) (note) More than 85% of the exposure is included in the calculation.
Target metric	Absolute GHG emissions (MtCO ₂ e)
Data source	Information disclosed by each customer, CDP, Bloomberg, etc.

(Target Scope)

According to PACTA, upstream businesses of fossil fuel sectors are important as they have significant impact on other segments down the value chain. Therefore, MUFG focuses on the upstream of the value chain, which have the largest environmental impact. The emission scope which we look into covers not only Scope 1 and Scope 2 but also Scope 3, from which the majority of GHG emissions from this sector is generated.

(Target metric)

We have chosen to use absolute GHG emissions as the target metric to directly capture fossil fuel burns (Scope 3) which are the main cause of GHG emissions.

Interim target setting

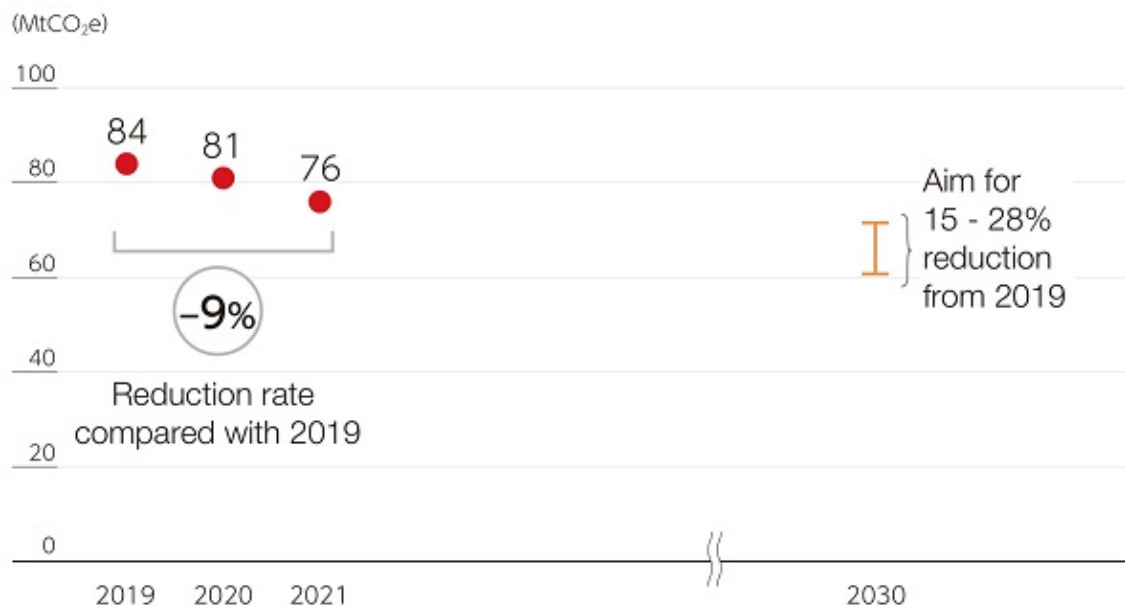


The interim target for 2030 is 15%-28% reduction from 2019.

We will achieve 15% reduction by engaging with our customers and supporting their efforts in reducing GHG emissions. 15% reduction is a level well below the IEA 2°C scenario in 2030.

We aim for 28% reduction which is consistent with the IEA 1.5°C scenario in 2030. However, to achieve this it is essential for both the oil & gas sector (supply-side) and the industries (demand-side) to simultaneously accelerate decarbonization. Therefore, we intend to achieve 28% reduction by making contribution to the world to further advance toward decarbonization.

Results over time



As of March 2022, the oil & gas sector's absolute GHG emissions were 76MtCO₂e, a decrease of about 9% from 84MtCO₂e in the base year of 2019. This is due to progress made in repayment of loans upon due date. However, subsequent changes in the external environment due to the situation in Ukraine etc. may affect future results. MUFG will support customers' efforts to reduce GHG emissions through engagement to achieve the 2030 target. We also believe that it is essential for both oil & gas sector (supply-side) and the industries (demand-side) to simultaneously accelerate decarbonization. Therefore, we will contribute to the world to further advance toward decarbonization.

Initiatives toward Carbon Neutrality

Target for implementation	Outline of initiatives
Initiatives with Japanese companies	The MUFG group works as a unified whole to support customers in the oil and gas sectors in formulating strategies for companies' transitions, including the introduction of hydrogen, ammonia, biofuels, and synthetic fuels. While providing customers with analyses of the impacts of ESG response on corporate value and analyses of trends in information disclosure, we provide support for individual projects by working to grasp trends and the business environment in the sector through discussions with customers and by working towards the decarbonization of refinery complexes overall through participation in discussions with local governments and councils.
	MUFG supports individual projects aimed at achieving transitions, based on customer engagement deepened through the MUFG Transition White Paper issued in October 2022. MUFG served as an arranger to undertake a major gas company's first transition loan project using the syndication method.
Company D (EMEA)	MUFG has proactively been engaging with a leading O&G firm around its transition strategy and discussing the role of ESG in accessing financing in the future. This has led to multiple discussions and engagement with a number of stakeholders – such as senior members of finance and sustainability teams - around the Company. Through these efforts, MUFG is providing long-term support to the client to help our client realize carbon neutrality.
Company E (APAC)	To support clean energy transition in Indonesia, MUFG has established engagements with the client on multiple fronts. MUFG has supported the client promote their energy transition through providing financing towards renewable energy projects, participating in a syndicated loan for solar energy projects and acting as a Joint Bookrunner for a green bond issued for geothermal energy projects.

■ Real estate sector

Characteristics of the Sector

The real estate sector is a carbon intensive sector that accounts for 8% of global GHG emissions, and 75% of the emissions in this sector come from building utilization. Therefore, the key to decarbonizing the real estate sector is to improve building energy efficiency, install renewable energy equipment, promote electrification, and improve the emission factor for electricity used in buildings.

In particular, the real estate sector has strong regional characteristics influenced by the location of properties including climate conditions, as well as the degree of electrification and energy mix in each country. MUFG's portfolio is focused largely on Japan, thus it is important for MUFG to support the initiatives in the Japanese real estate sector and the policies of the Japanese government.

Business Opportunities and Risk Management

In the real estate sector, MUFG is taking action to implement appropriate risk management, capture business opportunities, and provide support for the transition to a decarbonized society.

Envisioned Business Opportunities	Risk Management
<ul style="list-style-type: none"> • Renovation of existing buildings (short, medium, long): Demand for loans to improve thermal insulation performance through renovation of existing buildings • Construction of decarbonized buildings (short, medium, long): Demand for loans for new ZEH^(note) housing construction, etc. • Decarbonized urban development (short, medium, long): Investment in decarbonized urban development that integrates housing, buildings, and transportation systems • Technology and supply chain development for decarbonized building materials, etc. (medium, long): Fund raising associated with the construction of supply chains for decarbonized concrete, etc. 	<ul style="list-style-type: none"> • Reduction of GHGs from financed portfolio Interim target setting, performance management • Management of transition risks Understanding and confirming transition strategies through engagement

(note) Net Zero Energy House. Housing equipped with substantial outer insulation and high-efficiency energy-saving equipment, consuming net-zero or negative annual primary energy consumption due to renewable energy, etc.

Setting of Interim Targets for Net-Zero Emissions in the Financed Portfolio

Calculation methodology for emissions intensity in the real estate sector

Target scope	Value Chain: Building utilisation Emission Scope: Scope 1, 2 and 3-13 ^(note) of developers, REITs and SPVs, Scope 1 and 2 of mortgage borrowers (note) Emissions from assets leased to others
Asset scope	Loan amounts (including undrawn-committed amounts) ^(note) (note) More than 70% of the exposure is included in the calculation. (For residential real estates, the most recent loan amounts are used due to date availability)
Target metric	Emission intensity (kgCO ₂ e/m ²)
Data source	Information disclosed by each customer and statistics from various external sources

(Target scope)

Following NZBA and SBTi, we scope in the emissions from building utilization, which account for almost 80% of the emissions from this sector. For commercial real estate, these are emissions from

the use (including leasing) of properties (i.e. Scope 1, 2, and 3-13) owned by corporate customers such as real estate developers, REITs, SPVs^(note), etc. For residential real estate, these are emissions from the use of properties (i.e. Scope 1 and 2) that are collateralized to secure mortgage loans (including apartment loans).

(note) Special purpose vehicles for real estate securitization

(Target metric)

Real estate plays an indispensable role in our daily lives and economic activities. Since it is necessary to support the increase in demand associated with economic growth whilst promoting decarbonization, we chose emission intensity (kgCO₂e/m²) as the target metric for both commercial and residential real estate.

Interim target setting



< Commercial Real Estate >

The 2030 interim target (emission intensity) is 44-47kgCO₂e/m².

We will achieve 47kgCO₂e/m² by engaging with our clients to meet their own emissions targets.

47kgCO₂e/m² is well below 2°C level of the CRREM^(note) scenario for 2030. In addition, by further contribution to the decarbonization of the emissions from tenancy as well as the power sector, we aim to achieve 44kgCO₂e/m² to reach 1.5°C level of the CRREM scenario for 2030.

(note) An initiative that calculates and provides scenario benchmark values for 2°C and 1.5°C by building types and regions covering 28 countries across Europe, Americas, and APAC including Japan.

< Residential Real Estate >

The 2030 interim target (emission intensity) is 23kgCO₂e/m².

In addition to providing support for energy efficiency and renewable energy solutions for existing collateralized buildings whilst pursuing decarbonization of the power sector, we expect to increase the volume of our ZEH transactions in line with predicted growth of ZEH in the market. Through these measures, we aim to achieve 23kgCO₂e/m² to reach 1.5 level of CRREM scenario for 2030.

Initiatives toward Carbon Neutrality

Target for implementation	Outline of initiatives
Hoshino Resorts REIT, Inc.	This corporation has established its own green finance policy framework through which it addresses environmental conservation, climate change, and energy usage. MUFG provided support for green loans to fund green projects including Hoshinoya Karuizawa, which reduces its environmental load through the use of hydroelectric power generation and geothermal heat.
MUFG Private REIT, Inc.	This corporation is strengthening its initiatives aimed at real estate sustainability as a form of Responsible Property Investing, and engages in actions including participation in GRESB ^(note) evaluation. MUFG provided support to the corporation through the first Sustainability Lined Loan for a private REIT. The loan was set using a high 4-star evaluation in the GRESB rating as a sustainability performance target (SPT). <small>(note) An annual benchmark evaluation that measures environmental, social, and governance (ESG) consideration by real estate companies and funds. Also, the name of the organization that operates the evaluation.</small>
MITSUBISHI ESTATE CO., LTD.	MUFG is backing up the carbon neutrality initiatives of this company, which has announced its "Net Zero Declaration for 2050." MUFG supported the issuance of Sustainability Linked Bonds through securities with SPTs of "achievement of 100% electric power derived from renewable energy sources in FY2025" and "achievement of 70% or greater reduction in total Scope 1 and 2 GHG emissions and 50% or greater reduction in Scope 3 emissions in FY2030 (compared with FY2019 levels)". The Bank supported a Sustainability Linked Loan with the SPT of "achievement of 100% electric power derived from renewable energy sources in FY2025." The SPTs in Mitsubishi Estate's Sustainability Linked Finance Framework (as of March 2023) are in line with the Net-Zero Standard announced by SBTi in October 2021.
Tokyu Fudosan Holdings Corporation	Tokyu Fudosan Holdings Corporation, the Trust Bank, and the Bank have formed the first green finance-certified money trust for individuals in Japan. The green finance-certified money trust for individuals is the first such initiative in Japan ^(note) . The loan claims executed by the Bank for the company are transferred to the Trust Bank, which then sells trust beneficiary rights from the money trust managed by the Trust Bank using loan claims to individual customers. The use of funds from the loan claims is limited to construction funds for condominium brands that proactively address the environment. Through this product, we are working to meet the financial management needs of individual customers as well as to solve ESG issues. <small>(note) According to research by the Mitsubishi UFJ Trust and Banking Corporation. As of February 8, 2023.</small>
Company F (APAC)	MUFG took a lead in advising the client, one of the leading property developers in Hong Kong, to incorporate sustainability-linked loan format into the Facility. MUFG was mandated as one of the three sustainability advisors and led one of the largest sustainability-linked loan deals for the real estate sector in Hong Kong.

■ Steel sector

Characteristics of the Steel Sector

The steel sector is a carbon intensive sector that accounts for 7% of global GHG emissions, and 77% of the emissions in this sector come from steel production. Decarbonization of the steel sector will be driven by decrease in blast furnace production and increase in scrap reuse, the development of low-carbon manufacturing technologies, and the implementation of CCUS to collect non-reducible carbon.

As the Japanese steel sector is expected to play a central role in responding to the increasing demand for high-quality steel, it will be necessary to confront the long-term challenge of developing technologies such as hydrogen reduction in blast furnaces, 100% hydrogen direct reduction processes, and large electric furnaces. With about 90% of MUFG's steel portfolio being comprised of major Japanese companies, we are committed to supporting them with these efforts toward decarbonization.

Business Opportunities and Risk Management



In the steel sector, MUFG is taking action to implement appropriate risk management, capture business opportunities, and provide support for the transition to a decarbonized society.

Envisioned Business Opportunities	Risk Management
<ul style="list-style-type: none"> • Development of decarbonized steelmaking technology (short, medium, long): Fund raising associated with R&D, demonstration projects, and practical application of hydrogen utilization in blast furnaces, hydrogen direct reduction, utilization of electric furnaces, etc. • Procurement of decarbonized fuels, etc. and supply chain development (short, medium, long): Fund raising associated with the development of supply chains for hydrogen, CCUS, etc. • Business diversification (short, medium, long): M&A and capital investment for new entry and expansion 	<ul style="list-style-type: none"> • Reduction of GHGs from financed portfolio Interim target setting, performance management • Management of transition risks Understanding and confirming transition strategies through engagement

Setting of Interim Targets for Net-Zero Emissions in the Financed Portfolio



Calculation methodology of absolute emissions in the steel sector

Target scope	Value chain: Steel production Emission Scope: Scope 1 and 2 of steel manufacturers
Asset scope	Loan amounts (including undrawn-committed amounts) ^(note) (note) Around 90% of the exposure is included in the calculation
Target metric	Absolute GHG emissions (MtCO ₂ e)
Data source	Information disclosed by each customer, CDP, Bloomberg, etc.

(Target Scope)

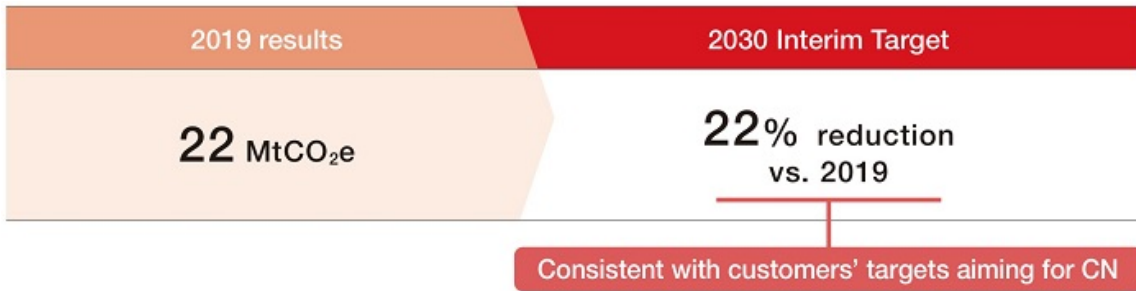
Following SBTi and PACTA, we scope in the emissions from steel production, which accounts for almost 80% of the emissions from this sector (i.e. Scope 1 and 2 of steel manufacturers).



(Measurement Metrics)

We have chosen to use absolute GHG emissions as the target metric as this is the metric used by the majority of the customers in our portfolio, thereby enabling us to directly follow the progress of customers in reducing their GHG emissions. We used 2019 as the baseline year for this sector, as emissions fell significantly in 2020 as a result of cutbacks in steel production due to the significant impact of COVID-19.

Interim target setting



The interim target (absolute emissions) for 2030 is 22% reduction from 2019. Whilst major Japanese companies account for around 90% of our portfolio, the IEA scenario does not provide a country-specific scenario, making it difficult for us to directly confirm alignment with the 1.5°C level. However, each customer has already announced their declaration for 2050 carbon neutrality with ambitious targets to achieve, and MUFG's interim target is in line with these customers' reduction targets. MUFG will continue to support our customers in their efforts and challenges to achieve their targets towards decarbonization.

Initiatives toward Carbon Neutrality

Target for implementation	Outline of initiatives
Initiatives toward Japanese companies	MUFG engages in regular exchanges of ideas at the management level with customers in the steel sector to discuss characteristics of the Japanese manufacturing and steel-making industries, issues in innovative technology development, and trends in the external environment. We work to understand the circumstances of customers from more diverse perspectives through study tours of steel mills and peripheral technologies. Based on this, we conduct ongoing dialogue to support customers in achieving transitions.

Target for implementation	Outline of initiatives
Company G (APAC)	MUFG supports the company in its decarbonization journey across various business verticals. MUFG conducted a series of engagement sessions and assisted the power and steel business to identify Eligible Green Projects to be financed using Sustainable Finance debt instruments as part of the company's aspiration towards net-zero by 2045.

■ Shipping sector

Characteristics of the Shipping Sector

The shipping sector is a carbon intensive sector that accounts for 2% of global GHG emissions, and 98% of emissions in this sector come from shipping operations (i.e. fuel consumption). Therefore, the key to decarbonization is to switch to LNG fuel and implement measures to save energy and improve operational efficiency during transition period, and ultimately introduce zero-emission fuel vessels (i.e. hydrogen/ammonia/methanol, biofuels, etc.).

Whilst available type of fuel is limited by the type and size of vessels, each vessel is used for specific purposes, and it is not easy to substitute one vessel type with another. Therefore, it is important to consider operational efficiency and smooth decarbonization pathways for each type of vessel, and new fuel development and early implementation of technological innovation is the shipping sector's next challenge.

MUFG joined the Poseidon Principles in March 2021. Under this framework, MUFG has been disclosing its ship finance portfolio climate alignment starting from 2022 using the data of 2021.

< Poseidon Principles >

A framework for calculating, assessing and disclosing the climate alignment score of ship finance portfolios in order to achieve the International Maritime Organization's (IMO) GHG emission reduction targets. The degree to which the annual average carbon intensity for each vessel in the financial institutions' portfolio deviates from its respective trajectory based on the scenarios referenced by the Poseidon Principles will be assessed using the Vessel Climate Alignment (VCA) and the Portfolio Climate Alignment (PCA).

Business Opportunities and Risk Management



In the shipping sector, MUFG is taking action to implement appropriate risk management, capture business opportunities, and provide support for the transition to a decarbonized society.

Envisioned Business Opportunities	Risk Management
<ul style="list-style-type: none"> • Support for decarbonization in shipping (short, medium, long): Fund raising associated with R&D, demonstration projects, and practical application of energy conservation in existing vessels, streamlining of operations, and zero-emission fuel-ships (hydrogen, ammonia, methanol, bio-fuels, etc.) • Investment in shipping that contributes to decarbonization (short, medium, long): Investment in shipping that supports decarbonization of CO₂ transport vessels engaged in the CCS/CCUS business, vessels related to the offshore wind power business, etc. 	<ul style="list-style-type: none"> • Reduction of GHGs from financed portfolio Setting of PCA targets and confirmation of results • Management of transition risks Understanding and confirming transition strategies of shipping companies through engagement

Setting of Interim Targets for Net-Zero Emissions in the Financed Portfolio



Assumptions for PCA calculation in the shipping sector

Target scope	Value chain: Operation (fuel consumption) Emission Scope: Scope 1 (TTW ^(note)) of shipping operators <small>(note) Tank to Wake: CO₂ emissions from the ship's fuel tank to the exhaust</small>
Asset scope	Ship finance tied to vessels under purview of IMO ^(note) <small>(note) Emissions data reporting rate (as of December 2021): 71.4%</small>
Target metric	Portfolio Climate Alignment (PCA)
Data source	Information disclosed by each customer (IMO Data Collection System (IMO DCS) data)

(Target Scope)

In line with the guidance from Poseidon Principles, we scope in the emissions from operation, which accounts for more than 90% of emissions from this sector (i.e. Scope 1 of shipping operators).



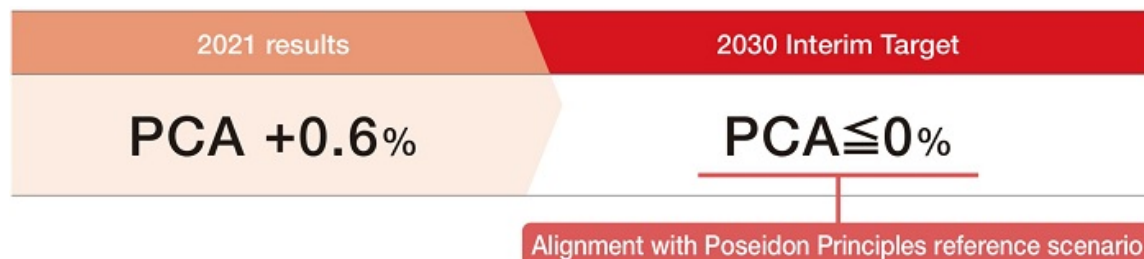
Measurement Metrics

Following the Poseidon Principles, we are utilizing emission intensity-based PCA as our target metric.

PCA score for 2021 was +0.6%, which means a deviation of +0.6% from the Poseidon Principles reference scenario (i.e. IMO scenario aiming for 50% GHG reduction by 2050 from 2008^(note)).

(note) IMO target at the time of PCA calculation in 2021

Interim target setting



We have set the 2030 interim target (PCA) as 0% or less. This means that the intensity of vessels financed by MUFG, at the portfolio level, will be consistent with the IMO scenario which aims to reduce the total GHG emissions by 50% from 2008 baseline (by 2050).

MUFG aims to achieve this goal by proactively supporting decarbonizing initiatives promoted in the shipping sector, such as implementing measures to save energy and improve operational efficiency, promoting the use of biofuels, developing hydrogen and ammonia vessels, and switching to LNG fuel during transition period.

In July 2023, IMO adopted a revision to its scenario that aims for net-zero total GHG emissions by or around 2050, compared to 2008 level. In response to this, the Poseidon Principles have already announced development of a framework consistent with the revised IMO scenario. MUFG will update its scenarios in line with action by the Poseidon Principles.

Initiatives toward Carbon Neutrality



Content of Initiatives	Outline of initiatives
Engagement	In December 2022, MUFG released a PCA score based on the Poseidon Principles. The PCA shows the degree to which CO ₂ emissions based on fuel consumption from financed ships deviate from the GHGs reduction scenario set by the Poseidon Principles. Based on the scores, MUFG discussed with customers on initiatives for decarbonization. We will continue using knowledge gained from Poseidon Principles initiatives in discussions with customers and support the decarbonization in financial terms.
Financing support for existing technologies	MUFG provides financing for vessels that effectively reduce GHGs to achieve decarbonization in the shipping sector. As an example, LPG and LNG, typical marine fuels during the transition period, reduce sulfur oxides (SO _x) by 95% to 100% and CO ₂ by 20% to 30% or more compared to conventional marine fuels. Through financing for LPG dual-fuel large gas carriers, LNG dual-fuel LNG carriers, car carrier ships, and container carrier ships, MUFG supports decarbonization in the shipping sector.

Content of Initiatives	Outline of initiatives
Financing support for new technologies	In the area of zero-emission-fuel ships, advancements are being made in the development of engines, construction of supply chain networks for zero-emission fuels, and expansion of bunkering facilities. Recognizing that the proliferation of these ships holds a key to decarbonization, MUFG is studying financing for ammonia dual-fuel ships and methanol dual-fuel ships. We will continue researching industry trends and holding discussions with customers as we study support for zero-emission-fuel ships, CO ₂ transport ships, and other forms of shipping that are expected to require the development of new technologies.

Opportunities Related to Climate Change

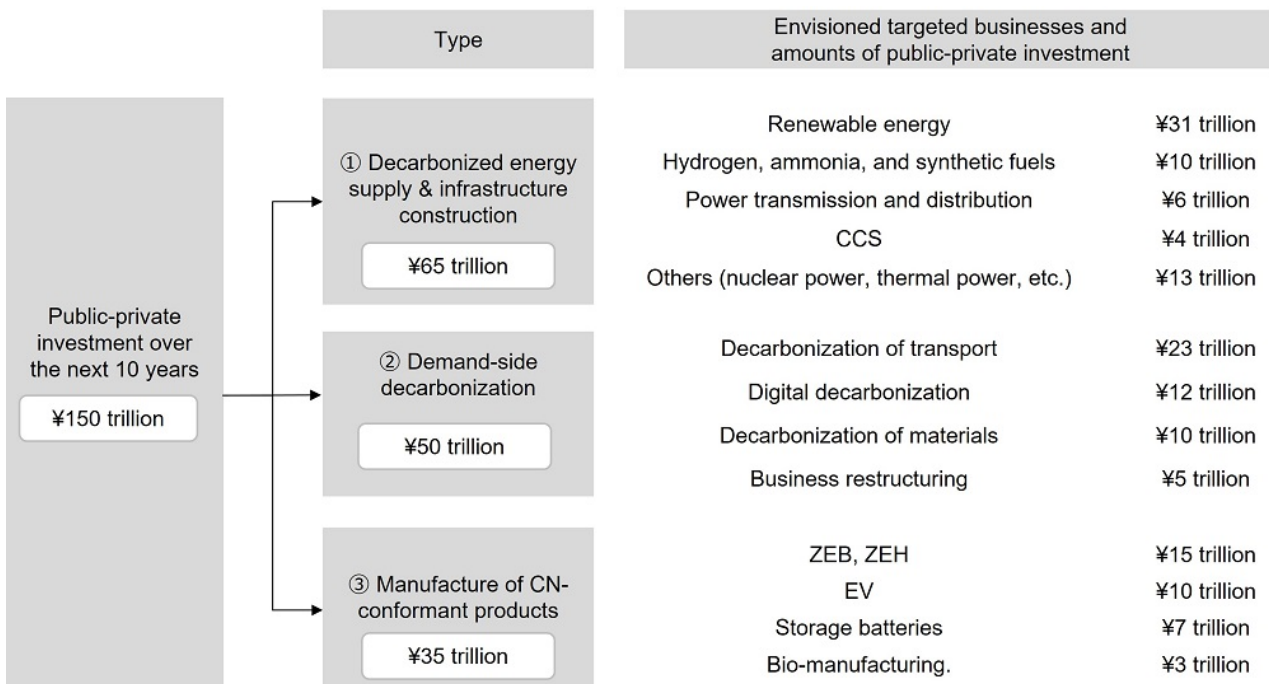
Capital Investment Expansion and Financing Opportunities

■ Demand for Capital Investment is Expected to Rise as a Result of the Acceleration of Net Zero Initiatives in Various Industries

According to the IEA^(note), global decarbonization-related investment is expected to reach approximately USD 4 trillion annually from 2026 to 2030. In addition, the Ministry of Economy, Trade and Industry estimates decarbonization-related public and private investment of approximately ¥150 trillion in Japan over the next 10 years in sectors including energy, automobiles, and construction, within which it forecasts ¥20 trillion in government-funded support through GX Economy Transition Bonds.

In addition to Green Bonds and Green Loans to underpin investment plans, support for transition innovation in industries will also become a significant business opportunity for financial institutions.

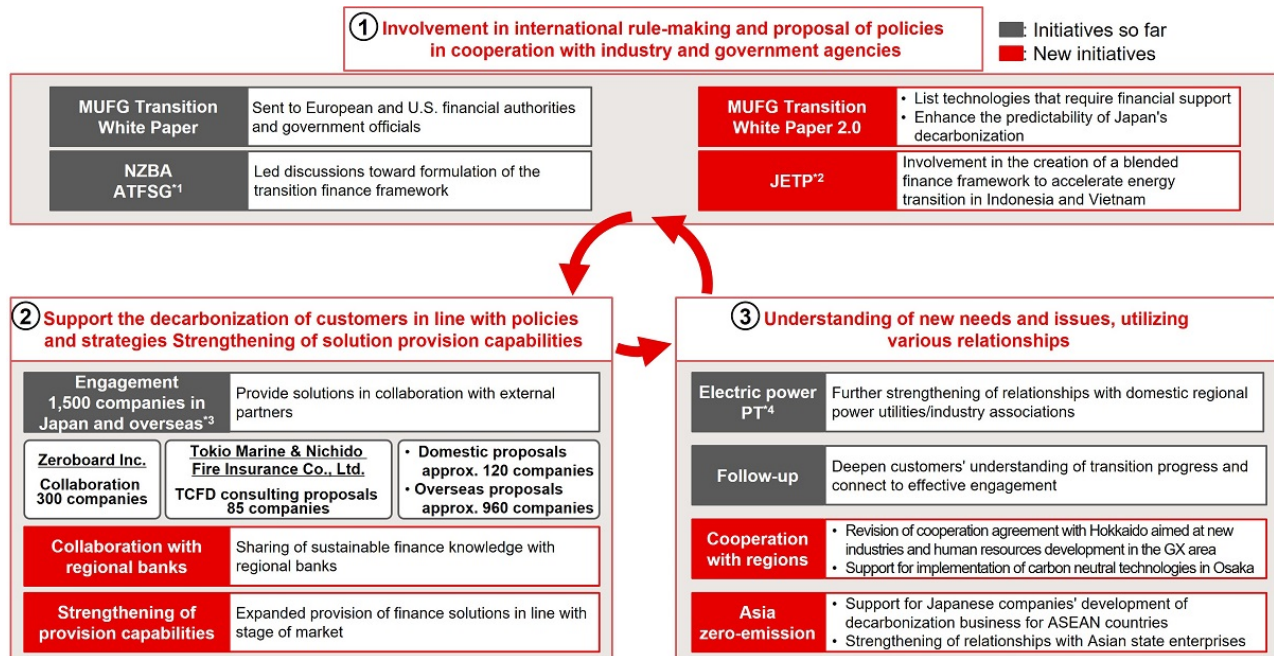
(note) October 2021 IEA Report, "World Energy Outlook 2021"



Source: Prepared by MUFG from materials released by the Ministry of Economy, Trade and Industry

MUFG's Approach to Carbon Neutralization

While making policy recommendations in cooperation with industry and government agencies, MUFG will grasp new needs and issues through the provision of solutions. We will strengthen relationships with customers, local governments, and industry associations as we provide industry and government agencies with feedback on new needs and issues, working responsibly with these parties to achieve carbon neutrality for customers.



(note1) Asia Transition Finance Study Group: An initiative led by private-sector financial institutions, launched to promote transition financing in Asia with a focus on major financial institutions operating in ASEAN countries under the Asia Energy Transition Initiative (AETI)

(note2) Just Energy Transition Partnership: A partnership led by the G7 to accelerate the early retirement of emission-intensive infrastructure and support investment in renewable energy generation and relevant infrastructure

(note3) Including: Introduced 300 companies to Zeroboard Inc. (100 companies registered as partners of Zeroboard); Proposed TCFD consulting services (collaborating with Tokio Marine & Nichido Fire Insurance Co.,Ltd) to 85 companies and signed contracts with 11 companies; Domestic discussions and proposals for introducing new ESG financing (approx. 120 companies); Overseas discussions and proposals for transition strategy and short / mid-to-long term financing needs (approx. 960 companies)

(note4) Project Team

Involvement in Discussions to Develop International Frameworks in Cooperation with Policy Makers and Industry

Through participation in climate change-related initiatives, MUFG is actively involved in discussions to develop international frameworks. Given that no pathway toward carbon neutrality will be identical among Europe, the U.S., Japan, and Asia, we advocate on behalf of a leading financial institution based in Asia.

■ Net-Zero Banking Alliance (NZBA)

NZBA is an international industry-led initiative, convened by the United Nations Environment Programme Finance Initiative (UNEP FI) with banks committing to aligning their lending/investment portfolios with net-zero GHG emissions by 2050. MUFG became the first Japanese bank to participate in NZBA in June 2021 and became one of the NZBA Steering Group member representing Asia. Also, as the Chair of the NZBA Transition Finance Working Group (formerly known as the "Financing & Engagement" Working Group), we led discussions to develop the NZBA Transition Finance Guide (published in October 2022). The Guide provides NZBA member banks with principles to use as a reference for their approach to transition finance and proposes policy measures to expand transition finance. In 2023, we are still chairing the WG and lead discussions to develop frameworks to further mainstream transition finance.



■ Asia Transition Finance Study Group (ATFSG)

Led by private-sector financial institutions, this initiative was launched to promote transition finance in Asia with a focus on major financial institutions operating in ASEAN countries under the Asia Energy Transition Initiative (AETI).

MUFG has led discussions with more than 30 participating financial institutions, based on which the ATFSG has compiled practical guidelines to be used by financial institutions when they consider transition finance along with the ATFSG activity report and a list of recommendations for support from governments and other stakeholders. These documents were then publicized at the Asia Green Growth Partnership Ministerial Meeting (AGGPM) hosted by the Ministry of Economy, Trade and Industry in September 2022.



■ Net Zero Asset Managers initiative (NZAM)

Centered on asset management firms, this initiative aims for net-zero GHG emissions by 2050, a target consistent with international initiatives to restrict temperature rise to 1.5°C. MUFG AM has participated since November 2021, and in October 2022 set an interim target for 2030 covering 55% of assets under management, to reduce GHG emissions per unit of economic intensity (absolute emissions amount (tCO₂e) / balance of the assets under management) by 50% compared to 2019 level.

■ GFANZ (Glasgow Financial Alliance for Net Zero)

GFANZ is the largest pan-financial sector initiative in the world, bringing together independent, sector-specific Alliances such as NZBA and Net Zero Asset Managers initiative (NZAM). MUFG is the only Japanese bank participating in all five GFANZ workstreams (re)structured in 2023, where we have actively contributed to discussions to promote the various net-zero initiatives in GFANZ.

The GFANZ Japan Country Chapter was launched in June 2023 as the first GFANZ Country Chapter. Masamichi Kono, Senior Advisor of MUFG Bank, Former Deputy Secretary General of the OECD, was appointed as GFANZ

Japan Advisor. MUFG will contribute to discussions in GFANZ Japan and two-way communication between GFANZ Global and GFANZ Japan.

■ JETP (Just Energy Transition Partnership)

JETP is the G7-led partnership to accelerate the early retirement of high-emitting infrastructure and expansion of renewable energy and related infrastructure. MUFG is the only Japanese bank participating in both JETP Indonesia and Vietnam. We will consider structuring and investing in the projects with leveraging the frameworks such as blended finance to support the energy transition of Indonesia and Vietnam.

■ MUFG Transition Whitepaper 2022

In October 2022, we published the MUFG Transition Whitepaper 2022 to communicate the importance of recognizing different regional characteristics, interdependency among industries, and individual efforts in maximizing renewable energy to achieve carbon neutrality in Japan.



2022

Apr-Jul	Discussions with Whitepaper partner companies
Aug	MUFG forum
Aug-Sep	Dialogue with European and U.S. government authorities
Oct	MUFG Transition Whitepaper 1.0 publication
Nov	COP27 publication



Key Takeaways

1 Regional characteristics

- Different starting point and direction for Carbon Neutrality depends on the region characteristics
- Regional analysis based on sources of emissions, connectivity, energy security and social/political factors

2 Inter-industry relations(Interdependency)

- Individual approach by sector may not be effective for Carbon Neutrality
- Identify effective levers considering interdependency which industries have closely, horizontally and vertically
- In Japan, Carbon Neutrality of power and heat is an important lever

3 Japanese Managed Phase Out with maximizing renewable power introduction

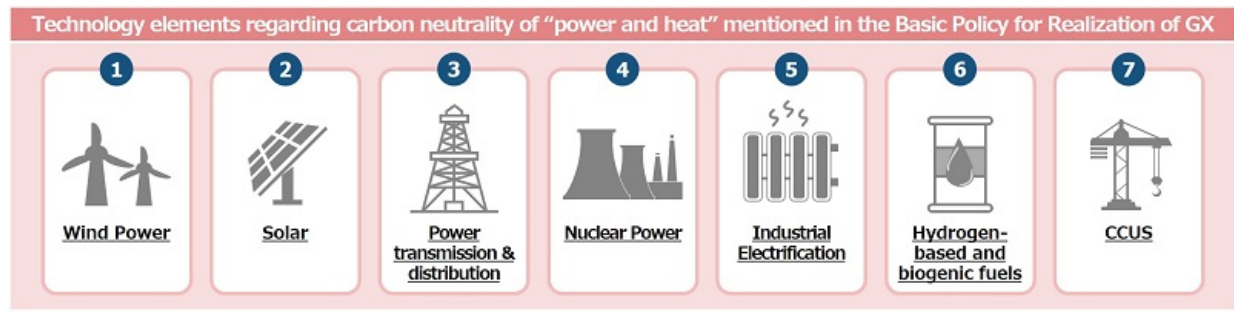
- Targeting early shut down of inefficient plants, co-combustion for high-efficient thermal plants in the short-term, and mono-combustion in the mid-to-long term
- While maximizing the use of domestic renewable energy, use imported green hydrogen and ammonia derived from overseas renewable power in various industries

In September 2023, we published the MUFG Transition Whitepaper 2023, to present the list of technologies in supply chains that are important in advancing the path to carbon neutrality in Japan's "electricity and heat" segment. MUFG will also steer its activities towards clarifying Japan's transition plan to seek for new opportunities ahead of us.

< Transition Whitepaper 2023 >

- Published in September 2023, the Whitepaper 2023 was developed in collaboration with partner companies and government authorities.
- Based on policy analysis in Europe, the US, China, and ASEAN, the Whitepaper 2023 presents the list of technologies and supply chains that will play important levers in advancing the path to carbon neutrality in Japan's "electricity and heat" segment. The Whitepaper also highlights the need to extend financial support covering broader spectrum. We incorporated detailed information on various technologies explaining about their backgrounds, roles in the Japanese policy, and current development status.
- By summarizing the initiatives of the Japanese government and leading companies in English, the Whitepaper 2023 aims to improve global stakeholders' understanding of Japan's transition plan and financing

opportunities entailed. Among the technologies outlined in the Japan's Basic Policy for Realizing GX, the Whitepaper highlights seven technologies related to carbon neutrality in “electricity and heat”.



■ COP27

MUFG hosted a side event at the Japan Pavilion as the first Japanese financial institution. Public sector representatives such as the World Bank, OECD, private financial institutions (BlackRock, HSBC), and academia (London School of Economics) joined the event. Panelists from Asia and Africa also participated and provided the regional perspectives. We discussed challenges and opportunities related to “just and orderly transition” (Event title: Financing a just and orderly transition ~ Filling the gaps to pave the way to a credible transition path).



■ Contributions to initiatives in Japan and internationally, etc.

MUFG is actively involved in discussions to realize carbon neutrality through participating in various Japanese and international initiatives and committees hosted by the public sector, such as governments. Major initiatives include:

Name of Initiative	MUFG's Role	Operating body
ESG Finance High Level Panel	Committee members	Ministry of the Environment
Expert Panel on Sustainable Finance	Members	Financial Services Agency
Sustainability Standards Board of Japan	Committee members	Financial Accounting Standards Foundation
TCFD Consortium Planning Committee	Committee members	Ministry of Economy, Trade and Industry; Financial Services Agency; Ministry of the Environment; etc. (observers)
Working Group on Financial Institutions' Efforts towards the Decarbonization of the Economy	Members	Financial Services Agency
Central Environment Council, Global Environment Committee, Comprehensive Policy Subcommittee, Carbon-Neutral Economic and Social Transformation Subcommittee	Committee members	Ministry of the Environment
Taskforce on Preparation of the Environment for Transition Finance	Committee members	Ministry of Economy, Trade and Industry; Ministry of the Environment; Financial Services Agency
Study Group on Financing from the Public Sector to Help Corporate Initiatives for GX (Green Transformation) in Industries	Committee members	Ministry of Economy, Trade and Industry

Name of Initiative	MUFG's Role	Operating body
GX League	Members	Ministry of Economy, Trade and Industry
GSG The Japan National Advisory Board	Committee members	Social Innovation and Investment Foundation
National Movement for New and Prosperous Lifestyles toward Decarbonization	Members	Ministry of the Environment
Monetary Authority of Singapore (MAS) Sustainable Finance Advisory Panel	Member	MAS
PRB2030 Core Group	Members	UNEP-FI
NZBA Steering Group	Member	UNEP-FI
NZBA Transition Finance Work Track	Chair	UNEP-FI
GFANZ Asia-Pacific Network	Advisory Board Member	GFANZ

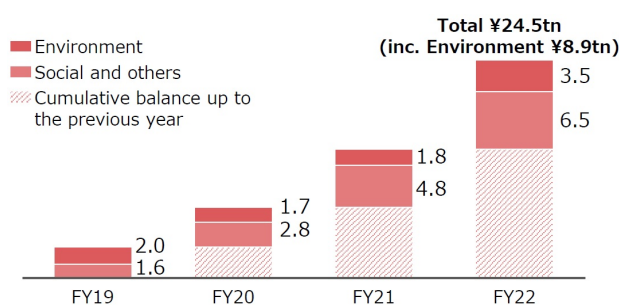
(Excerpts of major items, including past items)

Strengthening Capabilities to Provide Solutions that Support Client Decarbonization in Line with Government Policies and Strategies

■ Sustainable Finance Targets

We have set a cumulative sustainable finance target for the period of FY2019 and FY2030 to address environmental and social issues. We steadily accumulated results of ¥24.5 trillion (including ¥8.9 trillion in the environmental area) through the end of FY2022 and are planning to revise our sustainable finance targets for FY2030.

In the environmental field, including response to climate change, we aim to deliver ¥18 trillion in financing for projects connected to the reduction of GHG emissions and preservation of the global environment. We will support a transition to a decarbonized society through the underwriting of MUFG Green Bonds for which proceeds from issuance are allocated to finance qualified Green Projects, provision of products and services aimed at reducing environmental impacts, and the promotion of renewable energy through project finance.



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).

< Breakdown of Sustainable Finance Targets and Results >

[Unit: trillion yen]

Category		FY2019 results	FY2020 results	FY2021 results	FY2022 results	Cumulative	FY2030 goals
Environmental	Project finances, etc. for renewable energy and environment-related businesses	0.5	0.6	0.6	0.7	8.9	18.0
	Underwriting and sales of Green Bonds.	0.5	0.5	0.5	0.6		
	Corporate loan origination for businesses contributing to climate change mitigation and adaptation, etc.	0.2	0.3	0.3	1.0		
	Financial advisory for businesses that contribute to climate change mitigation and adaptation	0.8	0.3	0.3	0.1		
	Others	0.0	0.0	0.2	1.0		
Social	Finance for social infrastructure development and regional vitalization, etc.	1.0	1.3	1.6	2.5	6.4	17.0
Others	Finance for solutions of various environmental and social issues.	0.6	1.4	3.2	4.0	9.2	
Total		3.5	4.4	6.5	10.0	24.5	35.0

■ Products and Services that Support the Promotion of Our Customers' Sustainability

MUFG supports the promotion of sustainability through the provision of products and services to customers who aim to address climate change and other environmental concerns.

Main Products and Services



Green Bonds

The Securities is a leading Green Bonds underwriter since the inception of the market. Since FY2019, we have been a member of the Climate Bonds Partners Program operated by the Climate Bonds initiative ^(note1) who is one of the most important partners for us in this area. In addition, MUFG has been selected as a member of the 2021/2022 ICMA ^(note2) Advisory Council of the Green Bond Principles and Social Bond Principles ^(note3) and also involved in several working groups, contributing to the development and improvement of the related Principles and Guidelines.

(note1) 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.

(note2) ICMA (International Capital Market Association) is a non-profit organization that develops rules and principles for the development of international capital markets. It consists of more than 600 members (as of July 2022) including issuers, securities dealers, banks, investors, and central banks.

(note3) An advisory body to the Executive Committee who is the governing body of Green Bond Principles, etc., established to increase its market awareness and outreach.

Green Loans and Green Private Placement Bonds

The Bank provides green loans and green private placement bonds as a means for customers to raise funds to be used for green projects. This product will be used only for projects with environmental improvement effects (green projects).

Sustainability Bonds

The proceeds from bond issuance are allocated only to the projects that will contribute to solving global environmental and social issues.

Please click [here](#) for information on bond underwriting results of the Securities. (in Japanese)

Sustainability-linked Bonds

The bonds whose financial/structural characteristics may vary depending on whether the Sustainability Performance Targets (SPTs) predetermined by an issuer are achieved.

Please click [here](#) for information on bond underwriting results of the Securities. (in Japanese)

Sustainability-linked Loans

The Bank uses sustainability-linked loan (SLL) products to support customers' ESG initiatives. An SSL is a loan product that sets sustainability performance targets (SPTs) in line with customers' ESG strategies, and the terms of borrowing fluctuate according to the achievement of those targets.

Positive Impact Financing

The Bank offers positive impact financing, which uses impact assessments based on a framework developed jointly with Mitsubishi UFJ Research and Consulting. Positive impact financing is intended to "adequately identify and mitigate potential negative impacts in one of the three dimensions of sustainable development (environmental, social and economic), and to provide a positive contribution in at least one of them." It comprehensively evaluates and monitors the environmental, social, and economic impacts of customers' business activities, and supports their ESG management financially.

Month implemented	Financing recipient	Amount
September 2022	Tokyo Century Corporation	¥81.5 billion
March 2023	Tokyu Fudosan Holdings Corporation	¥34.5 billion
March 2023	SBS Holdings, Inc.	¥18.0 billion
March 2023	Fuyo General Lease Co., Ltd.	¥44.25 billion

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.

ESG Management Support Loan/Private Placement Bond

The Bank offers the ESG management support loan/ private placement bonds, which is an ESG assessment-based financing product that supports and assists customers' ESG efforts. The ESG assessment of this product is performed by Mitsubishi UFJ Research and Consulting of the MUFG Group as the service provider and the Japan Credit Rating Agency, which has a track record of certifying green finance, as a support company. The ESG efforts of a customer are assessed and scored based on an independent checklist, and feedback is provided on various issues in order to support the sustainable growth of the customer

Loans for Supporting the Promotion of Decarbonization


The Bank provides Loans for Supporting the Promotion of Decarbonization, financial products designed to aid/support ESG initiatives. For these loans, the "Decarbonization Support Program" tool developed with Mitsubishi UFJ Research and Consulting, a member of MUFG, is utilized to assesses

customers' efforts to promote decarbonization, and the program provides solutions for promoting decarbonization initiatives.

ESG Evaluation loans for J-REIT

The Bank offers the loan product, "ESG Evaluation loans for J-REIT" using "MUFG ESG Evaluation for J-REIT supported by JCR"^(note) 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 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.

(note) 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.

[ESG evaluation for MUFG JREIT, supported by JCR \(in Japanese\)](#) 

■ Transition Finance

MUFG supports clients' transitions with the understanding that transition finance is vital in achieving carbon neutrality in 2050.

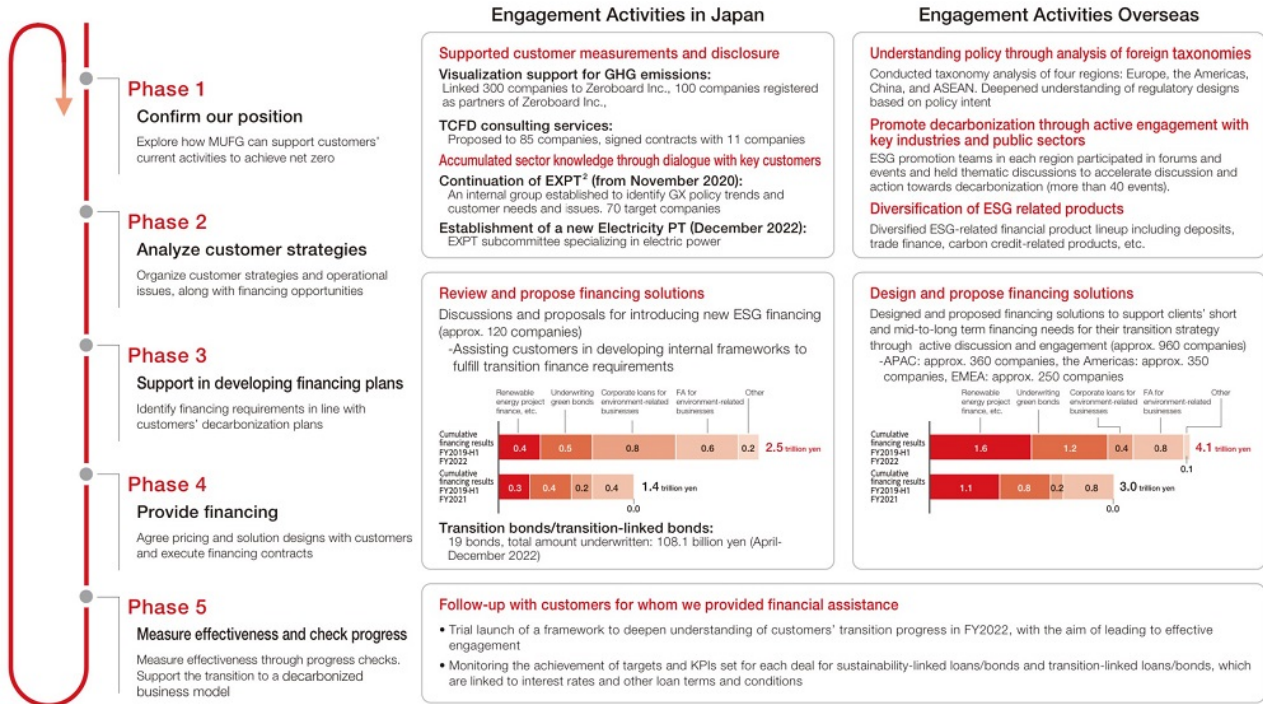
Main Transition Finance Projects

Month implemented	Support recipient	Content of Initiatives
September 2022	Mitsubishi Heavy Industries, Ltd.	Transition bond issue: ¥10.0 billion
December 2022	TOKYO GAS CO., LTD	Transition bond (hybrid) issue: ¥19.8 billion
January 2023	Kirin Holdings Company, Limited	Formation of transition linked loan: ¥50.0 billion
March 2023	Japan Airlines Co., Ltd.	Formation of transition linked loan: approx. ¥26.5 billion
March 2023	Mitsui O.S.K. Lines, Ltd.	Formation of transition linked loan: US\$500 million
January 2023	Osaka Gas Co., Ltd.	Formation of transition loan: ¥15.0 billion
May 2023		Transition bond (hybrid): ¥35.0 billion

■ Development and Provision of Solutions for Carbon Neutrality Based on the Needs of Customers

With an aim to address issues and needs identified through customer engagement, we develop and provide a diverse range of solutions, including those designed to help visualize the volume of GHG emissions, strategy formulation assistance through TCFD disclosure-related consulting services, investment and financing assistance, and the introduction of overseas carbon credit to Japanese corporations.


< Engagement Activities to Assist Decarbonization Efforts of Customers. According to Bank-client engagement model introduced by UNEP FI.^{*1} >



1. Source: Leadership Strategies for Client Engagement: Advancing climate-related assessments
2. Energy Transformation Strategy Project Team

Initiatives by MUFG

Collaboration with Zeroboard/Visualization of GHGs	Development of TCFD consulting services
<ul style="list-style-type: none"> • We signed a business partnership agreement in FY2021 with Zeroboard Inc., which provides the "zeroboard" cloud-based enterprise GHG emission calculation service and invested in the company in February 2023. We have introduced over 300 customers to the service, which we use as an engagement tool for a wide range of customers of all sizes. • In March 2023, we worked with Nagase & Co., Ltd. to formulate a sustainability linked loan framework to promote the calculation and reduction of supply chain GHG emissions, the first-of-its-kind in Japan. This was adopted as a model case green financing by the Ministry of the Environment. 	<ul style="list-style-type: none"> • We began rolling out TCFD consulting services with Tokio Marine & Nichido Fire Insurance Co., Ltd., extending proposals to 85 companies and concluding 11 contracts (FY2022). • As part of our efforts to enhance support for disclosure, we signed a business partnership agreement with Tokio Marine & Nichido Fire Insurance and Codo Advisory, Inc. to provide services aimed at supporting the formulation of decarbonization transition strategies. In FY2023, we will further enhance and advance the full-scale development of TCFD consulting services.

Investment in forest funds	Collaboration with ENGIE SA
<ul style="list-style-type: none"> We invested in Imprint Nature-Based Opportunities and Manulife Forest Climate Fund, which are global forest investment funds. Through the purchase and sale of carbon credits (CCs) received from investment in the above funds, we contribute to the creation and development of the CC market in Japan and to invigorate the global CC market. <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="border: 1px solid gray; padding: 2px;">Supporting forestry business</div> <div style="border: 1px solid gray; padding: 2px;">Activating CC market</div> </div> 	<ul style="list-style-type: none"> We are collaborating with France-based ENGIE SA, a company that has over 10 years of experience in renewable energy and low-carbon solutions and the ability to create and provide high-quality CCs. Through discussions on market trends and other topics with customers, we will propose appropriate CCs and support their carbon neutrality strategies.
Collaboration with Z Energy Co., Ltd.	Financial advisory on acquisition of offshore wind power generator
<ul style="list-style-type: none"> Z Energy began managing the Carbon Neutral Fund 1 Investment Limited Partnership. This has steadily accumulated renewable assets, with over 80% of total fund commitments confirmed. They have begun preparation for the formation of Fund 2. Through project introduction, financing support and other specific collaboration with Z Energy, MUFG provides solutions that meet customers' diversifying needs. 	<ul style="list-style-type: none"> In March 2023, JERA signed an agreement to acquire 100% of the shares of Parkwind, a Belgian leading offshore wind power generator, for EUR1.55 billion. MUMSS acted as JERA's sole financial advisor and provided global industry expertise to support the acquisition.
Investment in Centennial Solar Inc.	Rooftop solar power generation for self-consumption
<ul style="list-style-type: none"> The Trust Bank has invested in Centennial Solar Inc., a company that consolidates small and medium-sized solar power plants facing disposal or abandonment due to aging or other causes and develops services using digital technology for proper management and operation of the plants. In addition to promoting the stabilization, local production, and local consumption of regional power, the company aims for sales as a "locally circulating investment product" through debt liquidation, etc. 	<ul style="list-style-type: none"> As part of customers' decarbonization strategies and as a measure against soaring electricity costs, we have begun discussions aimed at the deployment of solar power systems for self-consumption. We conduct discussions primarily with operators of multiple stores in the retail sector, introduce renewable energy business operators and solar panel manufacturers based on client needs, and support financing when fund raising.

■ Pushing Ahead with Support for Innovation

Through participation in various councils in new fields such as hydrogen, ammonia, and CCUS, MUFG will expand its contribution to the carbon neutrality for customers.

To support the realization of a sustainable society through a virtuous cycle of the environment and the economy, together with customers we will study and execute support for new businesses through financial services, from the stages of R&D to demonstration, with the aim of realizing innovative technologies such as renewable energy, hydrogen, next-generation energy, and carbon recycling.

Content of Initiatives



Financing for large-scale green hydrogen and ammonia project

• We were appointed the project financing MLA and Intercreditor Agent for the world's first large-scale green hydrogen and ammonia production facility in the city of NEOM in Saudi Arabia. We are participating as a Top Tier Lender in the world's largest green ammonia project to date.

Participation in the Global CCS Institute (GCCSI)

• MUFG is the first Asian private financial institution to participate in this international think tank, established with the aim of promoting the global use of carbon capture and storage (CCS) technology.

Regional contribution through the adoption of fuel cell-powered buses and the implementation of carbon neutral technology

• MUFG's supports (donations) help to fund the introduction of fuel cell buses in Tokyo, Nagoya and Osaka, with a view to increasing demand and promoting the use of hydrogen.
 • MUFG contributes, including donations, to local communities by helping to create sustainable businesses originating in Osaka, looking ahead to achieving carbon neutrality goals set by Osaka Prefecture, and presenting and promoting technology at expositions.

Participation in ACT FOR SKY

• This voluntary organization of cooperating companies takes action under an "all-Japan" system that transcends industry boundaries, to accelerate the commercialization, proliferation, and expansion of sustainable aviation fuel (SAF) produced in Japan. We participate as a SKY member supporting the construction of the SAF supply chain, collaborating with ACT members that have direct business involvement in domestically produced SAF.

■Green Deposit

Managed by the Bank, Green Deposit is a foreign currency time deposit that is procured only for the purpose of funding projects that contribute to improvement of environmental issues. In addition to Japan, we also offer Green Deposit in the United States, Australia, China, Hong Kong, Singapore and the United Kingdom. Other overseas bases are also planning to gradually start offering the product.

[Green Deposit](#)

■ESG Investment

Investments that take into account ESG factors are expected to support companies and various organizations working to achieve a sustainable society and improve their long-term returns; thus, there is a growing interest in it, especially among institutional investors, such as public pension funds.

MUFG's treasury business diversifies the investment target to government bonds, foreign bonds, stocks, and corporate bonds, as well as green bonds and other types of investments. In order to strengthen MUFG's financial earnings and contribute to sustainable economic growth through ESG investments, MUFG is going to promote ESG investments by finding the right balance between risks and returns.

Using Relationships with Customers, Local Governments, and Industry Organizations to Grasp New Needs and Issues

■ Support for the Implementation of Carbon Neutrality Technologies in Japan and the Creation and Development of New Industries

Accelerating Japan's carbon neutrality will require enhancing the credibility of Japan's initiatives, attracting investment from within and outside the country, and implementing effective technologies and supply chains for Japan's carbon neutrality at an early stage.

Although Hokkaido faces social issues such as population decline, it has the greatest potential for introducing renewable energy in Japan and is the regions with one of the highest potentials for the implementation of effective technologies to achieve carbon neutrality, as described in MUFG Transition White Paper 2.0.

In 2022, we hosted "MUFG Hokkaido Oshigoto Audition," a contest for municipalities-led projects with a purpose of solving social issues in Hokkaido to apply for donations to fund the project. In the process of project screening and publicizing projects from municipalities by using social media, we acted in collaboration with Boku to Watashi and. Inc, a company engaged in next-generation marketing.

To highlight the potentials for carbon neutrality in Hokkaido and motivate investment in Hokkaido, we published the "Hokkaido Carbon Neutrality Report" in Japanese and English in May 2023. At the same time, we entered into a partnership agreement in the GX area with the Hokkaido Government, which is advancing "Zero Carbon Hokkaido" measures. We will work with Hokkaido to build a model case that achieves both a carbon neutrality and revitalization of the local economy by developing new industries in the region and creating a human resource development framework through donations to a new GX promotion fund set up by Hokkaido.

In June 2023, we participated in the new "Team Sapporo-Hokkaido", a consortium consisting of industry-academia-government-finance organizations, to accelerate GX initiatives in Hokkaido by attracting GX-related projects, human resources, and funds from around the world. This is a model case of a promotion council bringing together local government, regional companies, financial institutions, and other parties to encourage local GX investment and financing.

[Hokkaido Carbon Neutrality Report \(in Japanese\) \(PDF / 4.01MB\)](#) 

In FY2022, we made a donation to a subsidy framework run by Osaka prefecture. The framework subsidizes a portion of necessary expenses for business operators that will develop or demonstrate carbon neutrality technologies for the Osaka-Kansai Expo 2025 and for a decarbonized society. In FY2023, the budget for the subsidy was increased to support business expansion associated with transition from development stage to the demonstration stage and to enhance support for new businesses. MUFG therefore made additional donations to the framework, as it had in the previous year. We will support the creation and promotion of energy businesses based in Osaka, raise recognition of efforts initiated from Osaka for carbon neutrality, and the further implementation of technologies for carbon neutrality.



MUFG will continue to work with its varied stakeholders to support the implementation of carbon neutrality technology in Japan and the creation and development of new industries and will undertake construction of sustainable social models that contribute to the vitalization of local economies.

■ Blended Finance – Exploring the Establishment of a Public-Private Partnership Debt Fund to Promote Decarbonization in Asia

The Bank signed an agreement with Nippon Export and Investment Insurance (NEXI) on blended finance at the ASEAN-Japan Business Week event with the aim to support decarbonization in Asia.

Blended finance is a financing method that combines public and private funding and is viewed as an effective means of support initiatives aiming to resolve challenges emerging countries are facing.

Under the agreement, NEXI and the Bank will explore the establishment of a blended finance scheme to tackle climate change issues in line with the Asian Zero Emission Community (AZEC)'s objectives.

At the event, Minister of Economy, Trade and Industry Yasutoshi Nishimura said, "We want to advance a carbon-neutral society together with ASEAN. We will do so through the AZEC concept and other means, and through specific projects such as the introduction of renewable energy, construction of a hydrogen-ammonia supply chain, and decarbonization on the demand side including factories and industrial parks."

The Asia Energy Transition Initiative (AETI) put forth by the Japanese government is studying ways to provide comprehensive support towards Asia's decarbonization, such as launching the Asia Transition Finance Study Group (ATFSG) which consists of major financial institutions in ASEAN countries. As a member of the ATFSG Secretariat, MUFG has led discussions with financial institutions and government agencies and has worked on the formulation of international guidelines.

The initiatives outlined in the agreement aligns with the goals of the Japanese government led AZEC and AETI. We will further contribute to the sustainable development of Asia and support the region's step-by-step approach to achieve energy transition by providing financing and utilizing our risk management capabilities towards resolving environmental and social issues alongside leveraging our knowledge and expertise gained through ATFSG.



■ System for Promoting Engagement

• Green Transformation Strategy Project Team (GXPT)

In November 2020, the Bank launched the Energy Transformation (EX) Strategy Project Team (PT) to develop the climate change-related business. Since then, the Bank has striven to strengthen its capabilities to engage with customers pursuing carbon neutrality, understand their needs and provide them with high-quality products and services by periodically holding meetings at EXPT with relevant executives and managements to consolidate and share internal insights.

Meanwhile, in February 2023, the Cabinet approved on the Basic Policy for the Realization of Green Transformation (GX), announcing national strategies to realize investment in GX through the mobilizing more than ¥ 150 trillion funding from both government and private sources. Against this backdrop in April 2023 the Bank rebranded the EX Strategy PT as the GX Strategy PT, updating its role to facilitate the creation of tangible business and the delivery of information required to GX-related investment and financing. This PT currently

consists of around 500 members, including relationship managers in both Japan and overseas. individuals from Product Offices (POs), credit division and corporate planning departments.

- Support movements toward carbon neutrality throughout Japan by conducting dialogue with customers, industry organizations. and government agencies
- Provide added value throughout the value chain, from research functions to solution proposals
- Explore visions for transition support aligned with reality in Japan and Asia
- Leverage group companies' and global knowledge to support customers' business transitions through collaboration among sales departments, the Solutions Unit (including the Sustainable Business Department), Sustainability Office, and other related departments

• **Assignment of Sustainable Business Promotion Leaders**

The Bank has assigned "Sustainable Business Promotion Leaders" (hereinafter "Promotion Leaders") at corporate sales branches nationwide. Information on sustainable business collected at headquarters as well as in-house tools for sustainable business, are propagated throughout Japan by the Promotion Leaders who serve as hubs connecting headquarters and branches.

In FY 2022 the Promotion Leaders periodically organized, study sessions on sustainable finance and other solutions in collaboration with headquarters to reinforce expertise of relationship managers at branches and enhance capabilities for engagement.

• **Organizational Structure to Promote Global Sustainable Business**

MUFG provides solutions, with the aim to resolve environmental and social issues, for our clients to support necessary structural transformation and innovation. Since assigning ESG Heads and ESG specialists in the three regions (Europe, the Americas, and Asia) in 2021, MUFG has continued to strengthen its ESG teams in each region. Some team members, including overseas members, are seconded to Sustainable Business Division established in FY2021 and work across the organization to promote sustainable business and customer engagement in line with MUFG's sustainable management and carbon neutrality policies. Through Global ESG Conference and other means, MUFG is building a structure to consolidate intelligence and capture business opportunities based on promoting engagement and providing solutions to our customers both in Japan and overseas. Additionally, through participating in international initiatives, MUFG has access to various information and also contribute to rule-making process, business commercialization and market creation in order to capture future business opportunities and promote these initiatives globally.

Initiatives by Partner Banks

In response to the MUFG Carbon Neutrality Declaration and carbon neutrality declarations by the governments of Thailand and Indonesia, our Asian partner banks Krungsri (Bank of Ayudhya) and Bank Danamon are also advancing initiatives to achieve a sustainable environment and society in their respective countries.

■ **Initiatives by Krungsri**

Krungsri has been enacting measures to realize the commitments proclaimed in the Carbon Neutral Vision announced in 2021.

Support for Decarbonization by Customers

- **Sustainable finance target by 2030**

Krungsri has committed to growing the Social and Sustainable Finance portfolio by 50 - 100 billion baht by 2030, compared to 2021. As of 2022, their social and sustainable finance portfolio increased by 44,204 million baht, reaching a total 154,594 million baht, and are steadily progressing to realize their target.

- **Support for Green Bond issuance by Export-Import Bank of Thailand**

Krungsri supported Export-Import Bank of Thailand in issuing Green Bonds totaling THB 5 billion, through the role of Green structuring advisor/ Bookrunner/ Lead manager. The use of proceeds from the bond issuance is to finance and refinance funds for the renewable energy loan portfolio of the Export-Import Bank of Thailand.

- **Support for Installation of Rooftop Solar Panels**

The Solar Roof Lending Program was launched in 2022, which provides financial support to customers in installing solar panels in their factories, offices, and homes to promote decarbonization in a wide range of customer segments.

- **Support for Visualization of Customers' Emissions**

In partnership with Zeroboard Inc., a Japanese startup versed in the calculation and visualization of GHG emissions, Krungsri is aiding decarbonization by customers not only through support for the real economy to achieve a low-carbon society but also by promoting GHG emission management solutions for enterprise customers.

Staged Phase-out of Investment and Financing for Coal-fired Power Plants

Krungsri plans a staged phase-out of investment and financing for coal-fired power plants within 2030. By making financial services more environmentally friendly, Krungsri is supporting Thailand's transition to a low-carbon economy.

Decarbonization of GHG Emissions from Own Operations by 2030

Krungsri's Race to Net Zero Action Plan was established, which entails digital transformation, efficient resource management, and greater use of renewable energy as the key pillars to decreasing GHG of own emissions.

■ Initiatives by Bank Danamon

Bank Danamon has been promoting initiatives to realize a sustainable environmental and social society.

Support for Decarbonization by Customers

- **Setting of Sustainable Finance^(note1) Targets**

Bank Danamon established a target to increase their Sustainable Finance (SF) loan portfolio ratio^(note2) to 25% by 2027. In 2022, the SF loan portfolio ratio has increased to 21%, and are steadily progressing to realize their target.

• **Sustainability-Linked Loans with the KPI of CO₂**

Reduction through Alternative Fuels Bank Danamon supported local cement companies through participation in syndicated sustainability-linked loans totaling IDR 2.74 trillion. As a KPI, the loans used reduction of CO₂ emissions through the replacement of coal by refuse derived fuel.

Contribution to the Achievement of Net-Zero GHG Emissions from Own Operations at MUFG by 2030

Installed solar panels in branches to promote decarbonization of own emissions.

Enhancement of Environmental and Social Policies and Guidelines

Expanded Bank Danamon’s Environmental and Social Policy Framework in alignment with MUFG through prohibition of financing directly related to coal-fired power generation projects^(note3), and addition of Oil and Gas Sectoral Guideline.

(note1) Aligned with local regulations

(note2) Ratio of Sustainable Finance in the overall portfolio

(note3) Excluding projects equipped with environmentally friendly technologies

Investments Aimed at Solving Environmental and Social Issues

■ **Sustainable Business Investment Strategy**

Under our Sustainable Business Investment Strategy (hereinafter “the Investment Strategy”), we invest in funds that contribute to solving environmental and social issues. Through the Investment Strategy, we seek to acquire knowledge and explore new business opportunities. In addition, we aim to solve issues through our fund investment activities by creating positive impacts and innovation, and nurturing of new industries. The internal carbon pricing^(note) used in our investment decisions was US\$40/tCO₂ (as of FY2022). Going forward, we will assess investment opportunities based on the international impact measurement methods while considering their updates in a timely manner.

(note) This concept is used by organizations to independently price their own CO₂ emissions and to reduce the carbon footprint of their corporate activities. It is used mainly by business corporations for investment decisions.

• **Investment Projects Based on the Sustainable Business Investment Strategy**

Investment (fund name)	Asset manager	Target of investment
MPower Partners Fund L.P.	MPower KK	Domestic and overseas venture companies in the fields of healthcare/wellness care, fintech, next-generation work styles/education, next-generation consumers/retail, and the environment
Carbon Neutral Fund 1 Investment Limited Partnership	Z Energy Co., Ltd.	Renewable energy generation business in Japan

• Establishment of a Growth Investments Fund in Climate Tech-related Startups (Marunouchi Climate Tech Growth Fund L.P.)

In May 2023, together with Mitsubishi Corporation and Pavilion Private Equity Co., Ltd., the Bank established Marunouchi Climate Tech Growth Fund L.P. (hereinafter "the Fund"). The Fund has Marunouchi Innovation Partners Co., Ltd. as its general partner, and will invest mainly in climate-tech-related startups for growth^(note). Formed with a US\$400 million commitment by investors, the Fund plans to engage in further investor recruitment to eventually expand to a scale of US\$800 to 1,000 million.

In the area of climate tech, the development of advanced technologies and proliferation of solutions are essential in achieving a carbon neutral society, and high demand for funding is expected in the medium to long term.

Through growth investments in climate tech-related startups by the Fund, the Bank will promote commercialization and scaling up for these companies' advanced technologies and the penetration of their technologies into society, enhancing the corporate value of investee companies while providing support for the achievement of a carbon-neutral society.

(note) [Press release of May 2, 2023: About the Establishment of Marunouchi Climate Tech Growth Fund L.P.](#) 

• Investment in PowerX

The Bank has invested in startup company PowerX, Inc. to support the spread of natural energy and the evolution of power storage and transmission technologies. Through the investment, we are contributing to the development of the next generation of industries that will strengthen the competitiveness of Japan's economy, delivering new options to customers aimed at the proliferation of renewable energy and storage batteries and promoting initiatives aimed at carbon neutrality.

Column: Natural Capital and Biodiversity

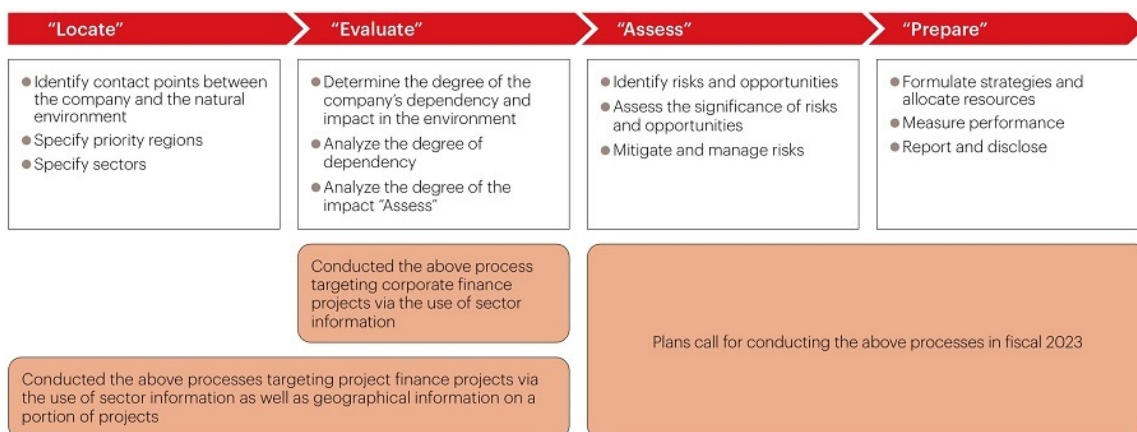

■ Fundamental Concept

Composed of animals, plants, water, soil, air, and more, natural capital is a stock that provides benefits including water, food, and minerals to businesses and society through ecosystem services such as water purification and climate control. Financial institutions face investment and financing risks caused by loss of natural capital and biodiversity. As companies' responses to the conservation of these can also create business opportunities for financial institutions, we believe that properly evaluating the risks and opportunities is important.

■ Initiatives toward TNFD

TNFD is an international initiative launched in June 2021 by the United Nations Environment Programme Financial Initiative (UNEP FI), the United Nations Development Programme (UNDP), the World Wildlife Fund (WWF), and Global Canopy. In February 2022, MUFG joined the TNFD Forum to promote initiatives for natural capital and biodiversity across the Group. We also participated in a meeting of the TNFD Consultation Group of Japan established in June 2022. As a member of the forum, we will continue to actively participate in discussions to further contribute to the realization of a sustainable environment and society.

Analysis Process Utilizing the LEAP Approach



With reference to the LEAP approach presented in the beta version of the TNFD framework, we have begun analyzing risks related to natural capital. Specifically, we use the ENCORE risk analysis tool to analyze our degree of dependence and our impacts on nature.

Investment in a Startup that Operates a Closed Recirculating Land-Based Aquaculture System

MUFG has invested in FRD Japan Co., Ltd., a startup company that seeks to establish sustainable means of seafood production and a world in which delicious fish is readily available. The company's proprietary closed recirculating land-based aquaculture system contributes to the protection of water resources and marine ecosystems. It further greatly reduces the cost of water temperature control during water intake and the risk of invasion by fish pathogens through closed recirculation of aquaculture water, while maintaining water quality. Through the investment, MUFG will support efforts to establish sustainable seafood production methods, improve food self-sufficiency, control marine pollution, and protect water resources and marine ecosystems.

Climate Change 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 risks, which may directly impact their own business activities and indirectly affected due to impacts on clients.

Based on the suggestions of the TCFD, MUFG has summarized the examples of physical and transition risks for each of the major risk categories. The timelines (short, medium, and long term) are also organized by risk category.

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.

Examples of transition risks	
Policies, laws and regulations	<ul style="list-style-type: none"> • Increase in the cost due to GHG emissions by the introduction of a carbon tax • Strengthened obligation to report emissions • Regulations on existing products and services • Subject of lawsuits
Technology	<ul style="list-style-type: none"> • Switch to existing products and services with lower GHG emissions • Setback in the investment in new technologies • Cost of transition to low emission technologies
Market	<ul style="list-style-type: none"> • Changes in customer behavior • Uncertainty in market signals • Raw material price hike
Reputation	<ul style="list-style-type: none"> • Changes in consumer preferences • Narrowing of sectors • Increased stakeholder interest and negative feedback to stakeholders

Examples of physical risks	
Acute	<ul style="list-style-type: none"> • Increased severity of extreme weather events, such as typhoons and floods
Chronic	<ul style="list-style-type: none"> • Changes in precipitation patterns and extreme fluctuations in weather patterns • Increase of average temperature • Sea level rise

Examples of Impacts of Transition Risks and Physical Risks

MUFG has organized examples of impacts (examples of potential risks) of climate change on each of the major risk categories of the physical and transition risks.

Risks are classified mainly around the following six categories. In the future, the classification of the risks and examples will be reviewed in response to changes in the environment.

■ Example of Transition and Physical Risks

Risk categories	Examples of transition risk	Examples of physical risk	Time frame ^(note)
Credit risk	<ul style="list-style-type: none"> • Our corporate clients' business activities and financial positions may be negatively affected if they cannot deal with government policies, regulatory requirements, customer requests or evolving trends in technological development. 	<ul style="list-style-type: none"> • Extreme weather may cause direct damage to assets held by our corporate clients and/or have a negative spillover effect on their business activities and financial positions by indirectly impacting their supply chains. 	Short-to long-term
Market risk	<ul style="list-style-type: none"> • The transition to a decarbonized society may negatively impact certain business sectors, making the value of relevant securities held by MUFG and/or financial instruments deriving from them highly volatile. 	<ul style="list-style-type: none"> • The impact of extreme weather may induce market turmoil and make the value of securities held by MUFG highly volatile. • The value of securities held by MUFG may become volatile due to changes in market participants' medium- to long-term outlook on the impact of extreme weather and their expectations regarding countermeasures against the phenomenon. 	Short-to long-term
Liquidity risk	<ul style="list-style-type: none"> • If its credit ratings deteriorate due to such factors as delays in its response to transition risks, MUFG may face limitations on methods for funding from the market and thus growth in risks associated with fundraising. 	<ul style="list-style-type: none"> • Corporate clients suffering damage from extreme weather may choose to withdraw their deposits or utilize commitment lines to secure funds for reconstruction, leading to a growing volume of cash outflows from MUFG. 	Short-to long-term

Risk categories	Examples of transition risk	Examples of physical risk	Time frame ^(note)
Operational risk	<ul style="list-style-type: none"> Spending on capital investment may grow due to the need for measures aimed at reducing CO₂ emissions and enhancing business continuity capabilities. 	<ul style="list-style-type: none"> Extreme weather may cause damage to MUFG's headquarters, branches and/or data centers and lead to the disruption of their operations. 	Short-to long-term
Reputation risk	<ul style="list-style-type: none"> If MUFG's plans and efforts to realize carbon neutrality are deemed inappropriate or insufficient by external stakeholders, it may suffer from reputational damage. MUFG may suffer from reputational damage and/or deterioration in its status as an employer due to the continuation of relationships with business partners who doesn't give enough consideration to environmental concerns or delays in its transition to decarbonization. 	<ul style="list-style-type: none"> If MUFG's efforts to support customers and communities affected by extreme weather are deemed insufficient, it may suffer from reputational damage or a resulting disruption of operations. 	Short-to long-term
Strategic risk	<ul style="list-style-type: none"> If MUFG fails to live up to its public commitment to support the transition to a decarbonized society, its capabilities for strategic execution may be negatively affected by a deterioration in its reputation. 	<ul style="list-style-type: none"> MUFG may fail to meet the goals of its strategies and plans if it fails to properly factor in the direct impact of extreme weather in the course of long-term management planning. 	Medium-to long-term

(note) Short-term: less than one year; medium-term: one to five years; long-term: more than five years

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.

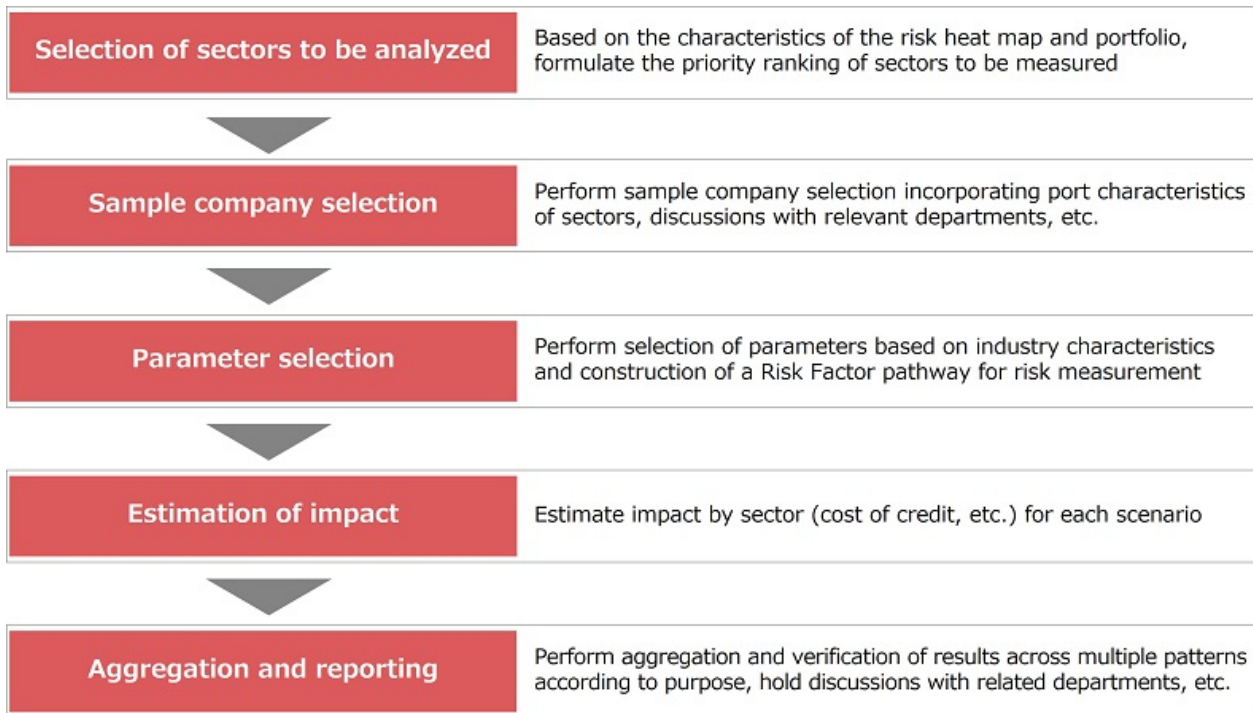
Since the summer of 2019, MUFG has been a participant in the pilot project led by the United Nations Environment Programme Finance Initiative (UNEPFI) with the objective of discussing and developing methods for climate change-related financial information disclosure for the banking industry.

Based on the results of the pilot project, we conducted an analysis of transition risks up to the year 2050 and physical risks up to the year 2100. In addition to the results of the above-mentioned pilot project, the scenario analysis reflects the results of verification by external experts.

While engaging in dialogue with regulatory authorities, we also continuously examine ways to raise the level of our analytical approaches.

■ Transition Risks

• The scenario analysis process



• Target sectors

We conducted analyses of the energy, utilities, automotive, steel, air transportation, and marine transportation sectors.

Target sector
Energy (Japan, overseas) / Utilities (Japan, overseas) / Automotive (Japan, overseas) / Steel (Japan, overseas) / Air (Japan, overseas) / Maritime (Japan, overseas)

• Methods and results

Based on the results of the UNEP FI pilot project, a comprehensive approach was adopted for the measurement method, combining the bottom-up method at the individual company level and the top-down method at the sector level to assess the impact.

In addition to the sustainable development scenario (the [well below] 2°C scenario) released by the IEA, the NGFS scenario was used as an assumption. Then, in addition to the (well below) 2°C scenario, the 1.5°C scenario was analyzed on the impact on the credit ratings under each scenario, as well as analyzing the financial impact on an applicable sector's overall credit portfolio.

Scenario	• Various scenarios, including the sustainable development scenario (the [less than] 2°C scenario) of the IEA and the 1.5°C scenario that the NGFS has released
Analytical method	• An integrated approach is adopted to assess the impact by combining the bottom-up approach at the individual company level and the top-down approach at the sector level. Using this approach, the impact on credit ratings in each scenario is analyzed along with the effect on the overall financial impact of the sector's credit portfolio.
Target sector	• Energy, utilities, automotive, steel, air, and maritime sectors
Target period	• Until 2050 using the end of March 2022 as the standard
Result of analysis	• Single-year basis: 1.5 billion yen to 28.5 billion yen

(note) No significant change under standards as of the end of March 2023

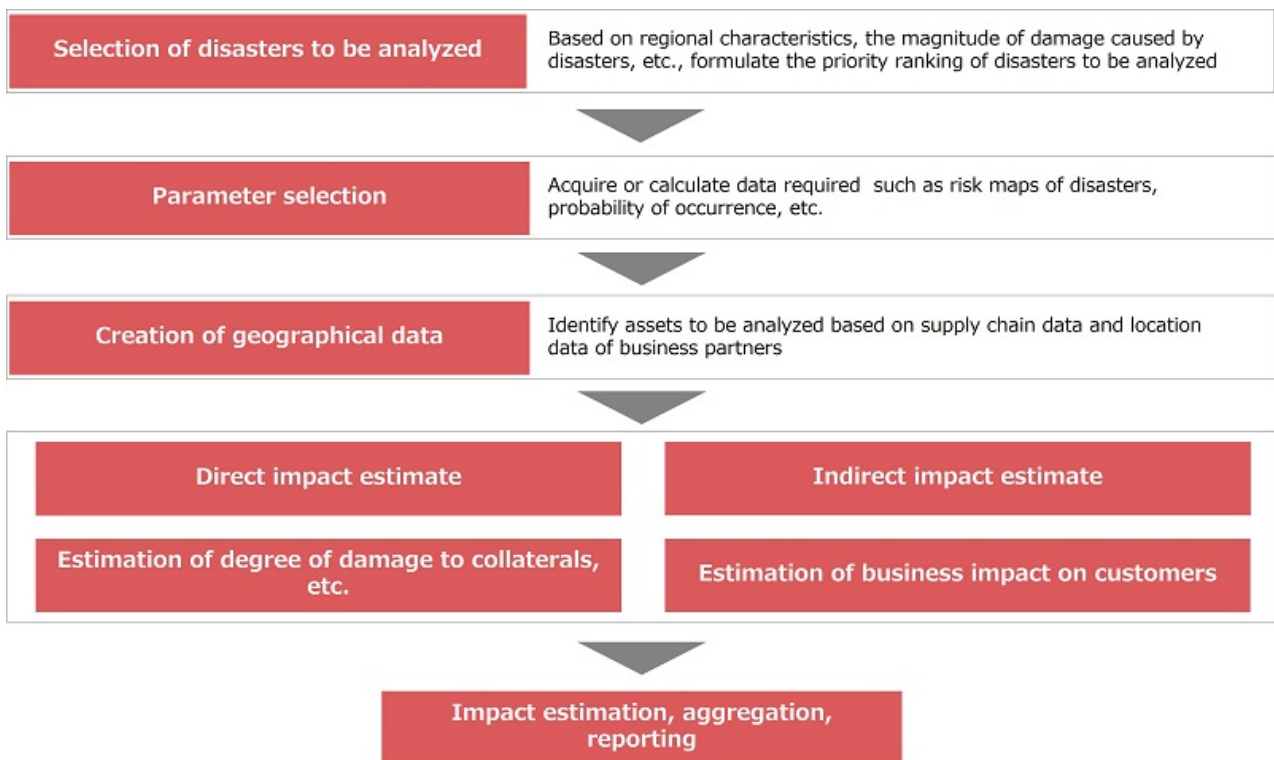
• **Measures to reduce future migration risks**

Based on these results, we reaffirmed the importance of transitioning to decarbonization throughout society and will move forward with the actions as follows.

1. Continued implementation of engagement with customers
2. Support for customers' decarbonization initiatives through sustainable finance, support for GHG emissions visualization and strategy formulation, etc.
3. Implementation of active discussions through regulatory authorities, policy committees, external experts, etc.
4. Active participation in discussions through NZBA and other external initiatives

■ **Physical Risks**

• **The scenario analysis process**



• **Results**

Among the risks associated with physical damage caused by climate change, we adopted an approach to measure the impact on the overall credit portfolio using the default probability of a borrower that has changed because of the occurrence of floods, which have been particularly prominent in Japan and other countries in recent years in terms of both frequency of occurrence and damage level.

The climate scenarios are based on the RCP2.6 (2°C scenario) and RCP8.5 (4°C scenario) scenarios from the Coupled Model Intercomparison Project 5 (CMIP5) released by the Intergovernmental Panel on Climate Change (IPCC). The RCP8.5 scenario, which expects floods to be more frequent and larger in magnitude, was analyzed to estimate the damage caused by floods using data^(note) provided by various organizations.

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

(note) Source: 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

Scenario	<ul style="list-style-type: none"> RCP 2.6 (the 2°C scenario) and 8.5 (4°C scenario) published by the Intergovernmental Panel on Climate Change (IPCC)
Analytical method	<ul style="list-style-type: none"> Estimated damage in the event of a flood is analyzed, and an approach to measure its impact on the overall credit portfolio using the change in default probability that the occurrence of floods would have on the credit portfolio is adopted. In the calculation of financial impact, the period of the suspension of the business of the borrower and the loss of assets, among other aspects, are reflected.
Target of analysis	<ul style="list-style-type: none"> Flood
Target period	<ul style="list-style-type: none"> Until 2100 using the end of March 2022 as the standard
Result of analysis	<ul style="list-style-type: none"> Cumulative total: Approximately 115.5 billion yen

(note) No significant change under standards as of the end of March 2023

Net zero GHG Emissions from Our Own Operations

In the “MUFG Group Code of Conduct,” MUFG positions “Commitment to the Environment” as part of its employees’ “Responsibility as a Corporate Citizen,” and the Board of Directors sets forth the policy for the specific actions to be taken in order to implement commitment to the environment in the “MUFG Environmental Policy Statement.” The Policy Statement’s section on “Environmental Actions through Business Activities” stipulates “Reduction of Environmental Impact at Our Offices,” “Environmental Improvement and Pollution Prevention,” and “Awareness Raising Across the Group,” and efforts are being undertaken to address each of these areas.

- [MUFG Group Code of Conduct](#)
- [MUFG Environmental Policy Statement](#)
- [MUFG Environmental and Social Policy Framework](#)

Initiatives for Net Zero GHG Emissions from Our Own Operations by 2030

To reduce GHG emissions and mitigate global warming, MUFG aims to achieve net-zero GHG emissions^(note1) from its own operations by 2030. In addition to our initiatives to conserve energy, we are making efforts such as adopting renewable energy sources for the electricity we use and switching to electric vehicles (EVs). We are also working to establish and introduce green power,^(note2) which is an expandable renewable power source, to directly contribute to increasing renewable sources of power.

Overseas, while accumulating expertise from promoting domestic environmental initiatives, MUFG will accelerate the implementation of specific measures, taking into account the status of policies and systems to promote decarbonization in each country.

(note1) Scope 1 emissions (direct GHG emissions by business operators) and Scope 2 emissions (indirect emissions associated with the use of electricity, heat, and steam supplied by other companies) in the GHG protocol

(note2) Green power, generated from renewable energy sources such as wind or solar energy, is sent directly from the power plant to the consumer. Customers can use green power directly as electricity for their own use, rather than being “deemed” to do so.

Progress on Reducing GHG Emissions from Our Own Operations

In FY2022, MUFG accomplished switching to 100% renewable power sources for in-house contracted electric power at all consolidated subsidiaries in Japan, and set interim targets to accelerate initiatives for achieving net-zero emissions from our own operations by 2030.

< Interim targets >

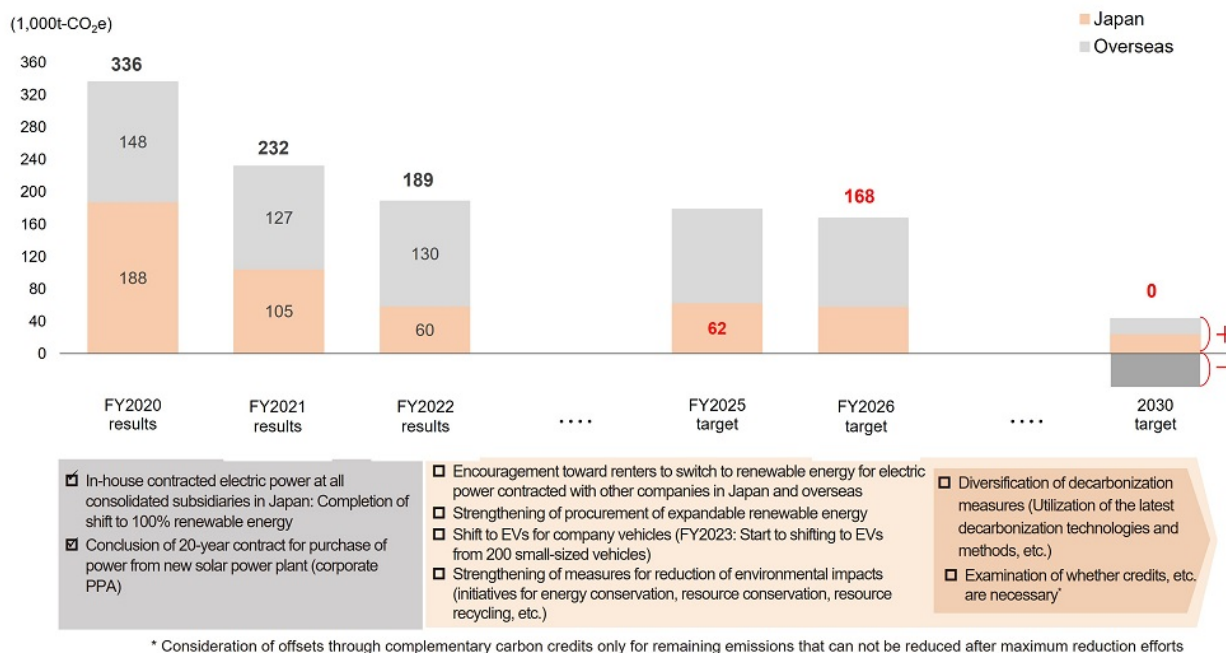
- FY2025: Reduction of GHG emissions from the business in Japan by two-thirds compared to FY2020
- FY2026: Reduction of GHG emissions from the group by 50% compared to FY2020

GHG emissions in FY2022 decreased by 43,000 tCO₂e (19%) from 232,000 tCO₂e in the FY2021 to 189,000 tCO₂e, achieving our interim target for FY2025 ahead of schedule. MUFG has received third-party limited assurance for its FY2022 GHG emissions.

For the first time, we also calculated the Scope 3^(note) (Categories 1-14) GHG emissions of MUFG, the Bank, the Trust Bank, the Securities, NICOS, and ACOM, the Group's six major companies in Japan. Calculated Scope 3 (Categories 1-14) emissions in FY2022 were 1.3million tCO₂e.

(note) Indirect emissions other than Scope 1 and Scope 2 (emissions by other companies related to the own business activities)

Scope 1 and 2 reduction roadmap



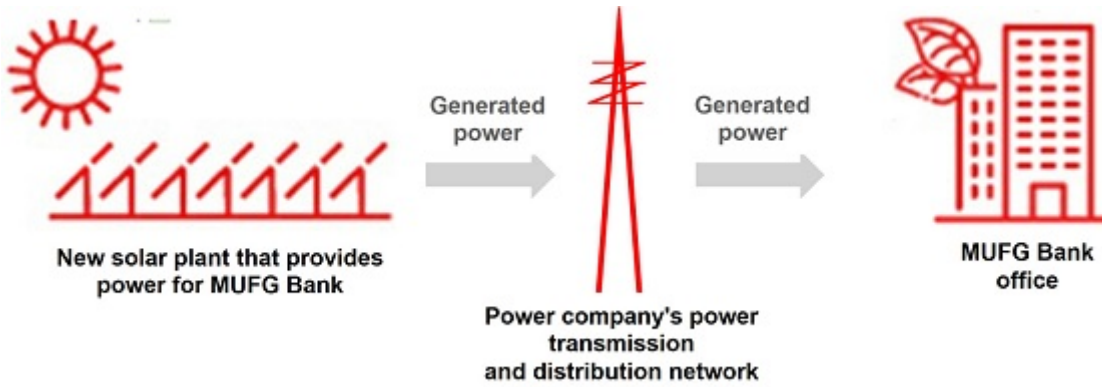
Efforts on Switching to Renewable Energy through Corporate PPAs

In July 2022, MUFG utilized an off-site corporate PPA^(note3) to introduce electricity derived from renewable energy generated by a solar power plant to around 40 locations in Japan. MUFG was involved in the construction of a new 2,000 kW solar power generation facility, and will purchase electricity derived from renewable energy sources over the long term. Subsequently, MUFG established a new 2,000 kW solar power generation facility in September 2022, with all of the renewable power generated to be utilized at the Bank's data center.

Through these types of initiatives, MUFG is making a direct contribution to the increase in the number of expandable renewable power sources^(note4) in Japan. We will continue to pursue such efforts in order to further the spread of renewable energy.

(note1) PPA, or Power Purchase Agreement, is a service in which the power producers and electricity consumers execute a purchase agreement for renewable electricity for a price and period agreed in advance, and renewable energy generated from renewable power sources installed off-site, not in demand areas, is supplied to consumers via ordinary power grids.

(note2) Contribution to the spread and expansion of new renewable energy through the introduction of renewable energy.



Efforts to Achieve Carbon Neutral Company Vehicles

To achieve its net zero target by 2030, MUFG is gradually replacing company vehicles with models that consume less gasoline. In 2017, the Securities began using fuel cell vehicles on a trial basis, and the Bank began the conversion of 200 small-size vehicles to EVs in FY2023. From FY2024 onward, MUFG will share the expertise acquired in these fore-running efforts within the group and promote the transition to carbon-neutral company vehicles by choosing the latest environmentally friendly automobile models.

Efforts on Energy Efficiency and Conservation

MUFG has been implementing and promoting a variety of initiatives to conserve energy, including response to the Act on the Rational Use of Energy and the Act on Promotion of Global Warming Countermeasures. Under the evaluation system established in the Act on the Rational Use of Energy to categorize business operators, the Bank, the Trust Bank, and ACOM were recognized as S rank companies (excellent companies for energy efficiency) for FY2022 (evaluation of FY2021 results). MUFG will continue to promote various efforts to conserve energy and improve energy efficiency, not limited to adhering to the relevant laws and regulations, in order to achieve net zero by 2030.

Specific Energy Conservation Initiatives

- In terms of equipment, lighting is being switched to LED and motion sensors are being installed to turn lights on and off automatically, while equipment such as air conditioning systems are being replaced with high-efficiency models.
- As for operations, efforts under way include setting air conditioning equipment operating hours (for example, to operate until 7 p.m. at the Tokyo head office building), adjusting the number of elevator cars in operation based on the time of day, shutting of blinds (when the outside temperature reaches 30°C), adjusting the brightness of lighting in common areas, and setting air conditioners to reasonable temperatures in summer and winter (based on the government’s recommended temperature settings, etc.).
- In addition, NICOS and ACOM are engaged in activities to raise awareness at the respective companies through regular internal dissemination of information on various initiatives and training.

Efforts to Conserve Energy in Buildings

- MUFG obtained its first “ZEB Ready^(note)” certification (energy saving of 50% or more) for the new park office and library in MUFG Park, for which construction was completed in June 2023.

(note) Certification as a net zero energy building, which is granted to buildings that achieve a 50% or greater reduction in primary energy consumption from the benchmark based on the building's use, size, etc.



The Park office



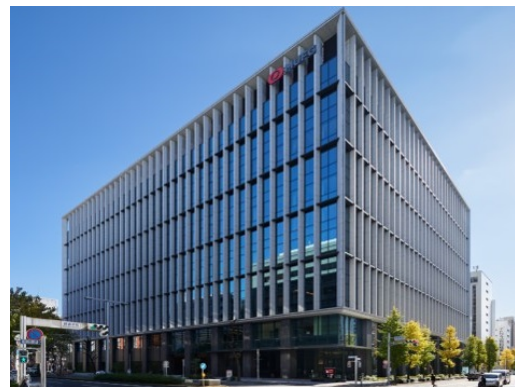
The library

- In addition, the Bank reconstructed two of its head office buildings, the Osaka Building in 2018 and the Nagoya Building in 2021. Both buildings were designed to be environmentally conscious and were fitted with all-LED lighting, window glass with advanced insulation (low-E glass), and equipment to effectively utilize rainwater. Subsequent to the CASBEE^(note) evaluation of the buildings' environmental performance, both buildings obtained S rank, the highest rating, based on CASBEE Osaka Mirai and CASBEE Nagoya for the Osaka Building and Nagoya Building respectively.

(note) The Comprehensive Assessment System for Built Environment Efficiency (CASBEE) is a method for evaluating and rating the environmental performance of buildings. It is a comprehensive assessment of the quality of a building, evaluating features such as interior comfort and scenic aesthetics, in consideration of environment practices that include materials and equipment that save energy or achieve smaller environmental loads.



Exterior of the Osaka Building



Exterior of the Nagoya Building

- The MUFG/MUFG Bank Tokyo head office building is slated for future reconstruction, and the plan is to build a new “MUFG Main Building” that is designed to be carbon-neutral, energy-saving, and resource-recycling.
- In other future reconstruction projects as well, MUFG will continue to pursue environmentally conscious building efforts such as obtaining ZEB and CASBEE certification.

Efforts to Establish Recycling-Based Society and Circular Economy

In light of growing international awareness of resource recycling, the worsening waste problem, and the conservation of resources, MUFG is implementing a variety of initiatives to facilitate the transition to a circular economy that uses resources in a sustainable manner.

Recycling of Waste

A target waste recycling rate of at least 90% has been set for MUFG locations in Japan, and making greater efforts to properly sort waste is being promoted by installing waste disposal stations where recyclable waste can be sorted, establishing rules for sorting and collection, and providing specific examples of proper sorting. In FY2022, the Bank achieved a 100% paper products recycling rate for its head office buildings in Tokyo, Nagoya, and Osaka. The Tokyo head office building is also conducting kitchen waste recycling, for which the FY2022 waste recycling rate was over 90% (94.9%). We aim to continue to improve the waste recycling rate, including at other head office buildings. Overseas, Krungsri (Bank of Ayudhya) in Thailand has been promoting the “Krungsri Zero Waste” project since 2018. This project aims to raise employee awareness of waste problems through training sessions and waste sorting activities, and works to reduce and recycle waste.



限りある資源を大切にしよう！

Reducing, Reusing, and Recycling of Paper

In order to effectively utilize forest resources, MUFG is reducing the amount of paper used along with reusing and recycling paper. Measures to cut down on paper usage include visualization of the number of pages printed out, promoting smart work (actively using the online meeting system, using monitors to display materials, etc.), and digitization of contract documents and materials distributed to customers such as bank books, prospectuses, and account activity statements. In addition, an initiative is under way on a trial basis at the Bank’s Tokyo head office and the Ikejiri Building to recycle resources within the company by recycling paper to re-use in each building as toilet paper. As for paper recycling, in FY2022 the Bank achieved a 100% recycling rate at its head office buildings (Tokyo, Osaka, and Nagoya).



Reducing, Reusing, and Recycling of Plastic and Switching to Renewables

In response to environmental problems concerning plastic such as the impact on the ocean and oceanic resources, MUFG is promoting initiatives to reduce, reuse, and recycle plastics (the “3Rs”) and adopt renewables.^(note)

Activities aimed at reducing the volume of plastic used include recommending that tenant shops and cafes for employees stop giving out straws derived from petrochemicals and adopting contactless payment and other transaction services. In addition, MUFG is also working to efficiently utilize resources by engaging in activities to encourage reuse, such as the collection and redistribution of used office supplies made of plastic.

MUFG has been promoting recycling by installing dedicated waste bins for PET bottles in order to properly sort plastic waste, and in FY2022 the Bank achieved a PET bottle recycling rate of 100% at its head office buildings in Tokyo, Nagoya, and Osaka. Efforts are also under way to promote the switch to “horizontal recycling” (making used bottles into new bottles), and the Bank head office building in Nagoya has achieved a 100% horizontal recycling rate. We will continue to broadly promote horizontal recycling.

As for initiatives to switch to renewables, NICOS has adopted biomass-derived plastic for the clear wrapping it uses for its member information magazine, and MUFG will continue to pursue the switch to renewable resources for plastics.

(note) Here, renewable refers to substitution with a renewable resource such as paper or plastics derived from plant matter.



Efforts Related to Water Resources

MUFG is engaged in efforts on a global basis to conserve water through the effective use of water resources. To promote the reuse of water and utilization of rainwater, water treatment and rainwater utilization equipment has been installed in some head office buildings in Japan.

Overseas, MUFG is working to reduce water usage at subsidiaries located in highly water-stressed countries. Krungsri^(note) is taking measures such as wastewater reuse in order to reduce the amount of tap water used at the Bangkok head office, and has reduced water usage at its Phloenchit office by approximately 40% by installing water-saving equipment. In addition, Bank Danamon in Indonesia has installed hygienic water infrastructure in five regions.

We will continue to pursue various efforts to effectively utilize water resources.

(note) Krungsri established their “Policy for Environment, Resource, Occupational Health, and Safety” to promote and support the environmental management and resource efficiency. The policy presents a guideline to determine the environmental protection and resource conservation measures, including those related to water consumption as below.

- Communicate and campaign about correct and efficient water consumption
- Stipulate appropriate water consumption time (e.g., watering plants, cleaning space in front of the building, etc.)
- Use water-saving and environmentally friendly sanitary wares
- Stipulate measures on wastewater reuse (e.g., wastewater treatment per stipulated standards and wastewater reuse for some activities)
- Log monthly water consumption

Risk Management

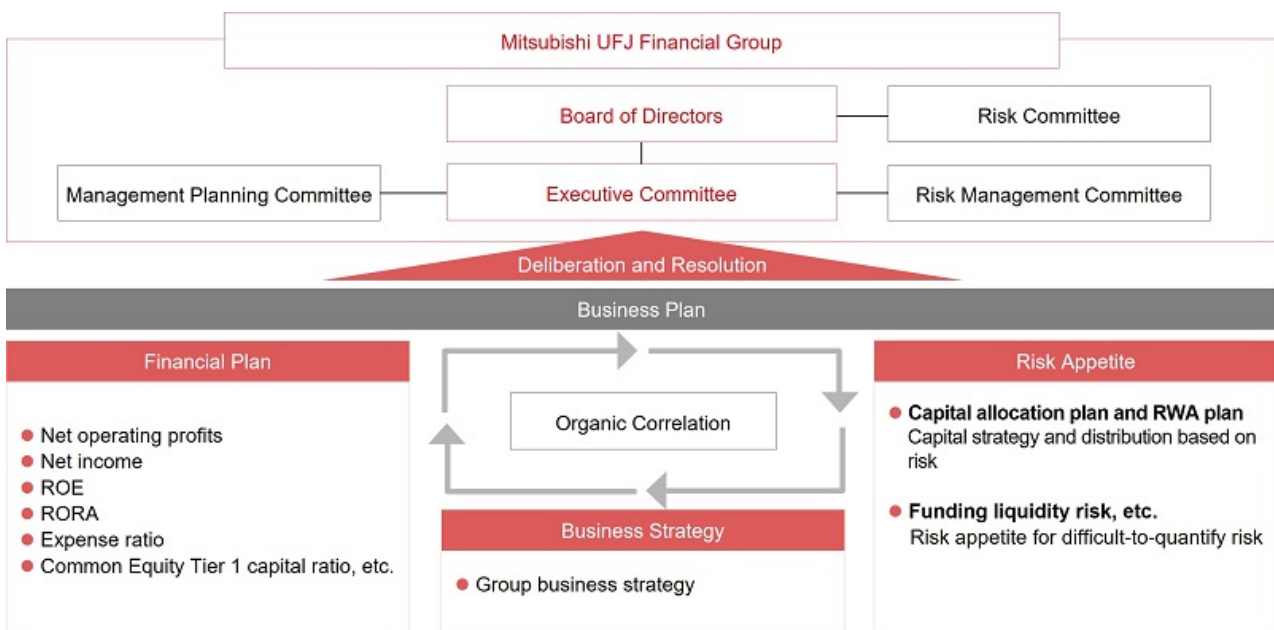
Reflection in the Risk Appetite Framework

From FY 2021, the risks related to climate change have been newly added to the Risk Appetite Statement. We aim to establish, maintain, and further develop a framework for appropriately managing risks related to climate change.

Outline of the Risk Appetite Framework

The Risk Appetite Framework is a framework for clarifying the risk appetite (the type and amount of risk to be undertaken) to achieve MUFG's business strategy and financial plan and for conducting business management and risk management.

The introduction of the framework will enhance transparency in our management planning and make the pursuit of more revenue opportunities possible, while also enabling management with risks controlled.



Climate Change-Related Risk in Enterprise Risk Management -Top 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. 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.

Top Risk Management

MUFG defines a risk event as a loss that could be brought on to the Group as a result of the materialization of various risk scenarios and determines the importance level based on the impact and probability of the event. Risk events that should be paid most attention to over the next year are identified as Top risks.

Overview of Risks Related to Climate Change

Risk scenarios	Risk countermeasures
<ul style="list-style-type: none"> • If our efforts to address climate change-related risks or to make appropriate disclosure are deemed insufficient, our corporate value may be impaired. • Our credit portfolio may be adversely affected by the negative impact of climate change on our borrowers and transaction counterparties. 	<ul style="list-style-type: none"> • Promote various measures in line with the Carbon Neutrality Declaration while disclosing relevant information and enhancing scenario analysis based on recommendations from the TCFD. • Formulate interim targets consistent with the Paris Agreement regarding the volume of GHG emissions in addition to updating our Environmental and Social Policy Framework and strengthening engagement with corporate clients.

Construction of a Management Framework to Address Change on a Group and Global Basis

MUFG has established a project team on a group and global basis to strengthen the response to risks related to climate change. The team will implement appropriate measures by identifying and sharing information on regulatory trends etc. and by establishing a framework for risk management on a group and global basis.

To consider a management framework for risks related to climate change, a project team is established with the Group Chief Risk Officer (CRO) as the lead and with participation of the CROs from the Bank, Trust Bank and Securities, as well as regional CROs.

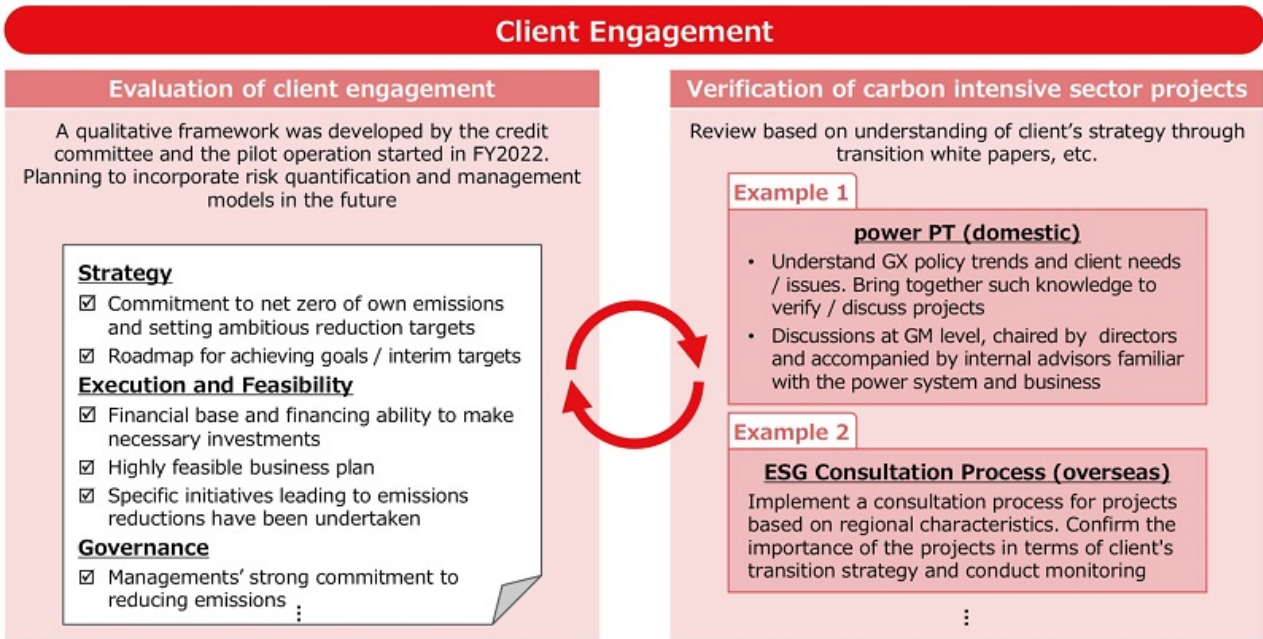
Main items to be considered and addressed

- Consideration of a method of classifying and analyzing risks related to climate change, clarifying risk appetite, establishment of a framework for clients transition evaluation as the way to reflect risk in the credit process, and incorporating risk quantification and management models.
- Organization of risk recognition related to transition risks and physical risks through studies

Framework for Evaluating Client Transitions

We have developed a qualitative framework to evaluate client transitions and started a trial run of the framework in FY2022. Under the framework, we are trying to understand and assess clients' transition strategy, feasibility of their plan, governance and so on through engagement. In addition, we support client transitions by verifying each

transaction or project, considering sector, regional characteristics and clients' transition strategy through the initiatives such as Power PT (domestic) and ESG Consultation Process (overseas).

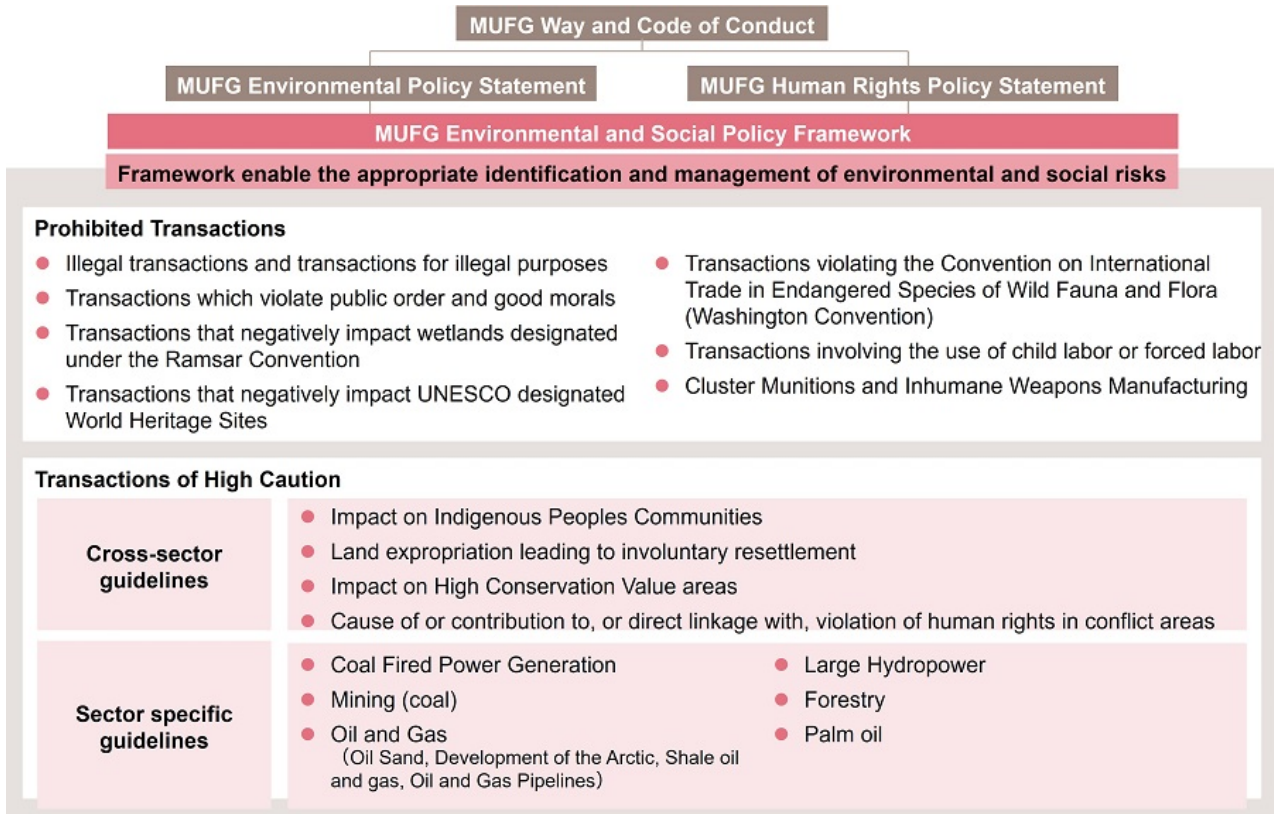


Environmental and Social Risk Management in Finance

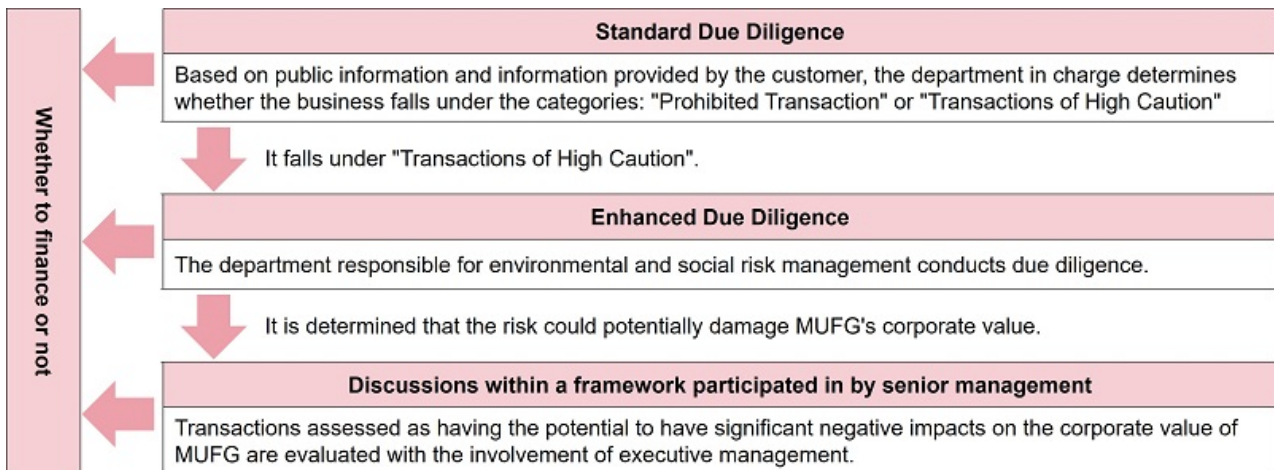
We implemented MUFG Environmental and Social Policy Framework to manage environmental and social risks associated with our financing^(note). Concerning coal-fired power generation, mining (coal), oil and gas, and other specific sectors in which concerns are raised over environmental and social impacts,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

(note) Credit, bond and equity underwriting for corporate clients of MUFG's main subsidiaries, the Bank, the Trust Bank and the Securities HD.

MUFG Environmental and Social Policy Framework



The Process of Identifying and Assessing the Environmental and Social Risks or Impacts of a Business to be Financed



Policies on the Sectors Related to the Environment, Including Climate Change

Since its establishment in May 2018, the MUFG Environmental and Social Policy Framework has been periodically reviewed in response to changes in business activities and the business environment. Our most recent revision in 2023 tightened our policies concerning climate-related sectors (forests, palm oil, and coal mining).

Environment-Related Policies in the MUFG Environmental and Social Policy Framework

Sector	2018	2019	2020	2021	2022	2023	Revised content
Coal-fired power generation	Enactment	Revision		Revision			Request for strengthening of supply chain management and enhancement of traceability
Forestry		Enactment		Revision		Revision	
Palm oil		Enactment		Revision	Revision	Revision	Request for strengthening of supply chain management and enhancement of traceability
Mining (coal)		Enactment			Revision	Revision	
Oil and gas			Enactment		Revision		Prohibition of support for expansion of general coal for power generation projects and linked infrastructure
Large-scale hydroelectric power generation			Enactment				

Policies and Guidelines

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

The Equator Principles is an international framework developed to identify, assess, and manage the potential environmental and social risks and impacts of large-scale projects, including infrastructure and natural resource development. The Bank conducts environmental and social risk assessments based on the Principles prior to loan decisions.

Regarding climate change risks, in addition to examining technically and economically feasible options that contribute to reducing GHG emissions, the Bank evaluates the status of project developers' measures to identify and manage physical and transition risks in line with the TCFD recommendations.

The Equator Principles

Climate Change-Related Responses Required under the Equator Principles

Applicable projects	Responses required under the Equator Principles
Among the risk categories used in the Equator Principles, all Category A projects, and as appropriate, Category B ^(note) projects	<ul style="list-style-type: none"> • Identification of physical risks and measures to manage those risks
Projects with GHG emissions (Scope 1 and Scope 2), during its operational phase, of more than 100,000 tonnes of carbon dioxide equivalent per year	<ul style="list-style-type: none"> • Alternatives Analysis • Assessment of transition risks and countermeasures • Annual public reporting of GHG emission levels

(note) Category A refers to projects with potential significant adverse environmental and social risks and/or impacts that are diverse, irreversible, or unprecedented. Category B refers to projects with potential limited environmental and social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures.

Examples of Climate Change Risk Assessment

In environmental and social risk assessments prior to a loan decision, the Bank evaluates the project proponent's countermeasures on climate change and confirms that they meet the requirements for climate change risk assessment in accordance with the Equator Principles. The following are examples of physical and transition risk assessments of individual projects for which the Bank conducted environmental and social risk assessments.

Physical risk (arterial road expansion project)

In order to expand an arterial road located in an urban area, the project's physical risks were assessed as part of the environmental assessment submitted to host-country authorities. Increased flooding associated with extreme rainfall and increased frequency of bushfires were identified as key physical risks. We have ensured that the project proponent commits to management and mitigation of these risks.

Physical risks identified in the assessment

- Increase in flooding and landslides associated with extreme rainfall causing damage to road facilities
- Increased frequency of bushfires (associated with increase in average temperatures) resulting in damage to motorway corridor and/or associated infrastructures

Key actions taken by the project proponent

- Communication to contractors on increased likelihood of extreme rainfall and wind events occurring during construction; incorporation of extreme weather events in construction planning
- Adoption of a drainage design able to withstand projected extreme rainfall and flooding
- Augmented routine maintenance and inspections of structural components

Transition risks (refinery expansion project)

The refinery expansion project intends to increase the facility's processing capacity to meet market demands. A climate change risk assessment report, which included an assessment of transition risks, was prepared in line with TCFD recommendations. In the report, policy, regulatory, and market risks were identified as key transition risks.

Transition risks identified in the assessment

- New costs associated with GHG emissions e.g., introduction of carbon tax
- Increasing obligations against measuring and reporting GHG emissions
- Decline in demands for oil manufacturing services

Key actions taken by the project proponent

- Evaluation of project economics with carbon tax (when introduced)
- Disclosure of climate-related risks and impacts on business and project's initiatives to support low carbon transition
- Monitoring of global and emerging issues on the perceptions on oil and gas industry

Metrics and Targets

Key Metrics and Targets

Main initiatives	Metric	Target	Emissions at the time of target setting	Results
Net Zero GHG from the Financed Portfolio	Scope3 (Emissions through financed portfolio)	Net zero by 2050	—	—
	Power sector: Emission intensity (gCO ₂ e/kWh)	156-192gCO ₂ e/kwh (target for 2030)	328gCO ₂ e/kwh (2019)	299gCO ₂ e/kwh (2021 results)
	Oil and gas sector: Absolute GHG emissions (MtCO ₂ e)	15-28% reduction compared with 2019 level (target for 2030)	84MtCO ₂ e (2019)	76MtCO ₂ e (2021 results)
	Real estate sector: Emission intensity (kgCO ₂ e/m ²)	Commercial: 44-47kgCO ₂ e/m ² Residential: 23 kgCO ₂ e/m ² (target for 2030)	Commercial: 65kgCO ₂ e/m ² Residential: 27kgCO ₂ e/m ² (2020)	—
	Steel sector: Absolute GHG emissions	22% reduction compared with 2019 level (target for 2030)	22MtCO ₂ e (2019)	—
	Shipping sector: PCA	PCA≤0% (target for 2030)	PCA+0.6% (2021)	—
Net Zero GHG from Own Operations	Scope 1 and 2 emissions	Net zero by 2030	—	FY2021: 232,000 tCO ₂ FY2022: 189,000 tCO ₂
Decarbonization through Financial Services	Cumulative execution amount of sustainable finance	Cumulative total of 35 trillion yen (including 18 trillion yen in the environmental sector) in FY2030	—	Cumulative total of 24.5 trillion yen (including 8.9 trillion yen in the environmental sector) in FY2022
	Setting Targets for Reducing CO ₂ Emissions Through Renewable Energy Project Financing	Reduction by 70 million tons (cumulative total from FY2019 to FY2030)	—	Reduction by 36.63 million tons (cumulative total from FY2019 to FY2022)
	Credit amounts related to coal-fired power generation project finance	50% reduction in FY2030 compared with FY2019 level; zero by FY2040	US\$3,580 million (as of the end of FY2019)	US\$2,581 million ^(note) (as of the end of FY2022)
	Corporate finance for coal-fired power generation	Zero in FY2040	Approx. ¥120 billion (as of the end of FY2020)	Approx. ¥80 billion ^(note) (as of the end of FY2022)

(note) Based on the MUFG Environmental and Social Policy Framework, projects that contribute to initiatives for transitioning to a decarbonized society are excluded.

Other disclosure items:

- Measurement of financed emissions, by sector recommended for disclosure by TCFD recommendations
- Status of carbon-related assets (credit amounts)

Net Zero GHG Emissions from the Financed Portfolio

Metric	Absolute emissions (oil and gas, steel sectors) Emission intensity (power, real estate sectors) PCA (shipping sector)
Target	Power sector: 156-192gCO ₂ e/kwh (target for 2030) Oil and gas sector: 15-28% decrease compared with 2019 level (target for 2030) Real estate sector <ul style="list-style-type: none"> • Commercial real estate: 44-47kgCO₂e/m² (target for 2030) • Residential: 23kgCO₂e/m² (target for 2030) Steel sector: 22% decrease compared with 2019 level (target for 2030) Shipping sector: PCA≤0% (target for 2030)
Emissions at the time of target setting	Power sector: 328gCO ₂ e/kwh (2019) Oil and gas sector: 84MtCO ₂ e (2019) Real estate sector <ul style="list-style-type: none"> • Commercial: 65kgCO₂e/m² (2020) • Residential real estate: 27kgCO₂e/m² (2020) Steel sector: 22MtCO ₂ e (2019) Shipping sector: PCA+0.6% (2021)
Results	Power sector: 299gCO ₂ e/kwh (2021) Oil and gas sector: 76MtCO ₂ e (2021)

Please see [Strategy](#) for details.

Net Zero GHG Emissions from Own Operations (Scope 1 and 2 emissions from MUFG)

Global Group-Wide

Metric	Scope 1 and 2 emissions
Target	Net-zero GHG emissions from own operations in 2030
Results^(note1,2)	FY2021: Scope 1 and Scope 2 emissions totaled 232,000tCO ₂ . FY2022: Scope1+2 totaled 189,000tCO ₂ (Completion of conversion to 100% renewable energy for in-house contracted power at all MUFG consolidated subsidiaries in Japan in FY2022)

(note1) Scope of aggregation: MUFG, MUFG Bank, Ltd., Mitsubishi UFJ Trust and Banking Corporation, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., Mitsubishi UFJ NICOS Co., Ltd., ACOM, and consolidated subsidiaries.

(note2) Electricity is calculated based on market standards.

CO₂排出量の推移 / Changes in CO₂ Emission

計測項目/Item		単位/Unit	FY2018	FY2019	FY2020	FY2021	FY2022※1	
CO ₂ 排出量 CO ₂ emission	Scope1	直接的なCO ₂ 排出量 Direct CO ₂ emissions	t-CO ₂ e	10,795	9,963	9,560	13,567	31,051
	Scope2	間接的なCO ₂ 排出量 Indirect CO ₂ emissions (電力：マーケット基準 Electricity : market-based)	t-CO ₂	186,870	184,020	162,159	94,185	158,342
		間接的なCO ₂ 排出量 Indirect CO ₂ emissions (電力：ロケーション基準 Electricity: location-based)	t-CO ₂	—	—	—	167,614	311,059
	Scope1・2 小計 Subtotal	電力：マーケット基準 Electricity: market-based	t-CO ₂	197,665	193,983	171,719	107,752	189,393
		電力：ロケーション基準 Electricity: location-based	t-CO ₂	—	—	—	181,181	342,110
	Scope3	その他関連のある 間接的なCO ₂ 排出量 Other indirect CO ₂ Emissions	t-CO ₂	10,309	7,959	3,526	74	1,318,824
CO ₂ 排出原単位 (床面積あたりCO ₂ 排出量) ※2 Basic unit of CO ₂ emission (CO ₂ emissions per unit of floor space)	電力：マーケット基準 Electricity : market-based	t-CO ₂ e /1,000m ²	91	90	82	52	59	
	電力：ロケーション基準 Electricity: location-based	t-CO ₂ e /1,000m ²	—	—	—	88	106	

※1 2022年度より集計範囲および算定方法を変更（上水・下水を除く）。FY2018-2021：P5、FY2022：P4を参照

※1 Scope of reporting and CO₂ Emissions Calculation Method changed from FY2022 (excludes Tap, Waste water) . See P5 for FY2018-2021 and P4 for FY2022.

※2 2018-2021年度までのデータを、Scope1,2の合計値を用いて算出したものに更新

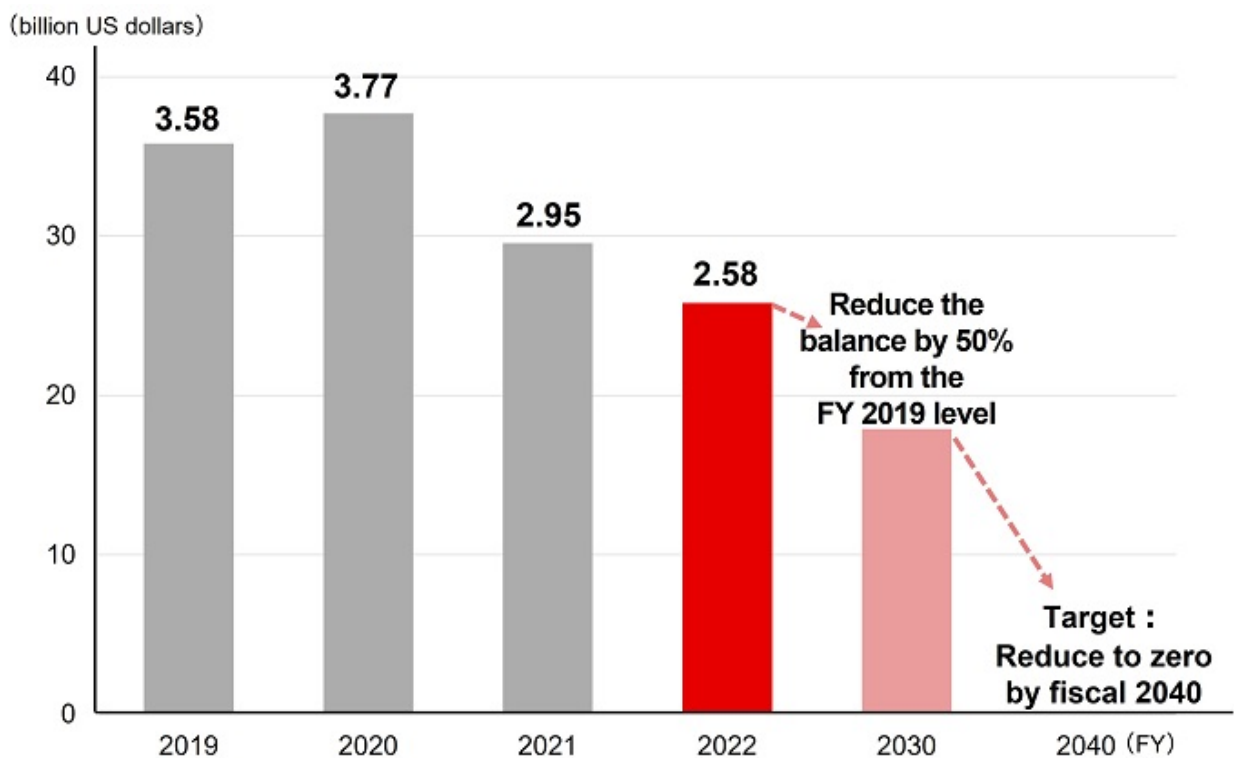
※2 Data from FY 2018 to FY 2021 are revised to those calculated using the sum of Scope1, 2.

(note) The scope of aggregation and calculation method have been changed from FY2022 results. See [ESG Data Book 2023](#) for details.

Credit Amounts Related to Coal -Fired Power Generation -Project Finance-

Metric	Project finance for coal-fired power plants (balance of lending)
Target	Reduce the balance by 50% by FY2030 from the FY2019 level, and reduce it zero by FY2040 ^(note)
Emissions at the time of target setting	US\$3,580 million (as of the end of FY2019)
Results	US\$2,581 million (as of the end of FY2022)

It is outlined in the MUFG Environmental and Social Policy Framework not to provide financing to new coal-fired power generation projects in principle. MUFG have set a target of reducing the balance of financing to coal-fired power generation projects by 50% from FY2019 by FY2030, and reducing it to zero by FY2040.



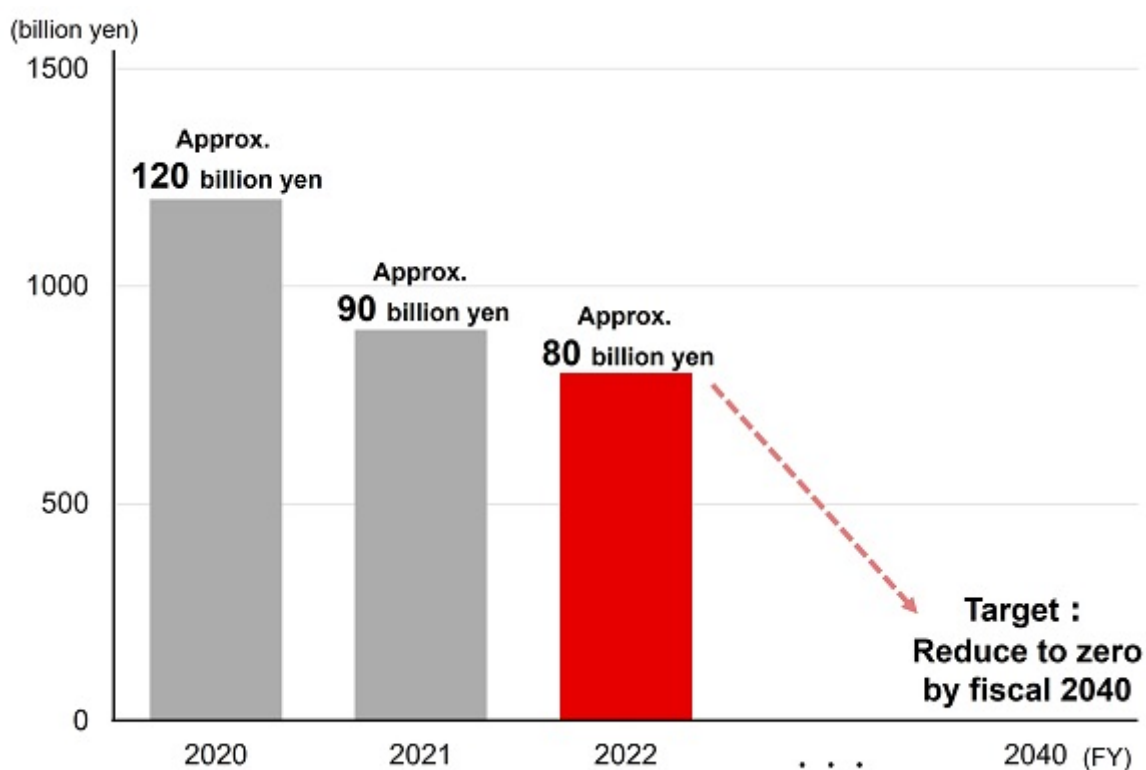
(note) Projects that contribute to the transition toward a decarbonized society are exceptional following the MUFG Environmental and Social Policy Framework.

Credit Amounts Related to Coal-Fired Power Generation -Corporate Finance -

Metric	Corporate finance for coal-fired power plants (credit amounts)
Target	Reduce the credit balance to zero by FY2040 ^(note)
Emissions at the time of target setting	Approx. 120 billion yen (as of the end of FY2020)
Results	Approx. 80 billion yen (as of the end of FY2022)

In April 2022, we set a target to reduce to zero the balance of financing to coal-fired power generation projects by FY2040.

We will continue to promote investments and loans for green, transition, and innovation through engagement (dialogue) aimed to help customers decarbonize who are operating coal-fired thermal power generation.



(note) Projects that contribute to the transition toward a decarbonized society are exceptional following the MUFG Environmental and Social Policy Framework.

Sustainable Finance Target and Progress

Metric	Cumulative execution amount of sustainable finance
Target	Cumulative total of 35 trillion yen (including 18 trillion yen in the environmental sector) in FY2030
Results	Cumulative total of 24.5 trillion yen, including 8.9 trillion yen in the environmental sector (as of the end of FY2022)

Please see [Strategy](#) for details.

Setting Targets for Reducing CO₂ Emissions Through Renewable Energy Project Financing

Metric	CO ₂ reduction through renewable energy project financing
Target	Reduction by 70 million tons (cumulative total from FY2019 to FY2030)
Results	Reduction by 36.63 million tons (cumulative total from FY2019 to FY2022)

Please see [Strategy](#) for details.

Measurement of Financed Emission (FE) by Sector in TCFD Recommendations for Disclosure

FE measurement was conducted for corporate and project finance, using the PCAF methodology, by sectors recommended for disclosure in the TCFD (based on March 31, 2022). Going forward, FE measurement results may change significantly as the availability and accuracy of data improves due to expanded disclosure by customers and advances in estimation methodologies.

In FE measurement, we perform estimation using the emission factors in the IEA World Energy Outlook and the emission intensity (emissions per unit of revenue and per amount of loans) published in the PCAF database, in addition to customers' disclosed data. See details on assumptions and measurement methods, see [here \(PDF / 341KB\)](#) .

【Overview of Measurement】

Applicable assets	Loans (corporate finance and project finance)																								
Applicable FY	<ul style="list-style-type: none"> · Base year: Fiscal year ended March 31, 2022 - Loan balance: As of March 31, 2022 - Customers' financial data and greenhouse gas (GHG) emission data: - In principle, financial closing data for the period from April 2021 to March 2022 																								
Target sectors	The following 17 sectors will be disclosed based on the TCFD Recommendations. <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <tr> <td>Oil & Gas</td> <td>Coal</td> <td>Electric Utilities</td> <td>Aviation*</td> <td>Maritime Transportation</td> </tr> <tr> <td>Rail Transportation</td> <td>Trucking Services</td> <td>Automobiles & Components</td> <td>Metals & Mining</td> <td>Chemicals</td> </tr> <tr> <td>Construction Materials</td> <td>Capital Goods</td> <td>Real Estate Management & Development</td> <td>Beverages</td> <td>Agriculture</td> </tr> <tr> <td>Packaged Foods & Meats</td> <td>Paper & Forest Products</td> <td></td> <td></td> <td></td> </tr> </table>					Oil & Gas	Coal	Electric Utilities	Aviation*	Maritime Transportation	Rail Transportation	Trucking Services	Automobiles & Components	Metals & Mining	Chemicals	Construction Materials	Capital Goods	Real Estate Management & Development	Beverages	Agriculture	Packaged Foods & Meats	Paper & Forest Products			
Oil & Gas	Coal	Electric Utilities	Aviation*	Maritime Transportation																					
Rail Transportation	Trucking Services	Automobiles & Components	Metals & Mining	Chemicals																					
Construction Materials	Capital Goods	Real Estate Management & Development	Beverages	Agriculture																					
Packaged Foods & Meats	Paper & Forest Products																								
Calculation method	* The aviation sector includes both Air Freight and Passenger Air Transportation Measurements based on PCAF standards																								

*1 The Partnership for Carbon Accounting Financials (PCAF) is an international initiative that was launched in 2015 with the goal of standardizing the measurement and disclosure of financed GHG emission.

【Basic Calculation Formula Based on PCAF Standards】

Basic equations

【Score 1 to 4】

$$\text{Financed Emission} = \sum_n \text{Attribution factor}_n \times \text{Company emission}_n$$

- Attribution factor
= loan amount for each customer/project ÷ Debt + equity of each customer/project
- Company Emission (GHG emission)
= We use the data disclosed by the customer. If we cannot obtain such data, we use estimated figures.

【Score 5】

$$\text{Financed Emission} = \sum_n \text{Loan amount}_n \times \text{GHG emission}_n / \text{Assets}_n^*$$

* Emission factor per asset value taken from the PCAF database

~ What is the PCAF Score ~



We score the quality of emission data by each customer/project according to the categories shown below, and aggregate the average score for the sector as a whole by weighted average of loan amount.

	Quality	Category	Summary
High ↑ ↓ Low	Score 1	Disclosed information	● Verified emissions data of each customer/project
	Score 2		● Unverified emissions data of each customer/project
	Score 3	Estimated value (based on physical metrics)	● Estimation based on energy consumption data of each customer/project
	Score 4		● Estimation based on production data of each customer/project
	Score 5		● Estimation based on the sales of each customer/project and the sectorial emission benchmarks per sales
		Estimated value (based on financial metrics)	● Estimation based on loan balances of each customer/project and sectorial emission benchmarks per asset
			● Estimation based on loan balances of the each customer/project, sectorial emission benchmarks per revenue, and asset turnover ratio per sector

Source: created by MUFG based on The Global GHG Accounting & Reporting Standard for the Financial Industry

Measurement of Financed Emission (FE) by Sector in TCFD Recommendations for Disclosure

	Energy			Transportation					Materials & Buildings					Agriculture, Food & Forest Products			
	Oil & Gas	Coal	Electric Utilities	Aviation	Maritime Transportation	Rail Transportation	Trucking Services	Automobiles & Components	Metals & Mining	Chemicals	Construction Materials	Capital Goods	Real Estate Management & Development	Beverages	Agriculture	Packaged Foods & Meats	Paper & Forest Products
Scope1+2 (MtCO ₂)	34	0.2	85	4	8	0.4	0.5	3	23	9	3	2	1	0.3	2	5	2
Scope3 (MtCO ₂)	97	0.4	29	2	4	0.5	4	73	27	25	2	93	1	2	1	11	3
FE scope of measurement balance (Billion USD)	49	0.4	61	11	11	13	14	63	26	35	4	53	80	7	2	16	6
Measured coverage ²	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
PCAF score (Scope 1+2)	3.2	2.7	2.8	2.4	2.9	3.6	3.8	2.2	2.1	2.4	2.2	2.2	3.7	2.2	4.1	3.5	3.1
PCAF score (Scope 3)	3.3	3.2	3.1	2.5	3.0	3.7	3.8	2.2	2.2	2.4	2.2	2.6	3.7	2.3	4.5	3.5	3.5

1. Excluding mortgages 2. For power and oil & gas upstream business PF, measurement was conducted only for completed construction details

Status of Carbon-Related Assets (Credit Amount)

Metric	Carbon-Related Assets (Credit Amount)

Based on the TCFD's recommendations, the status of credit balance ^(note1,2) for carbon-related assets is disclosed in order to quantify the risks related to climate change.

The total amount at the end of FY2022 was 60.2 trillion yen ^(note3) (Energy: 8.2 trillion yen; Utilities: 9.2 trillion yen; Transportation: 12.0 trillion yen; Materials and Buildings: 26.8 trillion yen; Agriculture, Food and Forest Products: 4.1 trillion yen).

[Unit : trillion yen]

	Credit amounts at the end of FY2021	Credit amounts at the end of FY2022	Ratio
Energy	8.2	8.2	5.2%
Oil & Gas	7.8	7.8	4.9%
Coal	0.3	0.4	0.2%
Utilities	8.3	9.2	5.7%
Electricity	6.8	7.5	4.7%
Coal-fired power	1.2	1.2	0.8%
Gas-fired power, power transmission and distribution, etc.	5.6	6.3	3.9%
Gas supply etc.	1.5	1.6	1.0%
Transport	12.2	12.0	7.5%
Air cargo	0.7	0.9	0.6%
Passenger cargo	0.9	0.9	0.5%
Marine transport	1.6	1.5	1.0%
Rail transport	1.7	1.8	1.1%
Truck service	2.0	1.7	1.1%
Automobile and parts	5.3	5.2	3.3%
Material and building	27.8	26.8	16.8%
Metals and mining	4.1	4.5	2.8%
Chemical	4.6	4.7	2.9%
Building materials	0.6	0.8	0.5%
Capital goods	6.8	6.9	4.3%
Real estate management and development	11.7	10.0	6.3%
Agriculture, foods, forestry products	4.4	4.1	2.5%
Beverage	1.0	1.0	0.6%
Agriculture	0.3	0.2	0.1%
Processed food, meat	2.2	2.0	1.3%
Paper/Forestry products	0.9	0.8	0.5%
Carbon-related assets	60.9	60.2	37.8%
All sector total	161.3	159.5	100.0%

- (note1) Total of loans, trade finance, letter of credit & guarantees and undrawn commitment facility, etc.
- (note2) Excluding interbank transactions, credit to government agencies and central banks, etc.
- (note3) Based on the revision of the TCFD Recommendations in October 2021, the scope has included energy and utilities transportation, materials and buildings, and agriculture, food, and forest products. Credit to renewable power generation is excluded from credit amount related to the utility sector.
The total includes partner banks (Krungsri (Bank of Ayudhya), and Bank Danamon). Sector classification based on the primary business (largest sales) of the borrower.

Future Action Plan

MUFG will continue its efforts to achieve net-zero GHG emissions from its investment and financing portfolio by 2050, as committed in the MUFG Carbon Neutrality Declaration, and will lead the way in addressing climate change, one of the most serious issues that the world faces.

Furthermore, based on the TCFD recommendations, MUFG will continue to address risks and opportunities related to climate change under the supervision of the Board of Directors and disclose the status of such efforts in a timely, appropriate, and proactive manner.

Action Plan for Initiatives to Address Climate Change

Items recommended for disclosure	Action plan (during FY2023)
Governance	<ul style="list-style-type: none"> • The Sustainability Committee deliberates the status of initiatives to address climate change, issues, information disclosure, etc., based on the TCFD recommendations, and then reports to the Executive Committee, which in turn reports to the Board of Directors where the matters are reviewed • Study of measures based on advice from outside directors and external advisors regarding initiatives to achieve carbon neutrality
Strategy	<ul style="list-style-type: none"> • Formulation and release of transition plan in line with GFANZ guidance • Acceleration of efforts including risk management, engagement, and human resource development in line with the transition plan • Through the publication of the MUFG Transition White Paper 2.0, list key technologies and supply chains for advancing carbon neutrality for electricity and heat in Japan, and enhance the predictability of investments for Japan's initiatives • Deeper engagement and provision of a variety of solutions based on engagement • In addition to climate change, enhance initiatives toward biodiversity, natural capital, etc. • Execution of measures for reduction of GHG emissions from own operations through energy conservation initiatives, switching to renewable energy, etc.
Risk management	<ul style="list-style-type: none"> • Continuous revision of the finance policy (MUFG Environmental and Social Policy Framework) • Study of framework for customer evaluation and project decision-making processes, engagement policy, etc. aimed to further strengthen climate change-related risk management
Metrics and Targets	<ul style="list-style-type: none"> • Additional disclosure of interim targets by sector, as stipulated by the NZBA • Study of enhancement of Scope 3 (Financed Emissions) disclosure

Climate Change/TCFD Initiatives as an Asset Manager

Recognition of the External Environment

The Necessity of Climate Change Response

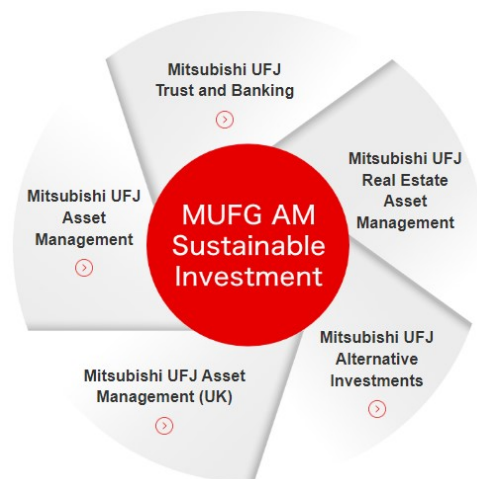
Climate change is an urgent and global-scale environmental issue that has major impacts on our lives, as well as a sustainability issue connected to other environmental and social issues. Accordingly, we believe that initiatives to address climate change are crucial to the business continuity of our customers and investees, and to the enhancement of our corporate value. As an asset manager, we will contribute to a smooth transition to a decarbonized society and to the achievement of a sustainable society through properly grasping the risks and the opportunities that climate change brings, cooperating with our varied stakeholders, and conducting dialogues (engagement activities) with investees.

MUFG Asset Management Initiatives

Launch of MUFG AM Sustainable Investment

In April 2023, MUFG Asset Management ^(note) commenced activities under the name **MUFG AM Sustainable Investment** (hereinafter MUFG AM Su). With a sustainable future as our aim, we are prioritizing initiatives for solving issues that would have major long-term impacts on our assets under management. Among these, we set out climate change as a key theme in asset management. As one action to address this, we have declared our intent to work toward net zero emissions through participation in the Net Zero Asset Managers (NZAM) initiative, and will aim to transition to a decarbonized society through sustainable investment.

(note) MUFG Asset Management (hereinafter MUFG AM) is a brand name formed by Mitsubishi UFJ Trust and Banking Corporation, an asset management company of Mitsubishi UFJ Financial Group (hereinafter MUFG), Mitsubishi UFJ Asset Management Co., Ltd., Mitsubishi UFJ Real Estate Asset Management Co., Ltd., Mitsubishi UFJ Asset Management (UK) Ltd., and Mitsubishi UFJ Alternative Investments Co., Ltd.



Approach to Engagement by MUFG AM

Thematic Engagement	Collaborative Engagement	Public Engagement
 <p>Empowering companies through thematic engagement with financial solutions to global challenges for our sustainable future.</p>	 <p>Engaging with companies in global partnership with strategic initiatives and asset managers.</p>	 <p>Evolving policy measures with public sector as integral part of the public engagement in a coordinated manner with asset managers as needed.</p>

MUFG AM Su conducts engagement through three approaches: thematic engagement, collaborative engagement, and public engagement.

< Thematic Engagement >

In thematic engagement, analysts with abundant management experience and research officers specialized in the area of sustainability conduct engagement with a focus on MUFG AM's four priority themes of climate change, biodiversity, human rights, and health and safety. With regard to the top-priority theme of climate change, we will hold constructive dialogue with 50 companies selected for engagement on the basis of factors including corporate GHG emissions (Scope 1 and 2) and investment amounts.

< Collaborative Engagement >

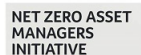
In collaborative engagement, we conduct engagement with investees by collaborating and cooperating with asset management firms in Japan and overseas through participation in initiatives related to key themes. Specifically, we will advance activities such as IAST APAC and the Access to Nutrition Initiative, with a focus on Climate Action 100+.

< Public Engagement >

In public engagement, we make direct and indirect recommendations to stakeholders in government bodies and financial markets to solve sustainability issues. Through our activities in GFANZ and PCAF in particular, we will capture dynamically changing trends in global finance and take an active involvement in rule-making that promotes transformation.

Participation in Initiatives

On the theme of climate change, our activities include collection of up-to-date information on domestic and overseas trends in sustainability, building of relationships with financial institutions and stakeholders, setting of goals, disclosure of information, and proposal of rules by participating in initiatives including PRI, Climate Action 100+, TCFD, CDP, AIGCC, and NZAM. In measurement of GHG emissions, we will examine the setting of science-based goals and enhance the level of our analyses of risks and opportunities.



Overview of initiatives: [Responsible Investment Report \(P115 ~ 117\)](#)

Setting Intermediate Targets for NZAM

In November 2021, MUFG AM announced its participation in the global Net Zero Asset Managers (NZAM) initiative by asset management firms, along with its intent to work toward net-zero emissions from investee companies by 2050 as a means of achieving the 1.5°C target of the Paris Agreement. Our interim target for 2030 covers 55% of assets under management and will reduce GHG emissions per unit of economic intensity (absolute emissions amount (tCO₂e) / balance of assets under management) by 50% compared to 2019 level. To achieve net-zero emissions by 2050, we will further strengthen collaborations involving MUFG AM and will promote cross-organizational initiatives focused on MUFG AM Su. We will also undertake the development of investment products aligned with the achievement of net-zero emissions by 2050 and will promote investment that contributes to solving the climate change problem. We will also review our interim targets every two years, and are studying the gradual increase of the target assets ratio until 100% of assets under management are covered.

Responses to TCFD as an Asset Manager

Endorsing TCFD as an asset manager, MUFG AM is advancing initiatives to analyze and evaluate the impacts of climate change on entrusted portfolios and the status of investees' response to climate change. MUFG AM performs disclosure in accordance with the four key elements involved in climate change-related risks and opportunities (governance, strategy, risk management, and metrics and targets), as recommended by TCFD. As an asset manager, the company will contribute to solving the climate change problem and developing a sustainable society by considering the impacts of climate change on investment decisions and by encouraging investees' responses to climate change.

< Links to companies' information disclosure materials >

- Mitsubishi UFJ Trust and Banking Corporation – [Responsible Investment Report](#)
- Former Mitsubishi UFJ Asset Management Co., Ltd. – [Sustainability Report](#)
- Former MU Investments Co., Ltd. (before October 1, 2023) – [Initiatives toward the TCFD Recommendations](#)

Data on Climate Change

Consistency with the Paris Agreement

In measuring GHG emissions, calculation is performed using analytical methods and data collection through S&P. For GHG emissions in our portfolio, by analyzing allowable GHG emissions (carbon budget) consistent with the Paris Agreement together with emissions under MUFG AM's portfolio by 2030, we confirmed that the portfolio falls below the carbon budget and is consistent with the 1.5°C target. To achieve net-zero emissions in the portfolio, we will monitor investees and work toward the reduction of GHG emissions through engagement.

GHG Emissions-Related Metrics

By analyzing GHG emissions, we confirmed that GHG emissions in MUFG AM's integrated portfolio ^(note) were 16.83 million tCO_{2e}, and that the portfolio's figures were lower than benchmarks for domestic bonds, domestic stocks, and foreign bonds. The figure for foreign stocks exceeded the benchmark due to relatively large exposure to public utilities within its industry allocation.

GHG Emissions in the Integrated Portfolio of MUFG AM

	Total GHG emissions (Scope 1, 2: million tCO _{2e})	Carbon intensity (economic intensity) (tCO _{2e} /US\$ million)	Weighted average carbon intensity (tCO _{2e} /US\$ million)
Overall	16.83	70.38	115.31

GHG Emissions-Related Metrics

- GHG emissions (Total Carbon Emissions): Total GHG emissions related to the portfolio
- Carbon intensity (economic intensity): Total GHG emissions divided by the market value of the portfolio
- Weighted average carbon intensity (WACI): Weighted average of emissions per unit of sales of investee companies, according to composition ratio in the portfolio

GHG Emissions in MUFG AM's Portfolio, by Asset

	Total GHG emissions (Scope 1, 2: million tCO ₂ e)	BM	Carbon intensity (economic intensity) (tCO ₂ e/US\$ million)	BM	Weighted average carbon intensity (tCO ₂ e/US\$ million)	BM
Domestic bonds	1.51	89%	186.34	73%	284.43	74%
Domestic stocks	11.78	91%	77.92	92%	90.60	96%
Foreign bonds	0.11	45%	38.78	52%	120.32	54%
Foreign stocks	4.10	117%	53.10	118%	146.03	108%

(note) Mitsubishi UFJ Trust and Banking Corporation and its subsidiaries Mitsubishi UFJ Kokusai Asset Management Co., Ltd., MU Investments Co., Ltd., Mitsubishi UFJ Asset Management (UK) Ltd. (The portfolio is based on the former company, so it is listed under the former company name)

Transition Risks

S&P provides Carbon Earnings at Risk Analysis as a quantitative assessment of transition risk. This model analyzes how much additional cost (Unpriced Carbon Cost) will be imposed on companies by changes in carbon prices under expected future decarbonization.

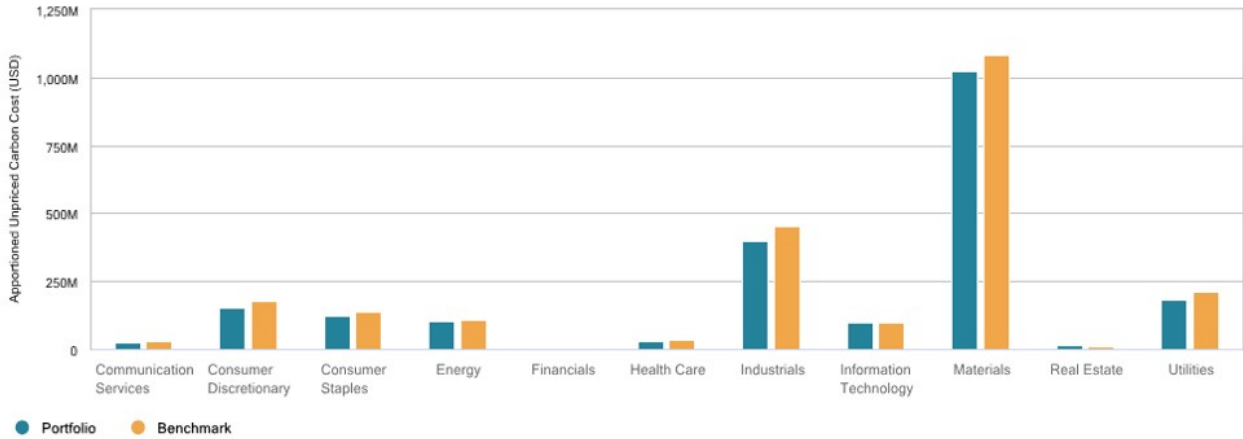
Here, we conducted a scenario analysis ^(note) of domestic stocks with the highest total GHG emissions. The graph compares the domestic stock portfolio of MUFG AM to the benchmark. It shows that the portfolio companies remain at a lower level of impact than the benchmark at any point in time.

(note) Estimated scenarios based on OECD and IEA research, assuming the adoption of policies sufficient to achieve the 2°C target of the Paris Agreement

Unpriced Carbon Cost, by Point in Time

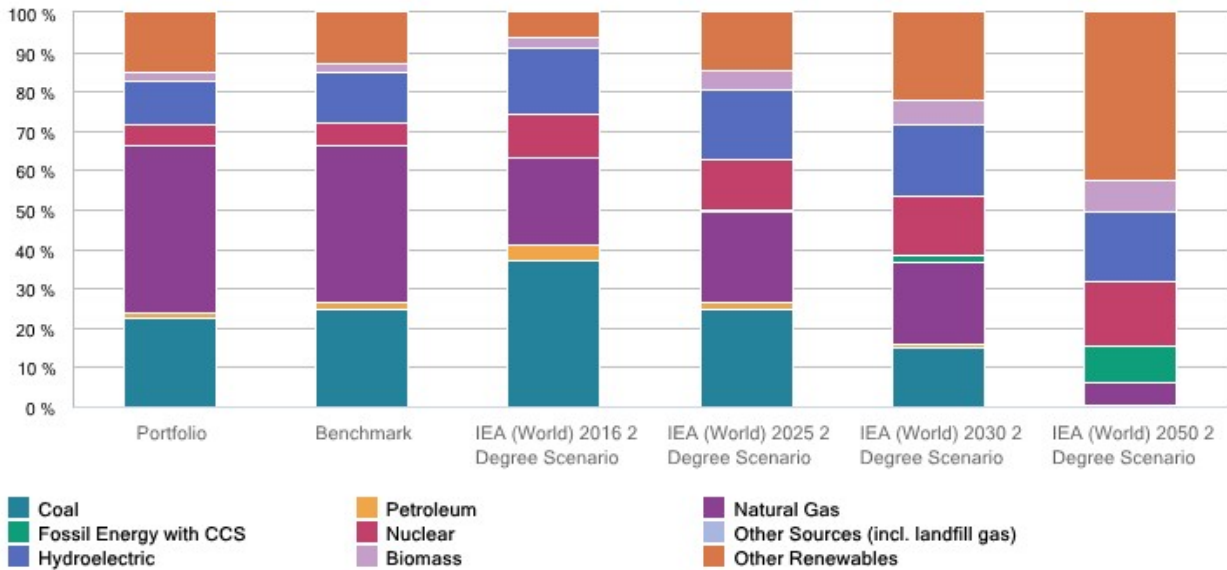


Unpriced Carbon Cost, by Industry



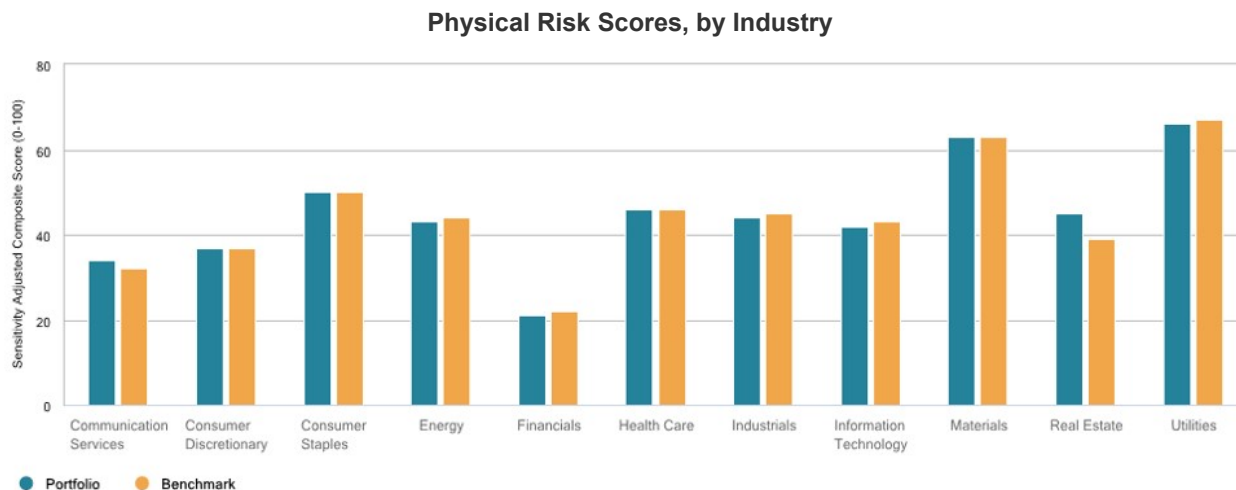
For the energy mix of portfolio constituent companies, S&P's tools allow evaluation of consistency with the Paris Agreement. For points in time, the graph below shows the energy mix of the portfolio (domestic stocks) and the benchmark (TOPIX) as of the end of March 2023, together with the energy mix that is consistent with the 2°C scenario as estimated by IEA. Heading toward 2050, it is expected that the use of fossil fuels will decrease and the use of renewable energy sources will expand. Through engagement, MUFG AM will support the transition of investees.

Current State of the Energy Mix of the Portfolio



Physical Risks

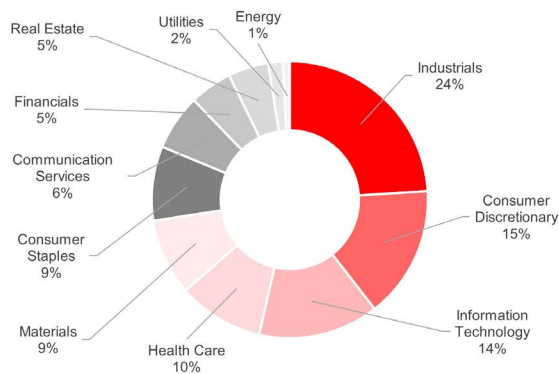
S&P performs analysis and scoring for eight major physical risks caused by climate change: Coastal Flooding, Fluvial Flooding, Extreme Heat, Extreme Cold, Tropical Cyclone, Wildfire, Water Stress, and Drought. The graph below ^(note) compares industry-specific physical risk scores for domestic stocks, which account for the greatest amount of GHG emissions in the MUFG AM portfolio. This confirms that physical risk is particularly high in Utilities and in Materials.



(note) Measurement of amount of risk in 2050, based on the SSP5-8.5 scenario used in IPCC reports (low-mitigation scenario in which GHG emissions triple by 2075 and temperature rises by about 3.3 to 5.7°C by 2100)

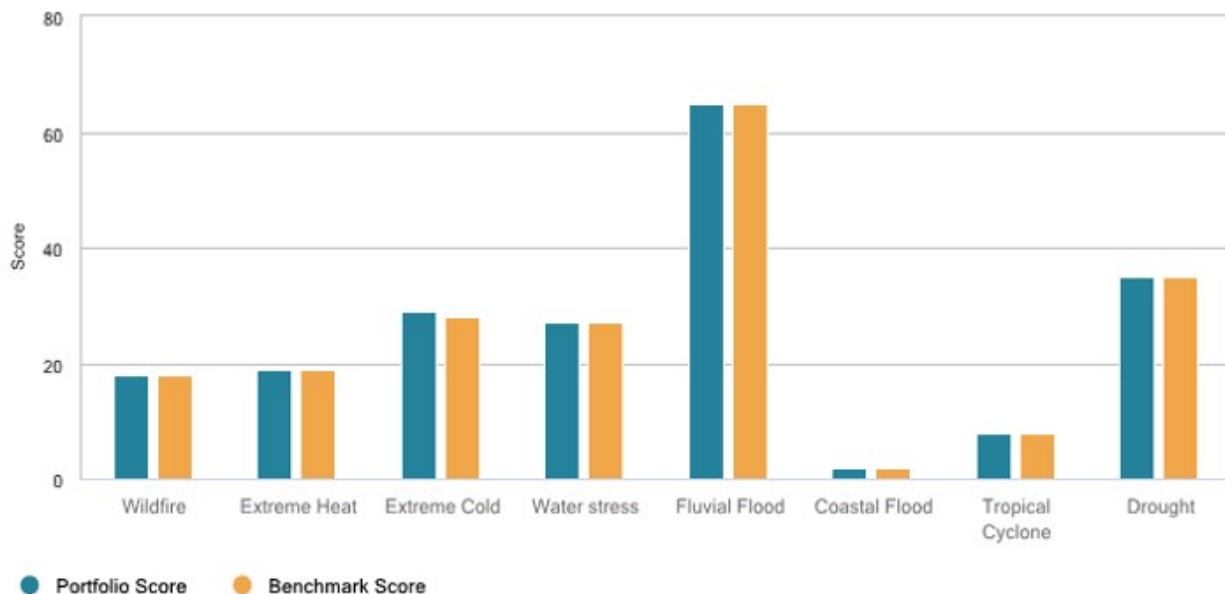
To confirm the degree of impact on the portfolio from physical risks to each industry, the composition ratio was aggregated with weights of holdings taken into account. The result shows large physical risk in some industries including Industrials, Consumer Discretionary, and Information Technology.

Portfolio Composition Ratio of Physical Risk Scores, by Industry



In scores by hazards, i.e., the elements that make up physical risk scores, physical risk due to fluvial flooding was confirmed to be the highest, but no major discrepancy from the benchmark (TOPIX) was found. In this way, MUFG AM strives to assess physical risks and to use that information as reference in allocation and engagement.

Score Comparison, by Hazard

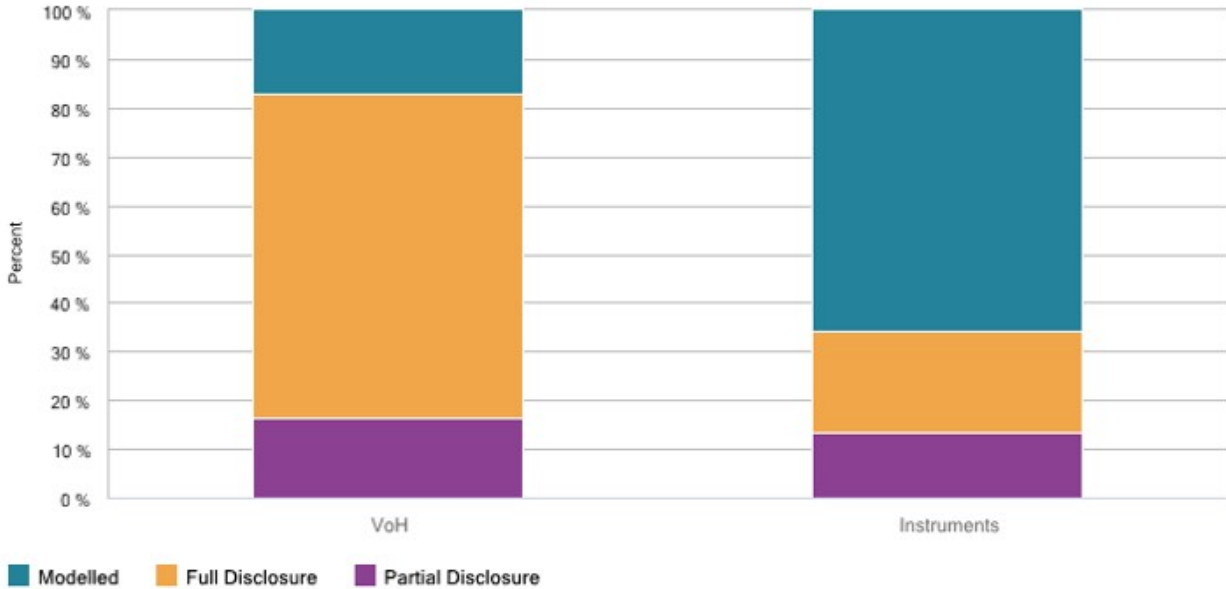


As found in the above analysis, differences exist in industries at high risk, depending on transition risks and physical risks. These results point to the importance of risk management tailored to differences among industries. MUFG AM calculates ESG evaluations and carries out engagement activities by identifying the materiality of individual companies, taking into account the differing risk characteristics of industries.

Future Issues in Analysis

Future issues in analysis include the reliance on estimates, not on actual disclosed data, for a large portion of the disclosed company data used in measurement of GHG emissions-related metrics and scenario analyses. For domestic companies, about 70% of the data is based on estimated values, resulting in a lack of full awareness of the state of individual companies' emissions. We will actively encourage investee companies to enhance their disclosed data.

Composition of Data Sources Used to Calculate GHG Emissions (Domestic Stocks)



VoH (Value of Holdings): Composition ratio by balance under management; Instruments: Composition ratio by stock

Risks and Opportunities Related to Climate Change

Climate change has adverse impacts on society, and companies may bear numerous additional costs for decarbonization. Accordingly, there is a tendency for only negative aspects of climate change to stand out at a glance. However, we believe that climate change also offers companies opportunities to grow, such as by developing new technologies or by reviewing their business portfolios to expand business. We will continue to request further disclosure of information from investee companies, and through our engagement activities will back up companies in addressing climate change.

The Equator Principles

MUFG Bank supports its clients' environmental and social risk management and contributes toward a sustainable world by adoption of and adherence to the Equator Principles, a risk management framework for determining, assessing and managing environmental and social risks and impacts for large-scale projects.

Environmental and social impact assessment and risk management through the Equator Principles

MUFG Bank (the Bank) recognizes that large-scale infrastructure and natural resources development **projects** may have adverse impacts on local environment and surrounding communities.

The Bank, as a financier and/or a financial advisor, works in partnership with its clients to determine, assess and manage environmental and social risks and impacts related to the projects.

The Bank adopted the Equator Principles in 2005 to ensure that the projects it finances and advises on are developed in a socially responsible manner and establish good environmental management practices to minimize, mitigate, and/or offset environmental and social risks and impacts.

The Bank supports its clients' environmental and social risk management and contributes toward a sustainable world through implementation of the Equator Principles, a risk management framework for determining, assessing and managing environmental and social risks and impacts for large-scale projects.

About the Equator Principles



The Equator Principles is a financial industry benchmark for determining, assessing and managing environmental and social risk and impacts in projects, which is intended to serve as a common baseline and framework for all the financial institutions adopting the Equator Principles (EPFIs). EPFIs ensure that the projects they finance and advise on are developed in a manner that is socially responsible and reflects sound environmental management practices.

There are 139 EPFIs globally as of June 30th, 2023.

The Equator Principles (EP4) adopted their fourth edition in November 2019, and the bank has been applying the fourth edition to projects for which they obtained mandates from clients after July 1, 2020.

The scope covers the following financial products and services: **Project Finance**, **Project Finance Advisory Services**, **Project-related Corporate Loans**, Bridge Loans, Project-Related **Refinance** and Project-Related **Acquisition Finance**.

EPFIs commit to implementing the Equator Principles in their internal environmental and social policies, procedures, and standards for financing projects. EPFIs will not provide loans to projects where the client will not, or is unable to, comply with the Equator Principles.

(Please refer to [The Equator Principles Association's official website](#) for more details on the Equator Principles.)



Environmental and Social Risk Assessment

MUFG Bank confirms that environmental and social considerations have been taken into account by clients according to “Implementation Guidelines for the Equator Principles”.

[Implementation Guidelines for the Equator Principles \(PDF / 369KB\)](#)

Confirmation of Environmental and Social Considerations by Solution Products Division, Social & Environment Risk Management Department

At MUFG Bank, Solution Products Division, Social & Environment Risk Management Department is responsible for review and approval of project environmental and social considerations and other relevant activities.

< Environmental and Social Risk and Impact review structure >



Process for Confirmation of Environmental and Social Considerations

Principle 1 of The Equator Principles requires EPFIs to categorize projects proposed for financing based on the magnitude of their potential environmental and social risks and impacts. The Bank confirms whether the projects meet the environmental and social requirements in accordance with the assigned categories.

Principle 1	Definition of the Categories
Category A	Projects with potential significant adverse environmental and social risks and/or impacts that are diverse, irreversible or unprecedented

Principle 1	Definition of the Categories
Category B	Projects with potential limited adverse environmental and social risks and/or impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures
Category C	Projects with minimal or no adverse environmental and social risks and/or impacts

For example, a Category A project requires us to confirm whether the client complies with all the requirements stipulated in Equator Principles 2 through 10.

e.g. Requirements for Category A projects	
Principle 2 ^(*1)	Conduct an Environmental and Social Assessment , as appropriate, which includes assessments of potential adverse Human Rights impacts and climate change risks
Principle 3 ^(*2)	Confirmation of the compliance status of applicable environmental and social standards
Principle 4	Develop or maintain an Environmental and Social Management System(ESMS) Prepare an Environmental and Social Management Plan (ESMP) and, where necessary, an Equator Principles Action Plan(EPAP)
Principle 5 ^(*3)	Demonstrate effective stakeholder engagement with affected communities, workers and, where relevant, other stakeholders
Principle 6	Establish a grievance mechanism designed to receive and facilitate resolution of concerns and grievances from Affected Communities
Principle 7	Engage an Independent Environmental and Social Consultant to carry out an independent review of the Assessment Documentation
Principle 8	Incorporate covenants linked to compliance with the Equator Principles
Principle 9	Engage an Independent Environmental and Social Consultant to verify monitoring information to ensure ongoing monitoring and reporting after Financial Close and over the life of the loan
Principle 10	Recommended online disclosure of environmental and social impacts assessments, including a summary of human rights and climate change risks and impacts where deemed appropriate Publicly report GHG emission levels (combined Scope 1 and Scope 2 Emissions, and, if appropriate, the GHG efficiency ratio) during the operational phase for projects emitting over 100,000 tonnes of CO ₂ equivalent annually Encourage clients to share commercially non-sensitive project-specific biodiversity data with the Global Biodiversity Information Facility (GBIF) and other relevant national and global data repositories

(*1)

Principle 2 of the Equator Principles requires that a client refer to **the United Nations Guiding Principles on Business and Human Rights (UNGPs)** when assessing human rights risks and impacts. Also, the Climate Change Risk Assessment is aligned with **Climate Physical Risk** and **Climate Transition Risk** categories of **the Financial Stability Board Task Force on Climate-related Financial Disclosures (TCFD)**.

A Climate Change Risk Assessment is required:

- For all Category A and, as appropriate, Category B Projects⁴, and will include consideration of relevant physical risks.
- For all Projects, when combined Scope 1 and Scope 2 Emissions are expected to be more than 100,000 tonnes of CO₂ equivalent annually, consideration must be given to relevant Climate Transition Risks and an alternatives analysis completed which evaluates lower Greenhouse Gas (GHG) intensive alternatives

(*2)

Principle 3 of the Equator Principles introduces two groups of project host countries: “**Designated Countries**” and “Non-Designated Countries”. The applicable environmental and social standards differ according to the group the project host country belongs to.

- For Designated Countries, the assessment process evaluates compliance with relevant host country laws, regulations, and permits that pertain to environmental and social issues. In addition to the host country laws, The bank may evaluate the specific risks of the project to determine whether one or more of the IFC Performance Standards could be used as guidance to address those risks.
- For Non-Designated Countries, the assessment process evaluates compliance with the applicable IFC Performance Standards and the World Bank Group Environmental, Health, and Safety Guidelines (EHS Guidelines).

The standards mentioned above are the minimum standards that clients are expected to comply with, and the Bank may require customers to comply with additional standards.



(*3)

Principle 5 of the Equator Principles requires projects with the special circumstances defined in IFC Performance Standard 7 paragraphs 13-17 to engage a qualified independent consultant to evaluate the consultation process with Indigenous Peoples, and the outcomes of that process, against the requirements of host country laws and IFC Performance Standard 7.

Special circumstances defined in the IFC Performance Standard are;

- Projects with impacts on lands and natural resources subject to traditional ownership or under the customary use of Indigenous Peoples,
- Projects requiring the relocation of Indigenous Peoples from lands and natural resources subject to traditional ownership or under customary use,
- Projects with significant impacts on critical cultural heritage essential to the identity of Indigenous Peoples, or
- Projects using their cultural heritage for commercial purposes.

Please refer to [IFC website](#) for information on the IFC Performance Standards and the World Bank EHS Guidelines.

- [IFC Performance Standards](#) 
- [The World Bank EHS Guidelines](#) 

Site Visits

Social & Environment Risk Management Department, Solution Products Division conducts site visits as needed to assess the implementation of environmental and social considerations of project sites around the world which we finance, helping us monitor our client’s practices.



Site Visit 1



Site Visit 2

Financial Advisory Service Support

When MUFG Bank provides financial advisory services to clients considering project finance, the Social & Environment Risk Management Department, Solution Products Division works with clients, as appropriate, on the application of EP requirements from an early stage of the transaction.

Education and Training

MUFG Bank conducts training for its employees with the objective of deepening their understanding of environmental and social considerations and promoting the philosophy and practices of EP.

The training is primarily targeted at employees in charge of project finance and credit. The Bank also utilizes internal communication measures to promote better understanding of social and environmental considerations by all employees.

The Bank also provides training for customers at their request.



Education and Training

Environmental and Social Consideration and Categorization Report

MUFG Bank (the “Bank”) discloses the numbers of the project finance transactions and the project-related corporate loans that achieved financial close during each fiscal year, and the number of the project finance advisory services where the Bank was mandated during the same period around September-end every year in “Environmental and social consideration and categorization report” in accordance with the Equator Principles and the Bank’s Implementation Guidelines for the Equator Principles.

The Bank categorizes the projects proposed for financing based on the magnitude of their potential environmental and social risks and impacts in accordance with the Bank’s Implementation Guidelines for the Equator Principles, referring to the International Finance Corporation (IFC)’s Performance Standards and World Bank Group Environmental, Health, and Safety Guidelines. Especially when assigning Category A to a project, the Bank categorizes the project in accordance with the definition of a Category A project in the Equator Principles referring as appropriate to other guidelines including OECD’s Common Approaches and relevant public institution’s guidelines.

[Environmental and Social Consideration and Categorization Report and Assurance Report FY2020 \(PDF / 2.34MB\)](#)

Selected information assured by Deloitte Tohmatsu Sustainability Co., Ltd. is marked with (✓).

[Environmental and Social Consideration and Categorization Report and Assurance Report FY2021 \(PDF / 2.45MB\)](#)

Selected information assured by Deloitte Tohmatsu Sustainability Co., Ltd. is marked with (✓).

[Environmental and Social Consideration and Categorization Report and Assurance Report FY2022 \(PDF / 2.74MB\)](#)

Selected information assured by Deloitte Tohmatsu Sustainability Co., Ltd. is marked with (✓).

Natural Capital and Biodiversity

- ▼ Natural capital and Biodiversity
- ▼ Main Initiatives
- ▼ Circular Economy

Natural Capital and Biodiversity

Natural capital is a stock, composed of animals, plants, water, soil, and air, which provides various merits, including water, food, and minerals to businesses and society through ecosystem services such as water purification as well as climate control.

Biodiversity is the diversity of animals and plants that are part of natural capital, functioning to maintain the natural capital in a healthy and stable state through recovery from natural disasters such as floods and droughts, support for the carbon cycle, the water cycle and soil formation.

Financial institutions face investment and financing risks caused by loss of natural capital and biodiversity. As companies' responses to the conservation of these can also create business opportunities for financial institutions, we believe that properly evaluating the risks and opportunities is important.



(Source: NATURAL CAPITAL PROTOCOL P.12)

Main Initiatives

MUFG Environmental Policy Statement, MUFG Environmental and Social Policy Framework

In MUFG Environmental Policy Statement and the MUFG Environmental and Social Policy Framework, MUFG has established the following policies:

MUFG Environmental Policy Statement

(extract) [Maintenance and protection of the biodiversity which supports our society is the foundation for the realization of a sustainable society. MUFG supports businesses that protect biodiversity through the provision of products and services. Each group company also takes appropriate measures to prevent negative impacts on biodiversity associated with our products and services.]

MUFG Environmental and Social Policy Framework

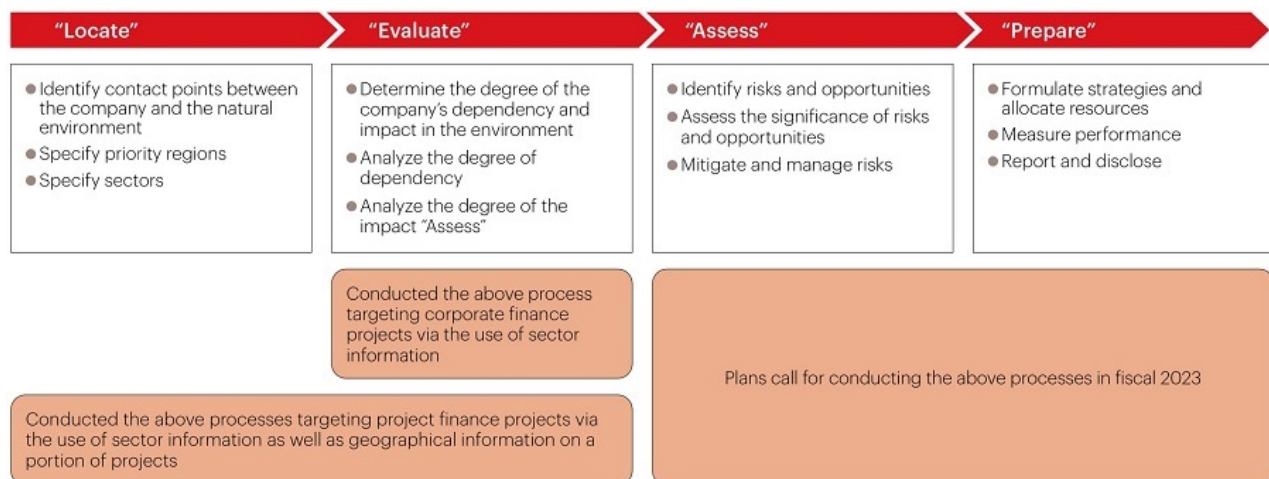
In light of the nature and severity of environmental and social risks or impacts, businesses that have a negative impact on Ramsar-designated wetlands, businesses that have a negative impact on UNESCO World Heritage sites, and businesses that violate the Convention on International Trade in Endangered Species of Wild fauna and Flora (Washington Convention) are defined as "Prohibited Transactions". In addition, as "Transactions of High Caution", we have identified businesses that have a negative impact on areas with high conservation value and sectors such as mining (coal), oil and gas, large-scale hydroelectric power generation, forestry, and palm oil. When considering financing, we check the implementation status of environmental and social considerations by our customers, including their impact on the ecosystem and how they are responding.

Initiatives to Address the TNFD Disclosure

The Taskforce on Nature-related Financial Disclosures (TNFD) is an initiative founded by the UNEP-FI, the United Nations Development Programme (UNDP), the World Wide Fund for Nature (WWF) and the Global Canopy in June 2021. In February 2022, MUFG became a participant in the TNFD forum to promote initiatives to protect natural capital and biodiversity via the use of a groupwide, integrated approach. Also, we act as a member of the TNFD Consultation Group of Japan launched in June 2022.

Looking ahead, we will play proactive roles in discussions among forum members to boost our contribution to the realization of a sustainable environment and society.

Analysis Process Utilizing the LEAP Approach



In reference to the LEAP approach proposed in the beta version of the TNFD framework, we have initiated the analysis of risks associated with natural capital. More specifically, we employ ENCORE, a risk analysis tool, to determine the degree of our "dependency" and "impact" on the natural environment.

Participation to Initiatives

30by30 Alliance for Biodiversity

The Alliance was established in April 2022 as a coalition of the willing to implement the various measures incorporated in the 30by30 Roadmap formulated by the Ministry of the Environment.

Alliance participants make efforts to directly secure conservation areas or support conservation activities towards achieving the 30by30 target and disseminate the progress of such efforts.

MUFG supports the purpose of the Alliance and has been participating in it since its launch.



Declaration of Biodiversity by Keidanren

MUFG endorses the Declaration of Biodiversity by Keidanren and Action Policy, as revised in October 2018. The Declaration of Biodiversity by Keidanren and Action Policy aim to realize a sustainable society through the creation of a society in harmony with nature. We are calling for the integration of business activities and environmental measures, which encompass a wide range of environmental activities, such as biodiversity conservation. MUFG will promote initiatives based on this concept.



Initiatives for Protecting Natural Capital and Biodiversity

Investment in a Startup that Operates a Closed Recirculating Land-Based Aquaculture System

MUFG has invested in FRD Japan Co., Ltd., a startup company that seeks to establish sustainable means of seafood production and create a world in which delicious fish is readily available. The company's proprietary land-based closed recirculating aquaculture system contributes to the protection of water resources and marine ecosystems. It further greatly reduces the cost of water temperature control during water intake and the risk of invasion by fish pathogens through closed recirculation of aquaculture water, maintaining water quality. Through the investment, MUFG will support their efforts to establish sustainable seafood production methods, improve food self-sufficiency, control marine pollution, and protect water resources and marine ecosystems.

MUFG Pledges Support to Promote Cyclic Utilization of Forests

In recent years, the abandonment of artificial forests planted for timber production has become a serious social issue. There is a growing need to promote the cyclic utilization of forest resources, in which trees are planted, grown, harvested, used and planted again. MUFG has so far undertaken a number of tree-planting projects aimed at preserving and passing on the rich blessings of forests to the next generation. Our support for this research institute engaged in promoting cyclic utilization of forest resources is motivated by the same aim.

(note) A specified nonprofit organization that started as a volunteer organization in 2003. The Institute mainly works on forest creation and conservation, promoting the utilization of wood by companies (providing environmental and social contribution programs for employee participation), and field experience activities for mothers and children.



Peter Rabbit™ Forest for the Future

In March 2022, the Trust Bank entered a forest development agreement with Fujikawaguchiko Town (Yamanashi Prefecture), Kodachi Property District Management Association, and Fuji-Hokuroku Forest Association, and named a 1.67 ha mountain forest in Kodachi (Fujikawaguchiko Town, Minamitsuru County, Yamanashi Prefecture) "Peter Rabbit™ Forest for the Future," starting a new initiative for biodiversity conservation through forest and water resource conservation.

In May 2009, we entered a similar agreement for forest conservation in Nagatoro Town, Saitama Prefecture. Now, we are engaged in work to cultivate new forests.

Forests play a variety of roles, including conservation of land, conservation of ecosystems, and prevention of global warming. In particular, forests in water source areas play an important role in the stable supply of safe and high-quality water by performing so-called water source rearing functions such as storing water resources and purifying water quality.

We believe that it is important for all officers and employees to continue to care for forests and maintain healthy forests.



ACOM no Mori (ACOM's Forest)

ACOM conducts forest conservation activities in Kanagawa and Osaka prefectures, where the company's contact centers are located, in order to contribute to environmental conservation and to foster an awareness of employee participation in social contribution and an interest in the environment.



Mangrove Reforestation Activity

Mangrove forests are priceless resources of marine and coastal ecosystems, and indispensable for the economic, social, and environmental sustainability. Planting mangrove trees will not only help build natural barriers against soil erosion, but also create nature study areas with great biodiversity worth conserving. Krungsri has been organized in collaboration with government agencies and provincial administrative authorities to continuously promote this reforestation activity since 2012. Bank Danamon has been actively engaged in mangrove reforestation activities as well, planting seeds in collaboration with local companies and authorities of Indonesia.

Krungsri: [Mangrove Reforestation Activity](#)

Bank Danamon: [2022 Danamon Peduli Environmental Care activity](#)



Contribution to the Preservation and Succession of Important Natural Value in Urban Areas

Located in Nishitokyo City, Tokyo, MUFG Park is a facility with abundant nature, sports facilities including tennis courts, and a community library (open in 2023).

With a total area of approximately six hectares, MUFG Park also contributes to the preservation and succession of important natural value in an urban area.



Eco-friendly Mitsubishi UFJ Card

Mitsubishi UFJ NICOS issues environmentally friendly Mitsubishi UFJ Cards (with some exceptions) from signing up to issuing cards, bill statements, and point rewards. In addition to employing PET-G materials for credit cards which do not emit chlorine when incinerated and application forms made of forest conservation paper, we offer a donation program, as a part of point reward program, to environmental conservation organizations engaged in forest maintenance and reforestation projects in Japan.

Preventing Extinction of Japanese Cranes, a National Natural Treasure of Japan

We engaged in activities to protect Japanese cranes, a national natural treasure of Japan and endangered species in Hokkaido as part of the MUFG SOUL^(note).

Activities included participation in local preservation activities, donating equipment used to videos to raise awareness at schools and local communities in Hokkaido and raising awareness at branches through posters that showcase the activity.

(note) MUFG SOUL – Turning passion into power for society –

MUFG provides funding for ideas for solving social issues that are planned by employees.

In fiscal 2022, more than 250 plans and ideas were gathered from employees, including support for children's cafeterias, which provide free or inexpensive meals to children, and orphanages, and contributions to community revitalization, and a total of more than 3,000 people participated in social contribution activities (95 million yen in total).

We will continue to contribute to the resolution of a wider range of social issues by addressing issues from the perspective of our employees.



Satoyama Environmental Conservation Project

As part of MUFG Soul activities, MUFG donated the cost of purchasing equipment for *satoyama* (village-vicinity mountains) maintenance to the Tonda Forest Conservation Society, an NGO that engages in *Satoyama* environmental conservation activities, and conducted the following activities.

[Major activities]

- Nature observation events (local citizens and children participated)
- Environmental conservation activities for *satoyama* (forest thinning, promenade maintenance, etc.)
- Workshops on SDGs and environmental issues



Circular Economy

In light of growing international awareness of resource recycling, the worsening waste problem, and the conservation of resources, MUFG is implementing a variety of initiatives to facilitate the transition to a circular economy that uses resources in a sustainable manner.

Participation to Initiatives

Japan Partnership for Circular Economy

MUFG has joined the Japan Partnership for Circular Economy (J4CE) that the Ministry of the Environment, the Ministry of Economy, Trade and Industry, and Keidanren (Japan Business Federation) launched in March 2021 with the aim of fostering a better understanding of the circular economy among a wide range of stakeholders, including domestic companies, and promoting its initiatives.



Support through Financing

Construction of the Resource-Circulating "Moriyama Circular Factory®"

Through green loans, the Bank provided necessary funding support for the conversion of Gunze Limited's Moriyama Plant, the backbone of the company's plastic film business, into a Circular Factory® that recycles resources.

The Circular Factory achieves zero emissions without the release of plastic waste. This state-of-the-art facility incorporates a manufacturing structure that sees new resources in products and raw materials that had been discarded without use under the "Take (i.e., mine resources)," "Make," and "Waste (i.e., throw away)" one-way system of the past, and circulates these resources without generating waste.

The factory is also equipped with equipment for the use of solar energy, cooling and heating energy from groundwater, and other forms of renewable energy that contribute to the reduction of CO₂.



Our Initiatives

Net Zero GHG Emissions from Own Operations

Respecting Human Rights

- ▼ Publication of the MUFG Human Rights Report 2023
- ▼ Respecting Human Rights as a Financial Institution
- ▼ Human Rights Policy Commitment/System for Promoting Respect for Human Rights
- ▼ Grievance Mechanism/Remedy for Human Rights Violations
- ▼ Grievance Mechanism / Remedy for Human Rights Violations

Publication of the MUFG Human Rights Report 2023

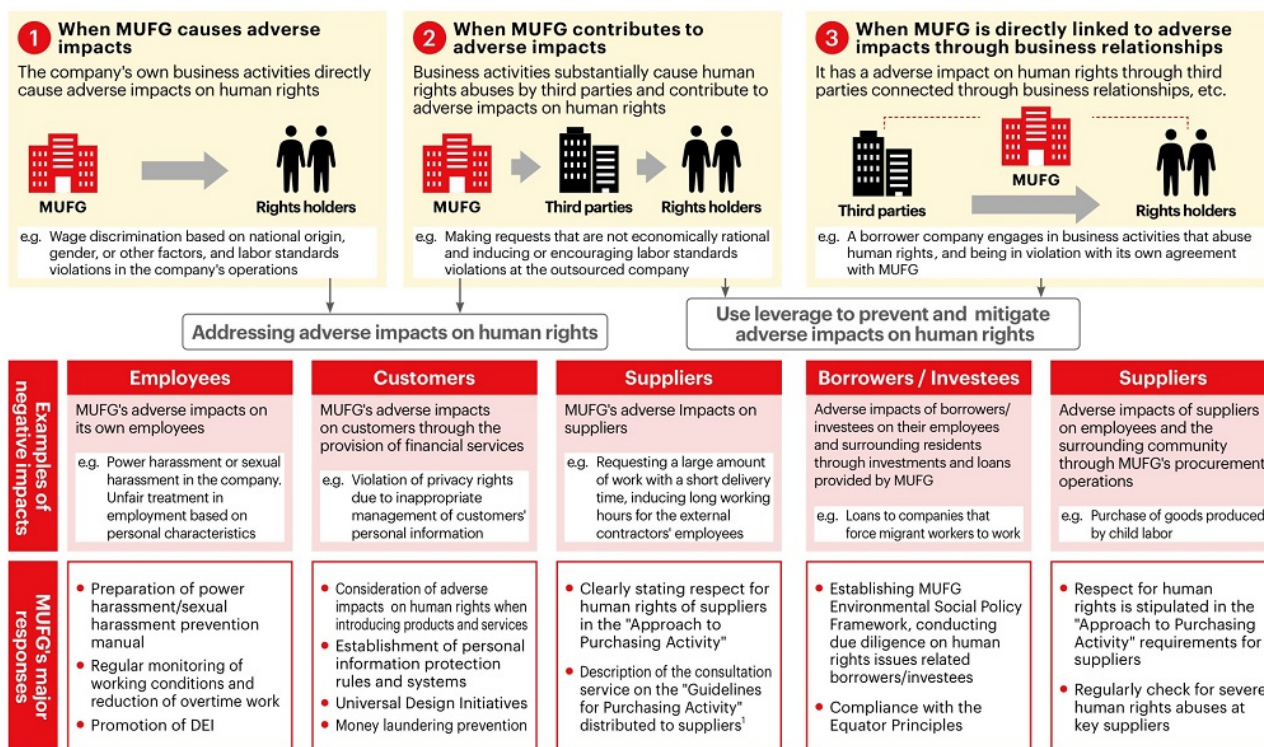
MUFG has published Human Rights Report which summarizes our ideas and efforts to respect for human rights, based on the United Nations Guiding Principles Reporting Framework.

Click here for details of [the MUFG Human Rights Report 2023](#)



Respecting Human Rights as a Financial Institution

MUFG understands that it may cause or contribute to adverse impacts on human rights or be directly linked to them through business relationships in the course of its business activities, and that it is expected to promote and encourage responsible corporate behavior by its business partners through engagement. We will strive to prevent adverse impacts on human rights, and if adverse impacts occur, we will endeavor to address the adverse impacts in accordance with the forms of involvement described in ① through ③ below



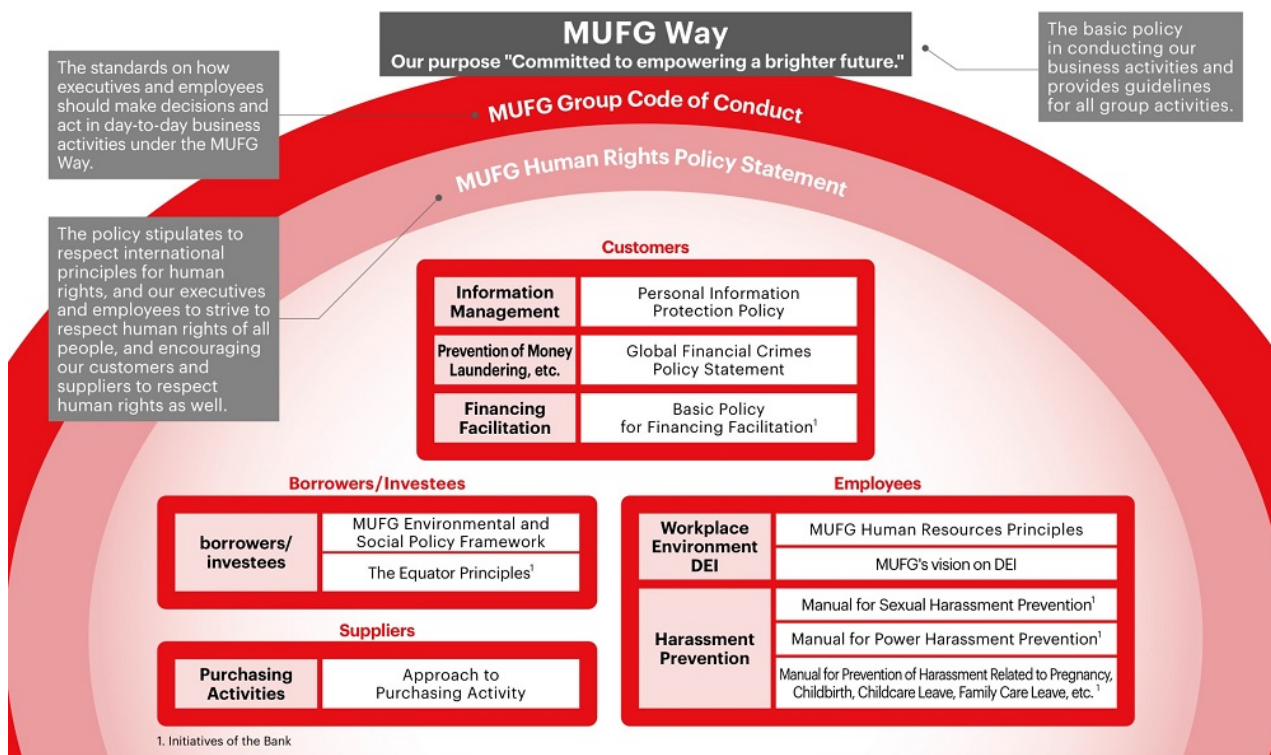
1. Initiatives of the Bank

Human Rights Policy Commitment/System for Promoting Respect for Human Rights

Policy commitment and Rules on Respect for Human Rights

Under the "MUFG Way" which articulates the values that guide all we do, "Committed to empowering a brighter future." is our Purpose set forth, and we are working to provide solutions to our respective customers, the society, and all other stakeholders. MUFG Human Rights Policy Statement is based on MUFG Group Code of Conduct, established under the MUFG Way, and pledges to respect human rights in our business activities. Under MUFG Human Rights Policy Statement, we have established various guidelines, policies and rules to respect for human rights.

Policies and Guidelines "MUFG Human Rights Policy Statement"



Dissemination of Human Rights Policy and Human Rights Awareness-Raising Activities

Based on its Human Rights Policy, MUFG is working to disseminate the policy to each stakeholder in order to fulfill its responsibility to respect human rights in all business activities. We believe that it is important for all employees to mutually share the importance of respecting human rights with each stakeholder by understanding the content of our human rights policy and putting it into action. We will continuously make our e-orts to disseminate our human rights policy and to work on human rights awareness-raising activities.

For Employees

Raising human rights awareness through the Code of Conduct

MUFG Group established a code of conduct that sets forth the standards on how executives and employees should make decisions and act in day-to-day business activities under the MUFG Way. The Code of Conduct states that we will contribute to the realization of a sustainable society through our e-orts to resolve environmental and social issues, including respect for human rights, and we are making our employees aware of the importance of respect for human rights and fostering their awareness.

Code of Conduct

Human rights awareness-raising activities

The Bank, the Trust Bank and the Securities have established a human rights awareness promotion system indicated as below, and in addition to conducting trainings and other awareness-raising activities, promotion staff assigned to each department, office and branch, and persons responsible for awareness-raising activities promote and develop MUFG Group-wide e-orts to respect human rights. We strive to deepen each employee's correct understanding and awareness of human rights policies and issues by providing human rights awareness-

raising trainings to all employees through trainings for new recruits and trainings for each hierarchy of employees, etc.

	The Bank	The Trust Bank	The Securities
Awareness-raising activities	<ul style="list-style-type: none"> • Training programs for all employees • Training programs for each hierarchy • Calling for making human rights slogans • Distribution of Human Rights Newsletter 	<ul style="list-style-type: none"> • Human rights promotion training program • Calling for making human rights slogans • Posting posters for human rights week 	<ul style="list-style-type: none"> • Training program on power harassment • Human rights promotion training program
Eligible persons	<ul style="list-style-type: none"> • All employees (including contract employees, temporary employees) • Hierarchical training (officers, newly appointed Branch Manager, newly appointed Deputy Manager, new employees, career bank employees, etc.) 	All employees	All employees
No. of attendees to training 'FY2022	About 32,000	About 7,000	About 5,000

For Borrowers/Investees

We conduct trainings for corporate staff of business divisions of our major subsidiaries to deepen their understanding of the MUFG Environmental and Social Policy Framework, which is based on our Environmental Policy and Human Rights Policy, as well as our e-orts to address global environmental and social issues.

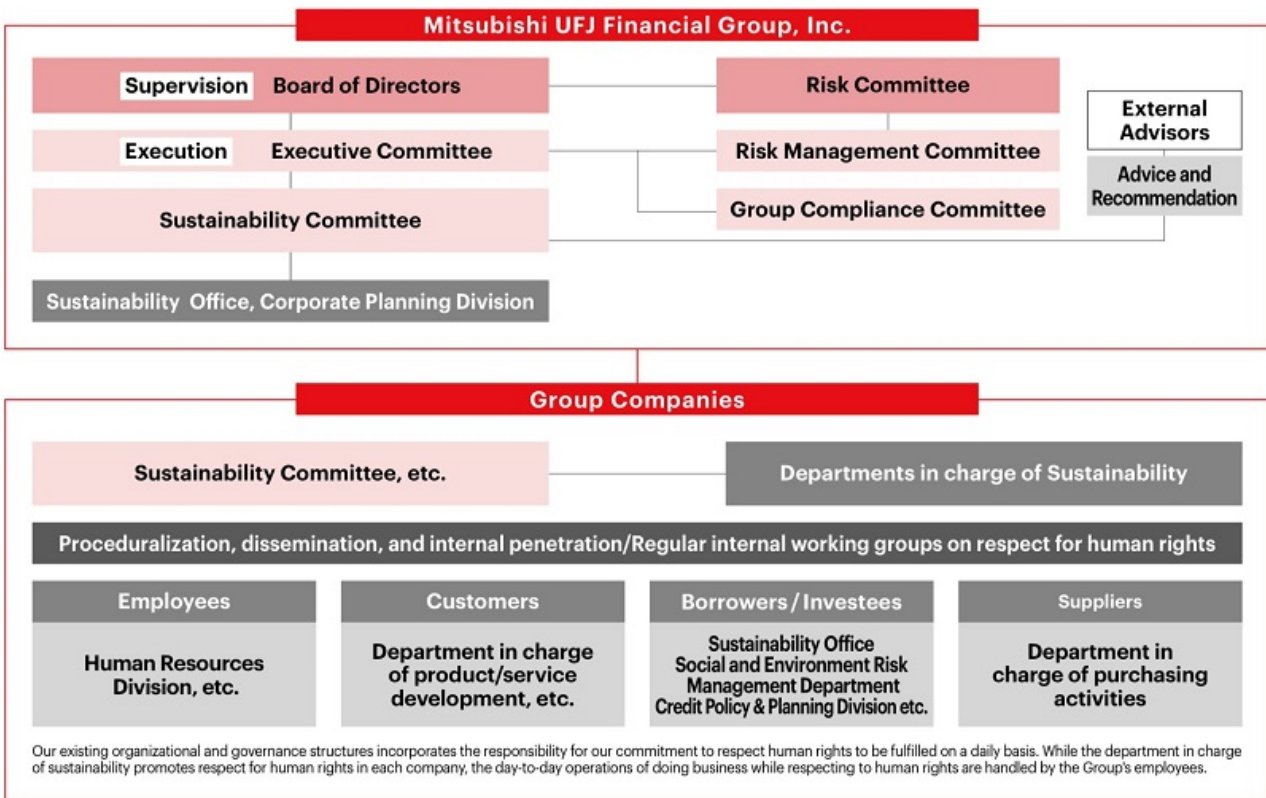
For Suppliers

Based on the idea of the Environmental Policy and Human Rights Policy, MUFG establishes "Approach to Purchasing Activity" and encourages suppliers to respect human rights. In accordance with the "Approach to Purchasing Activity," the Bank, the Trust Bank and the Securities hand deliver and explain the "Guidelines for Purchasing Activity" to their suppliers^(note), seeking their understanding of MUFG's policy.

(note) The Bank: suppliers with ongoing transactions; The Trust Bank and the Securities: major suppliers

System for Promoting Respect for Human Rights

The Sustainability Committee, chaired by the Group CSuO (Chief Sustainability Officer) , deliberates on measures and policies related to respect for human rights based on the MUFG Human Rights Policy and other important matters related to human rights. The results of the Sustainability Committee's deliberations are reported to and supervised by the Board of Directors. Based on the discussions of the Board of Directors and the Sustainability Committee, the resources necessary to ensure effective respect for and protection of human rights are appropriately allocated to the relevant departments. The MUFG Human Rights Policy, MUFG's basic policy on human rights, is established and reviewed by the Board of Directors.



Dialogues with Outside Experts

In order to appropriately understand the role required by society and stakeholders, and to promote respect for human rights, we invited outside experts in the field of business and human rights and held a dialogue on respect for human rights with the executives. From the perspectives of international organizations, NGOs, and lawyers, we discussed on how financial institutions should respect human rights.

Participants

Outside Participants

- Mr. Ryusuke Tanaka (Programme Officer at ILO Office for Japan)
- Ms. Akiko Sato (Liaison Officer, Business and Human Rights, at UNDP)
- Mr. Yusuke Yukawa (Partner, Nishimura & Asahi)

Major Participants from MUFG

CEO President of the Bank President of the Trust Bank President of the Securities CFO CLO CCO CSO CRO CHRO CSuO Chief Executive of each business division, etc.



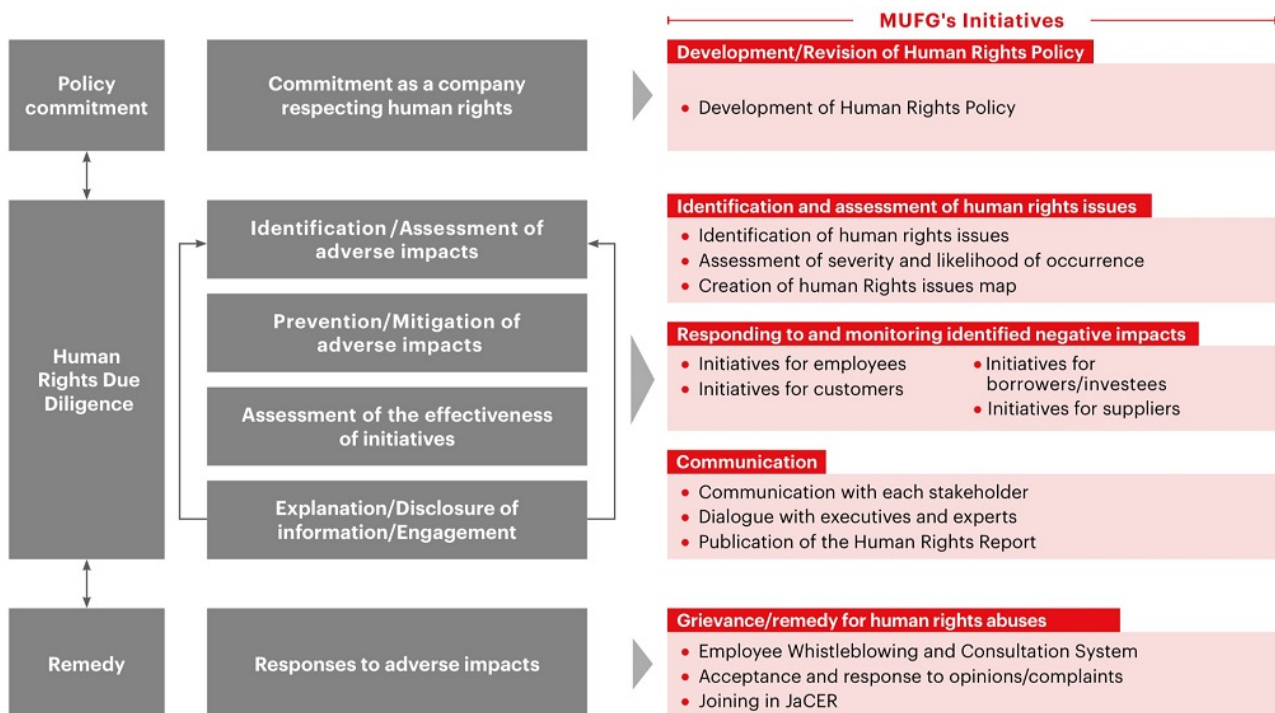
Major Agenda

- Background of the focus on business and human rights
- Roles required of financial institutions
- Progress and Impact of Legislation
- Civil society's expectations for financial institutions
- Human rights due diligence in financial institutions
- Key themes to be addressed (climate change and human rights, enhancing due diligence in conflict areas)

Due Diligence Process

MUFG engages in human rights due diligence by respecting the United Nations Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance for Responsible Business Conduct (hereinafter "OECD Guidance"). We also continuously review our human rights policies and initiatives based on lessons learned through communication with stakeholders and remedy efforts.

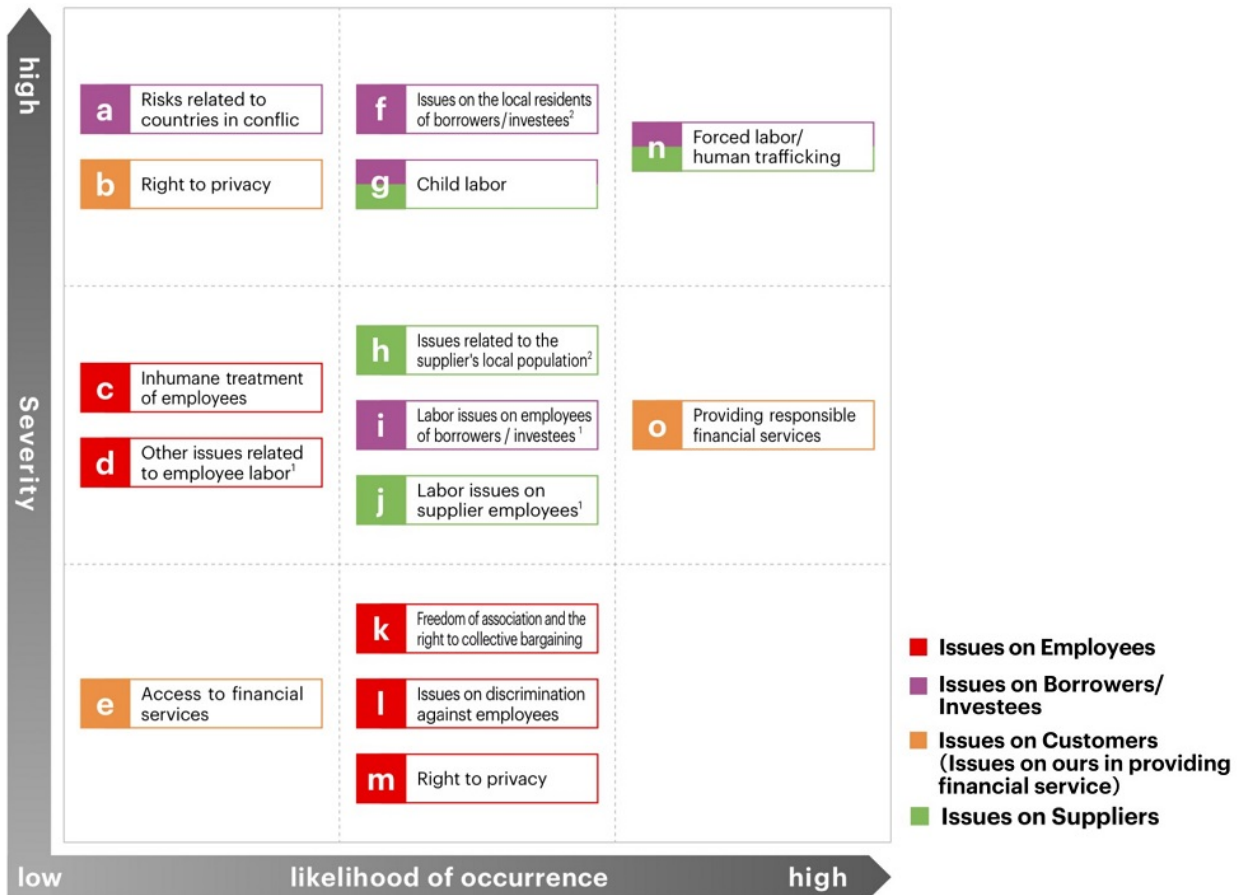
[Due Diligence Process]



Identification of Human Rights Issues and Assessment Methods

We identified salient human rights issues highly relevant to MUFG, assessed their severity and likelihood of occurrence, and created a human rights issues map. Based on the results, the Sustainability Committee discussed future policies for addressing salient human rights issues. This map of human rights issues will be reviewed on an ongoing basis in light of changes in the business environment and the results of stakeholder engagement.

Human Rights Issues Map



1. Working hours, wages, industrial safety and health, treatment of migrant workers, etc. 2. Health of nearby residents, land issues, etc.

Prevention/Mitigation of adverse impacts

MUFG conducts ongoing due diligence on human rights issues concerning various stakeholders, including customers and employees. Relevant departments verify and discuss the outcomes of this due diligence, after which we carry out mitigation measures to overcome human rights issues.

Initiatives for Employees

- **Prevention of Discrimination and Harassment**

MUFG recognizes respect for human rights as an important issue for management to address, and has established rules and standards such as Code of Conduct and Compliance Manual. In addition, we have established consultation desks for sexual harassment and power harassment within each company to provide consultation services through various means, including meetings, telephone calls, e-mails etc., in order to create a positive, safe and comfortable work environment.

The Bank has established the Harassment Prevention Manual which presents types of harassment, precautions and guidelines as how to respond when harassment occurs, to deepen each employee's correct understanding and awareness. Furthermore, the Bank conducts ongoing trainings to prevent harassment.

● **Respect for Freedom of Association and Collective Bargaining Rights**

MUFG is committed to respecting workers' freedom of association and collective bargaining rights in accordance with its Human Rights Policy Statement, and ensures its compliance through awareness-raising activities. In the Bank, the Trust Bank, and the Securities, employee unions are organized in each company, and the company and the union regularly discuss various topics while respecting each other's perspective and view.

● **Our Approach to Health Management**

We place the utmost importance on the mental and physical health of our employees face and resolve the challenges faced by the stakeholders such as the society and our respective customers. Based on each company's Health Management Declaration, the Bank, the Trust Bank, and the Securities are promoting health management as one of their management missions. Industrial physicians and occupational health staff working at MUFG Group companies, health insurance societies, etc. cooperate to manage employees' mental and physical health through regular health checkups, stress checks, and various health counseling programs, etc.

[Health Management](#)

● **Promote DEI**

MUFG is committed to creating an organization that is free from discrimination based on gender, disabilities, national origin, race, age, sexual orientation, etc., and where individuals can fully realize their potential and are given adequate opportunities for growth. Moreover, we have positioned "Inclusion and Diversity(I&D)" as one of our ten priority issues and are implementing various initiatives to address it.

[Human Capital Report](#)

Initiatives for Customers

● **Initiatives for Personal Information Protection**

Since MUFG believes it is the Group's social responsibility to handle customers' personal information properly, it established and published the Personal Information Protection Policy. In addition, in order to realize a unified management system within the Group companies, MUFG has established the "MUFG Personal Information Protection Principle" (the "Principle") and each Group company has established its own "Personal Information Protection Procedure", etc. based on the Principle. The management methods for organizational, human, technical, and physical safety control measures are clarified in the relevant principles and procedures of each company, and regular education and training are provided to employees. We strive to protect and respect the privacy of our customers by continuously strengthening our information management system while keeping abreast of the ever-changing external environment and continuously reviewing related regulations and training programs. In addition to internal information management, we have prepared a system to check whether the information is managed by outside contractors in accordance with the Personal Information Protection Law and other relevant laws.

● **Identifying human rights impacts in the planning and development of products and services and the publication of advertising materials**

Group companies constantly check whether sufficient measures have been taken at the planning and development stages of products and services from the "customer's perspective," and risk assessments are conducted for new products and services, including customer protection and the customer's viewpoint. When publishing advertising materials, we check for problematic expressions from the perspective of respect for human rights. We give full consideration to diversity and strive to ensure that our expressions are inclusive.

● **Combating Financial Crimes**

MUFG is committed to supporting the financial system and combating financial crimes, including money laundering and financing of terrorism, economic sanctions and bribery and corruption. To that end, MUFG maintains compliance and risk management frameworks incorporating processes for the identification, assessment, treatment, and monitoring of customers for financial crimes risks, including criminal or unethical activities, such as human rights abuses.

[Combating Financial Crimes "AML/CFT Policy Statement"](#)

● **Universal Support**

MUFG is committed to introducing universal design in both software and hardware aspects to ensure that all customers can use our services with peace of mind, including customer service that takes all customers into consideration(hospitality) and safe and secure branch facilities(facilities).

[Promoting for Customer Satisfaction "Universal Support"](#)

● **Ensuring Equal Access to Financial Services**

In the Asian region, ensuring equal access to financial services is a challenge due to the lack of bank branches and ATMs in remote and rural areas, low financial literacy and ignorance of the existence and use of available services. MUFG contributes to ensuring equal access to financial services in Asia by providing opportunities to access financial services and working to improve financial literacy.

Initiatives for Borrowers/Investees

MUFG recognizes that the environmental and social risks arising from the business activities of each group company are important management issue to be addressed appropriately. Based on this recognition, we established the MUFG Environmental and Social Policy Framework in 2018 as a framework to cease, prevent, and mitigate adverse impacts on environment and society, including human rights issues, in the process of providing financing for corporate customers. MUFG Environmental and Social Policy Framework is regularly deliberated at the Sustainability Committee for its revision, and is revised as necessary based on changes in business activities, business environment, and dialogue with stakeholders. In addition, large-scale infrastructure development, resource development, etc. may have adverse impacts on the project sites and the surrounding communities and natural environment. In accordance with the Equator Principles, MUFG Bank identifies risks and impacts on the environment and society, including the status of human rights considerations in the business of the borrowers and confirms the mitigation measures taken by them.

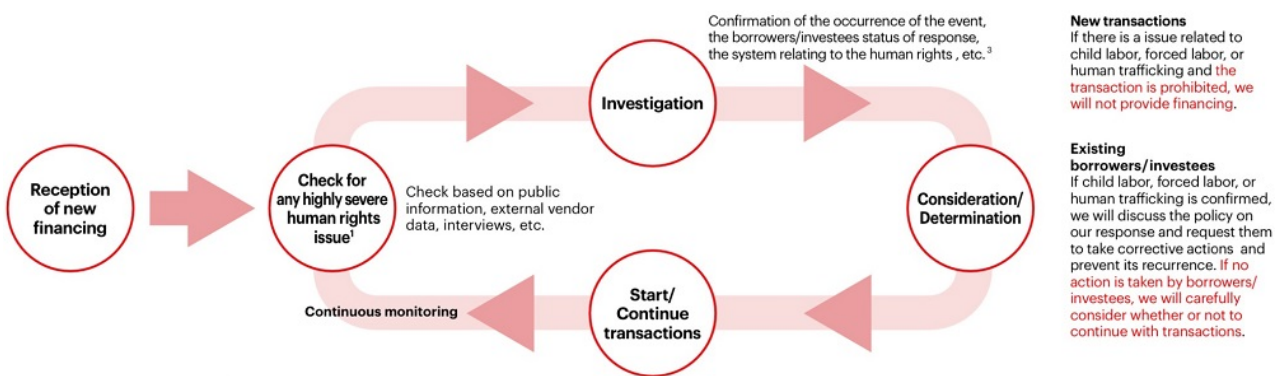
[Policies and Guidelines "MUFG Environmental and Social Policy Framework"](#)
[The Equator Principles](#)

Initiatives for the Prohibited Transactions (child labor, forced labor, and human trafficking) designated in the MUFG Environmental and Social Policy Framework

MUFG recognizes child labor, forced labor, and human trafficking as highly severe human rights issues and has designated them as prohibited transactions in the MUFG Environmental and Social Policy Framework. MUFG conducts due diligence when considering financing, and makes the credit decision after confirming whether or not the transactions fall under prohibited ones. In addition, MUFG will perform regular screening on its borrowers/investees for any issue related to child labor, forced labor, and human trafficking, and if such highly severe human rights issue is identified, MUFG will request borrowers/investees to take corrective actions and prevent its recurrence.

Considering new transactions	<ul style="list-style-type: none"> Branches or departments considering a new transaction check whether or not the borrowers/investees have highly severe human rights issue^(note1) and determine whether the transaction falls under the prohibited transaction category based on available public information, information provided by the borrowers/investees, and external vendor data^(note2), etc. If highly severe human rights issue^(note1) of borrowers/investees is detected, MUFG confirms the detected issues and the status of their response.^(note3) If child labor, forced labor, or human trafficking is confirmed, MUFG will not provide financing.
Management during the transaction period	<ul style="list-style-type: none"> Using external vendor data, we perform regular screening for highly severe human rights issue^(note1) of borrowers/investees. If highly severe human rights issue¹ of borrowers/investees is detected in external vendor data or by external observations etc., we confirm the occurrence of the event and the status of the response to them. If child labor, forced labor, or human trafficking is confirmed, we will request borrowers/investees to take corrective actions and prevent its recurrence. If no action is taken by the borrowers/investees, we will carefully consider whether or not to continue with the transaction.

< The Due Diligence Process for Prohibited Business (Child Labor, Forced Labor, Human Trafficking) >



- (note1) Human rights issue related to child labor, forced labor, or human trafficking
- (note2) Referring to external data, etc., on the violation status of ten principles under the UN Global Compact Principles.
- (note3) Checks are conducted at each site. Consult with the departments in the headquarters (in case of the Bank, Sustainability Office and Social and Environment Risk Management Department) as necessary.

Initiatives for Suppliers

MUFG has defined our "Approach to Purchasing Activity" which clarifies our expectations toward suppliers, including respect for human rights and environmental considerations. Domestic offices of the Bank, the Trust Bank, and the Securities explain the "Guidelines for Purchasing Activity" based on the "Approach to Purchasing Activity" to suppliers to seek their understanding of MUFG's policy.

Policies and Guidelines "Approach to Purchasing Activity"

We are committed to respecting human rights in our supply chain through the implementation of human rights due diligence.

Risk identification and assessment	
New transactions	Check for risks related to human rights with respect to important external contractors ^(note1) Check through adverse media screening ^(note2)
Existing transactions	Regular checks of major suppliers ^(note3) are conducted at headquarters to determine if there are any highly severe human rights issues (child labor, forced labor, and human trafficking)

Responses when risks are detected	
Information confirmation	Confirmation of detected issue, the status of supplier's responses and system related to human rights
Consideration of responses	<p>At the start of a new transaction Based on what we have confirmed, if it is clear that there is human rights abuse, we will not execute the contract.</p> <p>Existing suppliers Based on the information confirmed, if it is clear that there is a human rights abuse, we will request the company to respond and take corrective actions for the human rights issue, follow up on the status of response as necessary, and consider suspending new contracts or terminating transactions if corrective action is not taken.</p>

(note1) Implemented by the Bank and the Trust Bank

(note2) Implemented at the Bank's European and Americas offices, etc.

(note3) Major suppliers of the Bank, the Trust Bank and the Securities

In accordance with the United Kingdom's Modern Slavery Act 2015 and Australia's Commonwealth Modern Slavery Act 2019 legislation, we have issued statements regarding our initiatives to prevent labor exploitation and human trafficking in our businesses and those of our suppliers, and are taking action to prevent human rights violations in the supply chains.

- MUFG Bank (UK and AUS) [□](#)
- Mitsubishi UFJ Trust and Banking (UK) [□](#)
- MUFG Securities EMEA (UK) [□](#)

Communication with Stakeholders

MUFG actively promotes a constructive dialogue with various stakeholders in order to deepen mutual understanding towards respect for human rights. In particular, we believe that a dialogue with stakeholders which may have human rights impacts through MUFG's business is an important element in achieving respect for human rights. We will strive to build a relationship of trust and collaboration with stakeholders by responding appropriately to their concerns, issues, and opinions, which will lead to MUFG's sustainable growth and improvement of corporate value over the medium to long term.

Grievance Mechanism / Remedy for Human Rights Violations

MUFG has established remedial contact points for employees, customers, and other stakeholders, and responds appropriately to comments and complaints on matters including human rights issues.

Initiatives for Employees

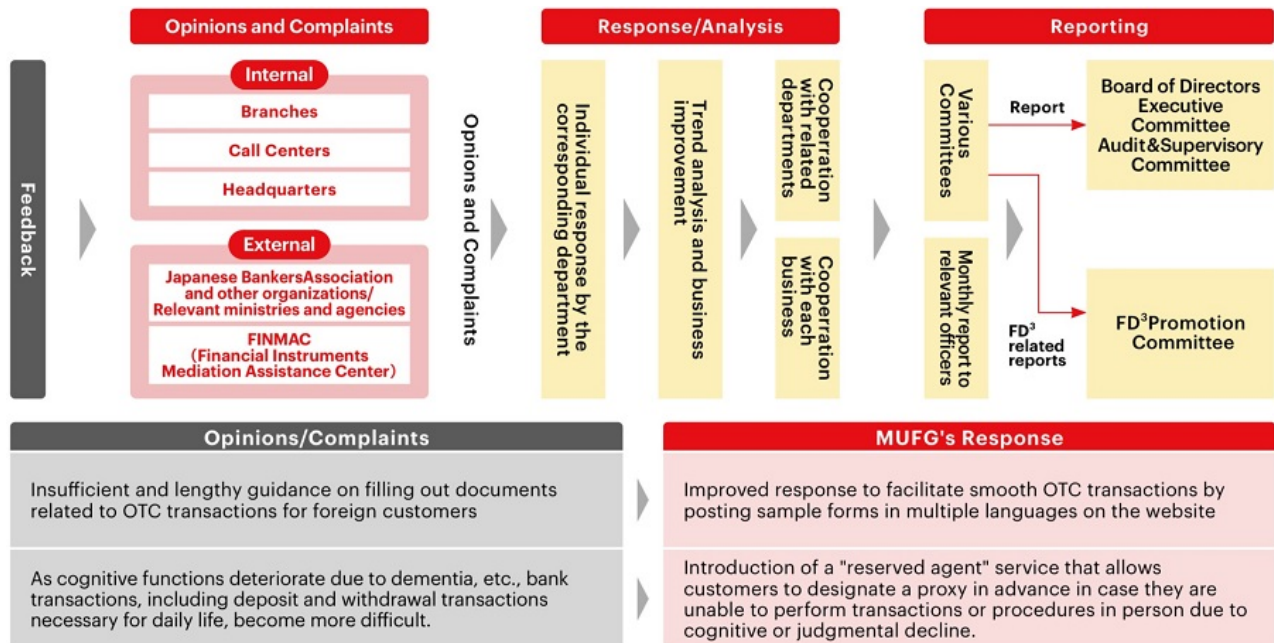
"Compliance Helpline" and consultation service for issues such as sexual and power harassment are established at each Group company to ensure a pleasant and positive working environment. It responds to reports submitted in-person or via phone, email, etc., while considering the individual's anonymity and privacy.

MUFG Compliance Helpline	<ul style="list-style-type: none"> We consider the whistle-blowing system an important governance tool. Each Group company develops such a system to ensure their self-cleansing ability in order to identify compliance issues and remediate them quickly. Moreover, we have established "MUFG Compliance Helpline", which is always available for all Group companies on a global basis. <p>Compliance "Whistle-Blowing Systems"</p>
Employee Consultation Desk	<ul style="list-style-type: none"> At the Employee Consultation Desk, consulting staff members provide consultation on various issues such as workplace relationships, harassment, and personal problems. And then work with the relevant departments to resolve their problems and concerns. The Bank has appointed "employee counselors" at each of its offices to serve as familiar consultation counsellors in the workplace, providing consultation on various concerns of front-line workers and actively working to improve the working environment in cooperation with the Employee Consultation Desk. Our Employee Consultation Desk supports the creation of better workplace environments through visits to branches, etc.
DEI Consultation Desk	<ul style="list-style-type: none"> The DEI Office established a contact point to receive and address inquiries and consultation from employees regarding DEI.

Initiatives for Customers

MUFG has established a system to appropriately respond to opinions and complaints, including human rights issues, from customers and other stakeholders. If it becomes clear that employees of group companies, or the products or services we provide, are causing, contributing to, or directly linked to adverse human rights impacts, we will work to remediate the situation. In FY2022, there were 214 cases in which services were improved based on feedback and requests received from customers of the five group companies^(note1).

Grievance Mechanism^(note2)



1. The Bank/The Trust Bank/The Securities/NICOS/ACOM 2. Examples of banks 3. Fiduciary duty

(note1) The Bank/The Trust Bank/The Securities/NICOS/ACOM

(note2) Examples of banks

(note3) Fiduciary duty

Initiatives throughout the Value Chain

In 2023, MUFG had joined in the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER). JaCER is an organization that receives reports of grievances related to human rights through the "Engagement and Remedy Platform" and aims to act in a professional capacity to support and promote remediation of grievances by member companies. JaCER platform has a fair dialogue and remedy process in place, which ensures the anonymity of whistle-blowers and confidentiality of the content of their reports, and also allows whistle-blowers to report in multiple languages. By utilizing JaCER platform, MUFG established a remedial contact points for adverse human rights impacts that occur throughout the value chain, including employees of borrowers/investees and suppliers, as well as community and neighborhood residents, and making an effort to improve our grievance mechanisms.

[JaCER's Whistle-blowing Form](#) 

Human Capital

MUFG's Approach to Human Capital Management

Fundamental Concept

The Mitsubishi UFJ Financial Group (MUFG) has established the MUFG Human Resources Principles as its basic approach toward realizing human resource management in line with the MUFG Way. Along with the MUFG Way, our basic code of conduct, the MUFG Human Resources Principles are shared and communicated with all MUFG Group employees through training at the time of hire as well as in-house training, and are also publicized on MUFG's website.

Human Capital Investment

MUFG has positioned human capital as one of the most important types of capital and, accordingly, is striving to enhance it in order to become a global financial group capable of contributing to society and customers by empowering each employee to work vibrantly and earn success.

MUFG's Basic Concept of Human Capital Management

To realize this vision, MUFG has also identified "strengthening business competitiveness" and "fostering a culture of taking on challenges and transformation" as two pillars of human capital strategy. We believe that we need to start with enabling each employee to maintain their emotional and physical well-being while fostering an organizational culture in which everyone respects the diversity and uniqueness of their colleagues, so that employees can work with confidence and take on challenges and transformation. Upon the establishment of such culture, we will provide every employee with opportunities to realize their full potential and achieve personal growth in order to ensure that they may discover a greater sense of job fulfillment. Furthermore, we will develop a framework for enabling the acquisition of sophisticated skills in their fields of specialty. In these ways, we will strengthen our business competitiveness and improve corporate value.

By reinvesting a part of the cash flow generated in this way in human capital and instilling a culture of "challenge and transformation," we seek to create a virtuous cycle of human capital management. We will enhance the well-being of our employees, including a sense of contribution to this virtuous cycle and to our vision, and will connect this to the enhancement of our corporate value.

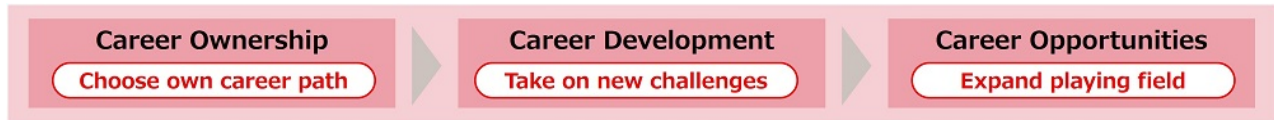


Message from the CHRO

[Message from the CHRO \(MUFG Report 2023 P79\) \(PDF / 10.90MB\)](#)

Nurturing Professionals/Reskilling

Since the social and competitive environment is changing drastically, we aim to develop human resources capable of responding to such changes. While enriching opportunities for challenge and learning, each and every one of us will autonomously build our careers so that we can acquire opportunities to play an active role on our own.



Our Approach to Human Resource Development

Encouraging the Pursuit of Personal Growth and Challenging Endeavors

The MUFG Human Resources Principles provide the basis on which the Group has built a human resources management platform that aligns with the MUFG Way.

- Shared Values
- HR Mission
- HR Vision
- HR Philosophy

Policies and Guidelines

Our basic philosophy on human resource development is to provide each employee with educational opportunities that enhance their discernment and sense of ethics as well as their knowledge and expertise, and to develop human resources who can make the MUFG Way a reality.

In line with the MUFG Way, we aim to provide our employees with opportunities for personal growth and offer an environment in which they can direct their energies into working with a sense of fulfillment. To this end, we promote Diversity, Equity & Inclusion. To embody the MUFG Way, we have also positioned "Integrity and Responsibility", "Professionalism and Teamwork" and "Challenge Ourselves to Grow" as values to be shared by all employees as defined by the MUFG Human Resources Principles, which serve as the basis for human resources management. Based on these principles, all Group companies engage in the planning and implementation of their respective human resources management policies.

Globally Integrated Management of Human Resources

Currently, the MUFG Group has approximately 68,500 employees^(note) hired in countries other than Japan. In an effort to ensure that all of them feel comfortable about being part of the MUFG workforce, we develop employee trainings aimed at facilitating their understanding of MUFG culture. We have also introduced on-the-job (OJT) training programs in which overseas employees take on assignments in countries outside of their location of employment, such as in Japan.

In addition, we hold cross-regional and cross-functional committees under a global talent management framework to conduct talent reviews and succession planning.

With these ongoing efforts, greater numbers of those who were hired in countries abroad are taking on managerial positions at MUFG. For example, the Bank's executive officers include 8 people hired in countries

abroad. Of these, 1 executive officer is female. Moreover, as a result of our broadening the range of career paths available to them, we have seen improved motivation among individuals hired overseas and their drive is helping to inspire their peers hired in Japan. In short, our approach to global talent development is creating a more positive cycle.

(note) the Bank, the Securities, Krungsri (Bank of Ayudhya) and Bank Danamon

Nurture and Secure Talents Capable of Driving Transformation

Growing Need for Highly-Skilled Professionals

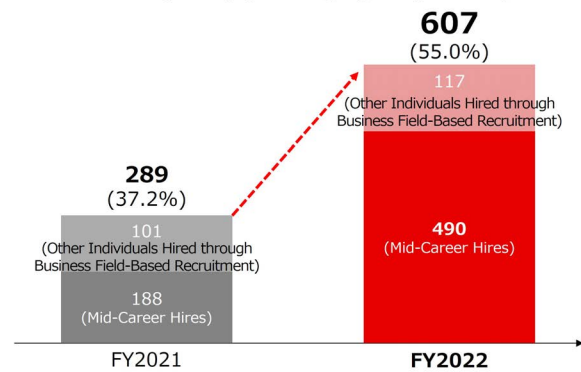
For MUFG's sustainable growth, securing highly-skilled professionals in a variety of fields of specialization is important. For this purpose, MUFG is endeavoring to secure and nurture true professionals with advanced skills and expertise, through comprehensive efforts in recruitment and training.

Nurturing and Securing Specialists

Each Group company is actively engaged in developing human resources through various programs and on-the-job training. However, when entering into and developing new business, human resources with expertise in new fields that cannot be handled by existing employees are required. In order to acquire the necessary human resources, we are promoting midcareer recruitment.

Number of Mid-Career Hires and Other Individuals Hired through Business Field-Based Recruitment

Increasing the hiring of professionals who are earmarked for various fields of specialty (including digital specialists)



To attract experienced, highly skilled employees and entrust them with more active roles, we have developed the MUFG Direct Employment System at the holding company, the Professional Certification System at the Bank, the Active Fund Manager Personnel System at the Trust Bank, and the Professional Position System at MUMSS. The Bank also plans to introduce the Ex System that, without personnel changes crossing business areas, will ensure evaluation and treatment of employees based on their duties and enable treatment with an awareness of market value, allowing employees to demonstrate high levels of skill and expertise in specific business areas of their choosing and to engage in autonomous career development. Through these revisions to our personnel system, we are creating an environment in which highly professional employees can play active roles.

Number of Employees in Professional Categories at MUFG

Approx. 1,600

Number of employees working under the personnel system with high-level expertise and specific job descriptions in the holding company, the Bank, the Trust Bank, and MUMSS

Nurturing Future Top Management: MUFG University

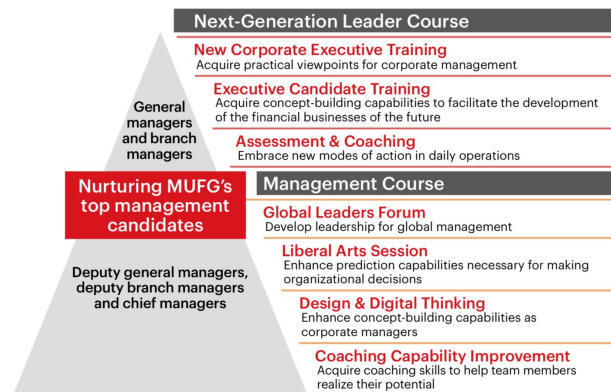
One of the key management issues of MUFG is the development of the future top management who will lead innovation and responsible for taking on challenges and creating value. As a solution to this issue, the Group launched the MUFG University program for line managers and above in FY2018, with a total of more than 600 attendees to date (196 in FY2018, 220 in FY2019, 192 in FY2020, 171 in FY2021, 193 in FY2022).

MUFG University offers two different courses, namely, the "Next-Generation Leader Course", which aims to secure the future leaders of MUFG, and the "Management Course", which aims to help managers enhance their skills.

In the Next-Generation Leader Course, we offer general managers and branch managers multi-layered training programs through interactive classes conducted by external corporate managers and academic experts. The Management Course is designed for Managing Directors, deputy general managers and deputy branch managers and offers a liberal arts session to cultivate the human skills and wide perspective required for management, thus steadily securing a robust pool of top management candidates.

MUFG University

Attended by an annual total of approximately 200 employees from across the Group



Programs Offered by MUFG University

【Next-Generation Leader Course】 Eligible attendees: General managers and branch managers		
Program name		Objective
①	New Corporate Executive Training	Acquire practical viewpoints for corporate management
②	Executive Candidate Training	<ul style="list-style-type: none"> • Acquire concept building capabilities to develop financial businesses for the future • Development of the Next Generation of Leaders
	Assessment & Coaching	Embrace a new mode of action in daily operations

【Management Course】 Eligible attendees: Managing Directors, deputy general managers and deputy branch managers		
Program name		Objective
①	Global Leaders Forum	Develop leadership for global operations
②	Liberal Arts Session	Enhance prediction capabilities necessary for making management judgments through increased exposure to liberal arts concepts
③	Design & Digital Thinking	Enhance concept building capabilities via exposure to digital thinking methods
④	Coaching Capability Improvement	Acquire coaching skills to maximize subordinate members' talent and potential

Nurturing Global Human Resources

Today, the MUFG Group has expanded into more than 50 countries around the globe, and approximately 57% of its entire workforce is accounted for by overseas employees (as of May 31, 2023). Based on the concept of "Diversity, Equity & Inclusion", in order to recruit and develop a diverse range of professionals, it is necessary to foster our corporate brand both in Japan and overseas so that people will want to work for MUFG. MUFG is expanding opportunities for employees to play an even more active role by operating a market-standard and globally unified human resources platform for title management, employee evaluation, wage determination and other human resources practices.

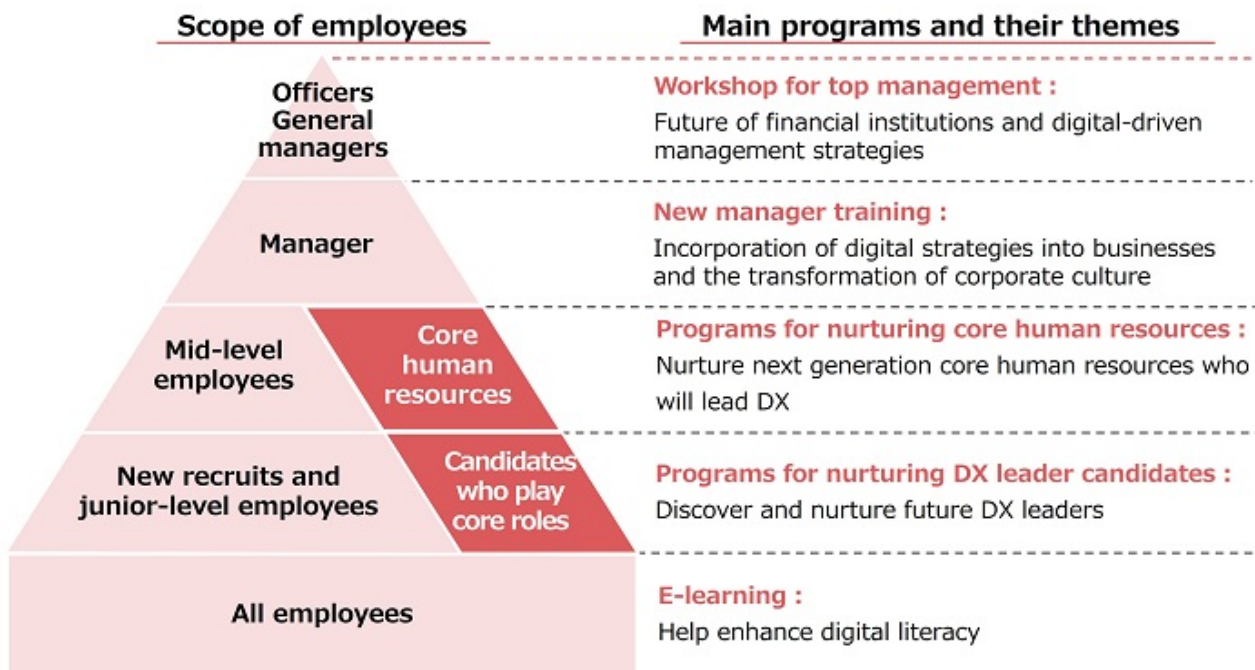
Also, as more and more employees with diverse backgrounds join, we began implementing job-level based training programs on a global basis to ensure all Group members understand the MUFG Way and embrace a shared culture. For example, we provide the Global Leaders Forum targeting those in managing director or similar positions with a variety of experiences from different countries and regions where the group operates, to help such individuals acquire essential leadership knowledge as well as necessary perspectives and in-depth expertise on global operations. In addition, in the Three-month Intensive Program for working-level employees, participants from overseas facilities will receive on-the-job training in the form of business trips to other regional departments for three months. This not only fosters the development of the participating employees, but also fosters the mindset of the employees at the host sites to work globally.

These efforts are helping to increase the motivation of employees hired overseas, while at the same time expanding the talent pool, thereby promoting competition within the company and creating a virtuous cycle that will lead to the realization of a stronger organization. Today, a growing number of individuals hired overseas have been promoted to managerial posts. For example, 8 of these individuals, including one woman, have assumed executive officer positions at the Bank (as of March 31, 2023).

Nurturing Digital Specialists: E-learning Program Targeting All Employees, Job-level Based Digital Sessions, Programs for Core Talents etc.

Nurturing human resources capable of spearheading digital transformation (DX) is a matter of pressing importance. With this in mind, various training programs have been implemented to nurture digital specialists at the Bank, the Trust Bank and the Securities. Among these programs, “DEEP” training (see below), a practical program designed to nurture digital specialists, has already been completed by approximately 300 individuals. In addition, approximately 750 individuals have completed a program aimed at discovering and nurturing DX leader candidates through in-house solicitation. Furthermore, the Bank mandates that all of its employees undergo e-learning programs with content equivalent to training programs for “IT Passport” certification, one of the Japanese national certifications, to help raise their digital literacy and has introduced an in-house digital-skill certification system to encourage employees to acquire external certifications. Under this system, a total of 1,791 individuals have been certified as “gold skill holders.”

Programs Aimed at Nurturing Digital Specialists (the Bank)



Strategic Investment in Employees by Aligning with Changes in Business Environment

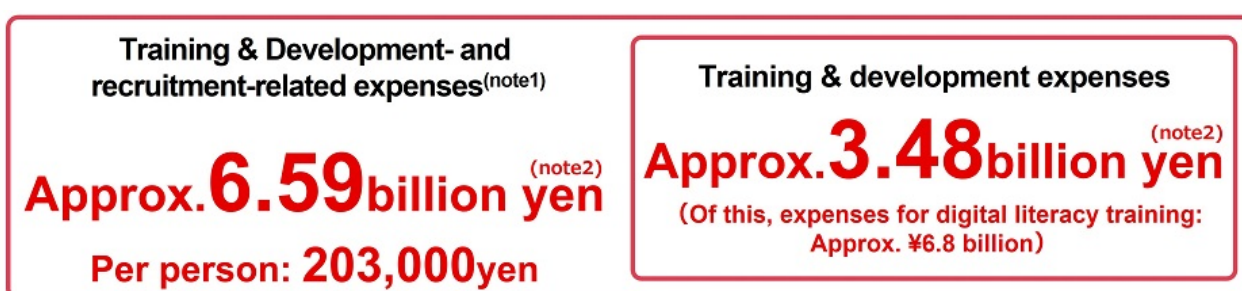
As the business environment changes at an unprecedented speed, in order to secure talents capable of responding to changes, we provide opportunities for taking on challenges and for learning, as well as invest in employees to move ahead of changes in the business environment.

- Inspire employees to take on challenges via the provision of in-house certification and opportunities for promotion and training
- Continue to focus on enhancing “digital” and “global” capabilities
- Invest in efforts to empower both managers and their staff to secure time for pursuing personal growth
- The Bank provides a subsidy of up to 100,000 yen per person to support initiatives aimed at "transformation and challenge," such as self-development and reskilling

Training & development	Education and training expenses: Approx. ¥3,480 million (Of this, expenses for digital literacy training: Approx. ¥680 million) ^(note1)
In-house certificate system for digital skills	Pay reward Gold-skill certified employees 1,791 (FY2022)
Work style reforms related investment (during current MTBP)	¥4.5bn
In-house coaching and 1-on1 guidelines	Coaching for employees and managers by corporate title Monthly 30-minute 1 on 1 sessions to enhance communications between managers and their staff
MUFG Analyst Program	Training program for new graduates (U.S. and EMEA) 380 participants ^(note2) in total

(note1) Sum of results for the Bank, the Trust Bank and MUMSS

(note2) Gross number of participants



(note1) In addition to training & development expenses, this includes personnel costs for study abroad and external trainees, recruitment-related expenses, etc. Benefits-related expenses are not included.

(note2) Sum of results for the holding company, the Bank, the Trust Bank, and MUMSS

Initiatives of Group Companies

Each Group company is developing training programs in order to ensure that employees can provide high-value-added services to customers with a high-level of motivation and expertise.

■ MUFG Bank

The Bank defines a role model as an employee who has personal capacity, skills and expertise, and can deliver achievements and contribution. In other words, an employee begins with personal capacity, adding skills and expertise gained as a professional to attain high levels of achievement and contribution on a medium- to long-term basis. In addition to cross-divisional, rank-specific training to develop personal capacity and division-specific skills training to acquire "skills and expertise," we also have a rich menu of self-development support programs to provide opportunities for autonomous learning according to each individual's stage of growth.

In order to improve day-to-day working experience, the Bank strives to cultivate an environment to foster human resource development within the workplace. We are creating a "culture of nurturing people" and strengthening the organization by developing the "1-on-1 Guidebook" and "Career Interview Guidebook," both of which are designed to activate communication between supervisors and subordinates in terms of "quality and quantity," and by expanding the mentoring system and guidance officer system for the development of young employees.

■ Mitsubishi UFJ Trust and Banking

To cultivate true professionals who inspire confidence in customers, the Trust Bank provides training tailored to each individual's position, rank and occupation. Through its Personnel Development Program in each field of business, the company conducts practical job rotation and carries out training for the specific work responsibilities of each division. In addition, the Trust Bank is expanding the range of educational opportunities for employees seeking to independently develop their careers through the "MUTB Business School," self-enrichment seminars, dispatch outside the company, support for obtaining qualifications and various other educational support programs.

■ Mitsubishi UFJ Morgan Stanley Securities

In order to cultivate human resources that possess both "outstanding personal capacity" and a "high level of professionalism" and contribute towards improving the capacity, qualities, passion and expertise of employees, the Securities actively implements OJT, which encourages growth through work experience, and OFF-JT, which entails implementing training according to rank and occupation, supporting employees in bettering themselves professionally and so on. In our company-wide common training, the Securities works to ensure thorough adherence to the MUFG Way and the MUFG Group Code of Conduct and strengthen management functions and engagement, while in the training according to occupation, we work to improve the skills and expertise required from each business division in order to continue to provide customers with high-grade services. Moreover, the Securities is also focusing its efforts on supporting independent career development by enhancing support systems for self-betterment and acquisition of qualifications by all its employees.

■ Mitsubishi UFJ NICOS

In order to develop human resources who can adopt and respond to social changes, such as the cashless society, and continue to grow on their own, we implement job rotation system, OJT to promote growth through work execution in the workplace, career development support, job-level based training, and self-development support, based on the pillars of "emphasis on OJT" and "support for autonomous growth." Specifically, OJT officers are appointed with the goal of realizing joint learning and growth among young and mid-career employees based on mutual teaching and learning while performing everyday tasks. In rank-specific training, cross-departmental training is implemented to impart the necessary skills and foster the right mindset for each rank.

In terms of career development support for individual employees, we are also expanding measures including employee career training and career management training for managerial position holders. Together with this, we actively provide self-development opportunities for independent learning, such as e-learning and external dispatch. We place a particular focus on measures to enhance digital literacy across the company.

■ ACOM

To develop employees who embody the corporate philosophy of "the Spirit of Human Dignity," "Customers First," and "Creative and Innovative Management," ACOM implements diverse training including on-the-job training (OJT), rank-specific training, and selective education and training that develops management executive candidates and DXtalents. ACOM also provides educational opportunities that support autonomous growth by employees, including e-learning, correspondence education, support for obtaining official certifications, and dispatch to business school.

■ Krungsri (Bank of Ayudhya)

Krungsri (Bank of Ayudhya) understands that employees play a crucial role in the organization's productivity and has striven for a comprehensive human resource development with 'People Excellence' as its core value. Four

pillars, namely “Adherence to and demonstration of Krungsri Core Values”, “Leadership Development”, “Professionalism Improvement”, and “Good Corporate Citizenship” have been stipulated to support this value, and various programs are provided for talent development. There are programs provided jointly between MUFG and Krungsri, such as the Global Leaders Forum, and many more which are unique to Krungsri. Krungsri recorded training expenses of 6,116.59 baht per employee per year and an average of 58.44 training hours per employee annually in 2022. In addition, Krungsri won the HR Excellence Awards 2022 (Gold Award) in leadership development from Human Resources Online.net.

■ Bank Danamon

Bank Danamon regards competency development as one of the Bank’s investments in its employee, along with the Bank’s strategies that focus on people, digital and branding. As part of its support for human resources development, Bank Danamon has consistently organized training programs to increase employee’s knowledge and skills. Various employee training opportunities are provided according to the training needs and objective, including classroom learning system, e-learning, OJT, and others.

Overall, employee training and development programs, as of December 2022, have been provided to 9,986 employees, where the implementation is divided into 89 E-Learning modules and 882 hybrid programs (online classes and classes) with a total duration of 747 mandays implemented for all Bank employees.

Human Resource Development through Mentoring

MUFG companies are carrying out multi-faceted expansion of mentoring programs by which employees learn from each other. About 5,000 persons ^(note) make use of mentoring programs every year, including mentoring aimed at onboarding young and mid-career employees, executive mentoring for the development of next-generation managers, and mentoring for female managers. Under an environment in which employees who hold diverse values learn from each other, we are creating an organizational culture that supports individual career development and enables autonomous enhancement of human capital. In addition to programs sponsored by the Human Resources Division, our mentoring programs include programs unique to business divisions. Through this, a culture of learning from one another is widely taking root.

(note) Total mentors and mentees across the Group



Evaluation of Human Resources

Our Approach to Evaluation of Human Resources

In order to achieve MUFG's vision of the future, each employee is required to make changes and there is a need to create an environment that encourages employees to grow and take on challenges. Based on this, MUFG is reviewing the ideal employee profile and qualification requirements with a greater emphasis on "professionalism" and "innovation and challenge" and are also developing an environment that encourages employees to voluntarily make innovation and strive to achieve the careers they seek.

Evaluation

As for the performance evaluation, targets are set by all employees at the beginning of each fiscal year, the degree of achievement is reviewed and performance, including actions and processes, is evaluated at the end of the year. As for the competency evaluation, various competency indicators are set to make a multidimensional evaluation.

After each evaluation, a feedback interview is held to communicate the strength and weakness, which will contribute to future performance and competency development. Thus, we encourage them to improve their performance and build their careers by ensuring deep understanding and objectivity.

We also give 360-degree feedback to the executive level and the line and other managers at the management level. This is an opportunity to raise awareness of their managerial qualities, strength and weakness and to encourage them to make improvements by understanding observation from various perspectives such as subordinates, coworkers, related departments, and other concerned parties.

Improvement in Employee Engagement

MUFG strives to develop a workplace in which employees can find their job rewarding and improve employee engagement, with the aim of securing its ability to deliver services with higher added value and take on the challenge of transformation on a groupwide basis.

Programs Designed to Encourage Those Who Take on Challenges

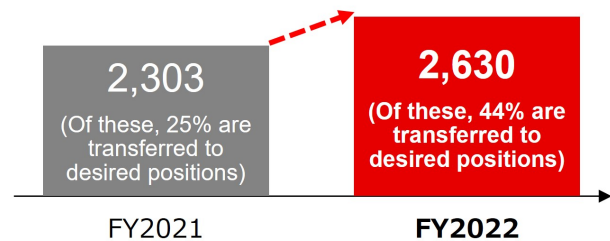
Autonomous Career Development

To support autonomous career development of individual employees, we position frameworks for accumulating diverse experiences as the Career Challenge System and offer a variety of programs inside and outside the Group.

In fiscal 2022, the number of applicants to the "Job Challenge", our internal job-posting program, exceeded 2,600. Of these, 1,162 applicants were transferred to desired departments or secured dual in-house assignments in other departments, centered on headquarters. Our Position Maker job-posting system, by which employees freely propose ideas and projects and become project leaders, has expanded to a cumulative total of 54 persons.

Number of Applicants to the Job Challenge Program (intra-Group job postings)

Enhance opportunities for employees to challenge different assignment within the Group



Career Challenge System

Program	Details	Number of people	
		FY2021	FY2022
Job Challenge^(note1)	An in-house posting system targeting Group employees. Covering the extensive scope of business fields the MUFG Group encompasses, this system offers opportunities for applicants to take on tasks that align with their desires regardless of which Group entity they belong to.	2,303 applicants Pass rate 25%	2,630 applicants Pass rate 44%
Branch manager positions ^(note2)	Applicants to branch manager positions in Japan.	241 applicants	192 applicants
Dual in-house assignments ^(note3)	A dual in-house assignment system is in place in the Bank and in the Trust Bank. It assists employees in their autonomous efforts to develop multi-path careers and facilitate in-house innovation.	164 applicants	371 applicants
External assignment and dispatch^(note1) (including Open EX)	We provide opportunities for employees to step up to the challenge of working outside the Group to acquire diverse knowledge and experiences.	144 applicants	155 applicants
Challenge Leave^(note3)	This system supports employees' pursuit of their dreams or personal growth, which may include becoming an entrepreneur, studying abroad, acquiring certification or getting elected to a public office, by granting leave for a certain period of time.	19 applicants	22 applicants
Global mobility programs for locally-hired staff^(note2)	Opportunities for working abroad through internal job posting, three-month OJT HQ, short-and long-term assignments, etc.	34 employees	56 employees

(note1) The Bank, the Trust Bank and MUMSS

(note2) The Bank

(note3) The Bank and the Trust Bank

■ MUFG Bank

In order to support independent career development of each and every employee, the Bank has created an in-house recruiting system that permits employees to apply for the position of their choice.

In addition to posts accompanied by transfers, the Bank makes a work experience-oriented job-posting system called Mirushiru available to employees. This lets employees spend about half a day gaining specific knowledge about work of interest. Job Challenge lets employees take on a variety of posts at branches and offices in Japan and overseas as well as at the Head Office, and receives many applications. Many employees have responded when job openings are announced several times a year. The Bank has also added CSR approaches as a company that respects the work-life balance. For example, by offering a system to allow changes in career track between Main Career Track, and Business Specialist (BS) tracks; a Relocation Posting System combined with consideration of circumstances such as job transfer of a spouse, or the need to care for a family member; and a system that allows non-permanent staff including contract employees to become regular employees.

A Global Job Posting Framework is also in place for overseas employees, recruiting for internal positions on a global basis. This system enables employees including those employed in Japan to work at locations beyond the country in which they were employed.

■ Mitsubishi UFJ Trust and Banking

In the Trust Bank, the Career Challenge System has been established, a program for realizing wishes and declarations related to one's career, which is conducted twice a year. Under this system, we have established a Job Challenge System that allows employees to experience their desired departments and tasks, a Post Challenge System that allows employees to challenge themselves for managerial positions, and an Active Career Challenge System that allows employees to choose their work style with outlook for their career until age 65. We have also introduced an in-house side job system that does not involve transfers, which allow employees to challenge new tasks in different business domains while staying at the current position. As part of our career development efforts, we will continue to create a system that responds to the wishes and willingness of employees to take on challenges.

■ Mitsubishi UFJ Morgan Stanley Securities

The Securities has prepared programs to meet the autonomous career development aspirations of a wide range of employees, from young members to mid-career personnel. In Career Challenge, which encompasses varied job-posting systems, we implement programs including study in Japan and overseas, external dispatch, and a Job Challenge program that lets employees apply for work at departments in the company as well as in different aspects of the business at MUFG Group companies. To promote understanding of each department in the company, we also hold briefing sessions in which employees offer overviews of their own departments.

We are also enhancing opportunities for self-development and support for obtaining qualifications. The Securities Business has also established a system that allows employees to request a transfer to a different position that is necessitated by marriage or the transfer of a spouse to a different location, in addition to a system that allows employees to request a switch to a career track different from their current one due to reasons such as a change in their personal capabilities and level of suitability or in their sets of values. In these ways, the Securities Business is providing continuous support for the career development of its employees.

■ Mitsubishi UFJ NICOS

NICOS also offers broad opportunities for employees who have the desire to use their skills to the utmost, by starting to offer the new Regional Main Career Track in FY 2014, which involves no job transfers. The Change of Course system enables switching to regional positions and to the Main Career Track (nationwide), as well as to Main Career Track (regional), offering a system that allows more employees to tackle career advancement. Through the Challenge job-posting system and other means, NICOS also provides opportunities for expanding the breadth of employees' own work and promotes autonomous career development. NICOS will continue working to operate these systems alongside promotions for talented employees who have a spirit of challenge, with the aim of establishing work-life balance.

■ ACOM

ACOM provides diverse career opportunities to support employees' career enhancement. For example, fixed-term employees are able to move up to full-time employees, and those who started their career with limited promotion opportunities can change their work course to broaden their opportunities. ACOM also provides periodical opportunities for employees to assess and submit their desired career development plans in order to support their fulfillments.

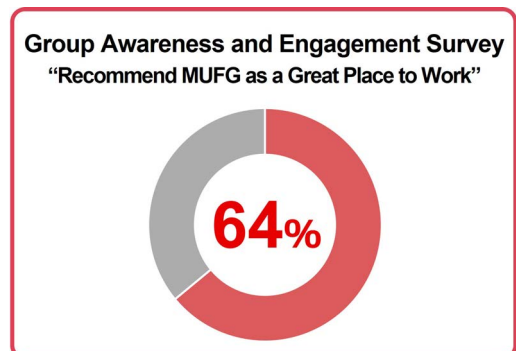
Growth and Challenge

Within our personnel evaluation system, we have developed a framework for evaluating employees' "challenge" itself, alongside their "stance of supporting challenges by subordinates." We also support the "growth and challenge" of every employee in day-to-day tasks.

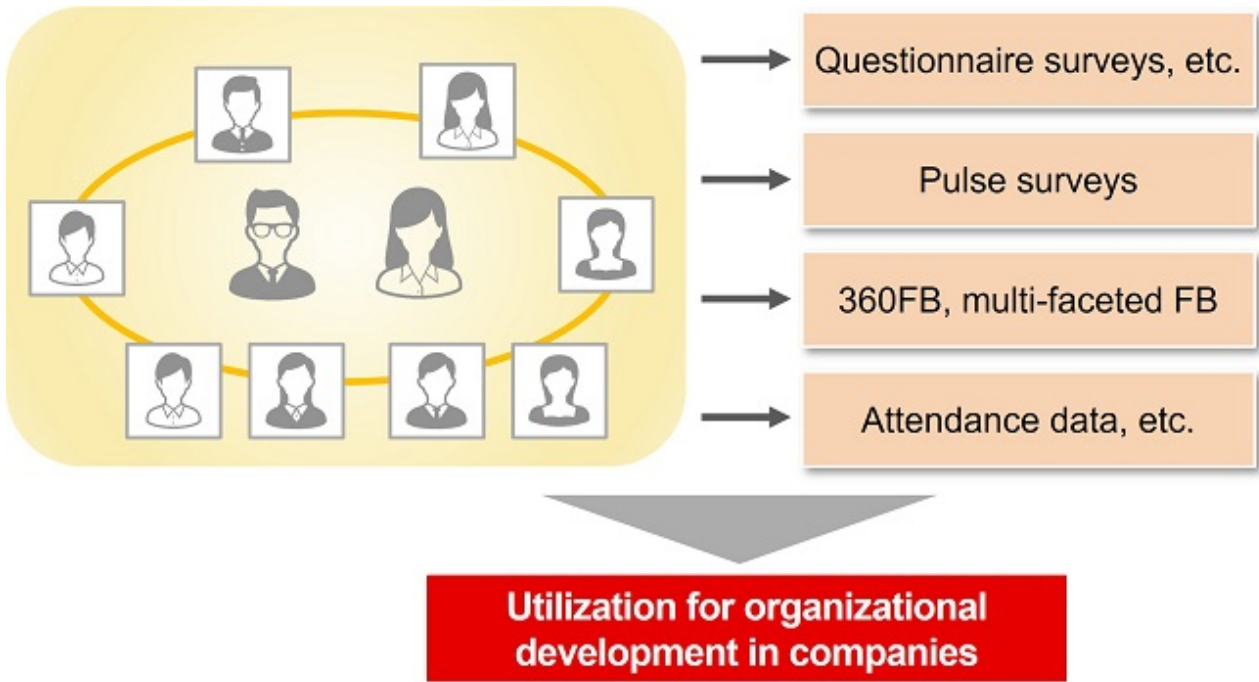
Creation of a workplace where people feel "job satisfaction"

Through a variety of initiatives, MUFG develops professional human resources who can add value to the services provided by the Group, while aiming to create an organization that will enable us to provide greater value to its customers and society. In addition, in order for the entire group to take on the challenge of retransforming the culture, it is important to create a workplace in which each and every employee finds their job reward. Through the annual MUFG Group Awareness and Engagement Survey, the Group identifies the issues its employees face and uses them to study and take a variety of measures.

The Bank, the Trust Bank, and the Securities undertake checks of employees' day-to-day motivation, health and workplace environment, and other matters through daily, weekly, and monthly pulse surveys, and regularly conduct organizational diagnoses based on the findings. The results are shared with employees to help identify and resolve problems at the early stage, promoting the creation of a healthy and open-minded workplace environment.



Organizational development through utilization of data



Returns to employees/Financial wellness

To improve employee engagement and secure talented human resources, we have raised wages in fiscal 2023. In conjunction with this, we will also raise the starting salary of new employees from the spring of 2024. While firmly rewarding the hard work of employees during this period of major transformation, the Bank paid lump-sum "transformation and challenge support subsidies" to further back efforts by employees, including self-development and re-skilling.

	the Bank	the Trust Bank	MUMSS
Actual Wage Increases^(note1)	Approx. 7% of annual income	Approx. 7% of annual income	Approx. 5% of monthly income ^(note2)
Starting salary for new graduates in FY2024^(note3)	¥255k (+50k)	¥255k (+50k)	¥267k (+12k)

(note1) Includes base-ups, regular raise, promotion, one-time allowance, other allowances and subsidies, and bonuses (the Bank and the Trust Bank)

(note2) Monthly income base raises given MUMSS bonuses are tied to performance

(note3) Starting monthly salary level for general position, all-area type, and college graduates

In addition to raising wages, through childcare allowances, a retirement fund program, an asset accumulation savings program, an employee stock ownership plan, a condolence allowance program, and other forms of economic support, we are constructing an environment that enables work with motivation and peace of mind.

Construction of an environment that enables work with motivation and peace of mind through diverse forms of economic support, along with Efforts to Enhance Employees' Skills and Knowledge



Initiatives in Business Units

Initiatives to contribute to career development for employees are spreading in business units as well.

Also see "MUFG Investors Day 2023" for examples of initiatives.

< Examples of initiatives in the JCIB Business Unit >

	<p>Chicago × MUFG Rising Talent Program Participating in a University of Chicago innovation program along with major corporate customers Participating company Approx. 40 Corps</p>
	<p>CIC Tokyo*1 Total participants of MUFG seminar Approx. 1,000</p>
	<p>Teaching expert program Absorb expertise of external human resources to promote refinement of proposals and changes in behavior Target person Approx. 250</p>
	<p>New business development and operational reform initiated by employees Employees proposing new ideas for business creation and operational reform has become the norm Total proposals Approx. 200</p>

(note1) Large urban innovation center expanding to nine cities around the world

(note2) Seminar hosted by MUFG on important social themes

Corporate Citizenship Project

Since FY2007, MUFG Bank has included volunteer work in the training programs for new employees. By having them participate in volunteer activities in the local community, this program aims to help employees become aware of their roles as members of society. This experience also allows new employees to adopt the basic attitude of serving society and proactively offering what they can to people and society in general.

Under this hands-on training program, called the Corporate Citizenship Project in cooperation with the Tokyo Voluntary Action Center and other local volunteer centers, new employees visit more than 100 welfare facilities for two days in the Tokyo metropolitan area and Yokohama annually until FY2019. Since FY2020, we have switched to an online format and implemented a two-day program from the perspective of preventing the spread of COVID-19 in both welfare facilities and new employees. In addition to their online-based welfare activities, through pre-visit orientations, volunteering opportunities, and post-activity reviews, some new hires concluded that the program was an excellent opportunity to reconsider what they can do as members of society. Others have mentioned that the volunteering experience aided them in understanding the importance of considering circumstances from someone else's point of view. Just as importantly, the program allows newly-hired employees to recognize their significance as members of society.

Promoting Diversity, Equity & Inclusion (DEI)

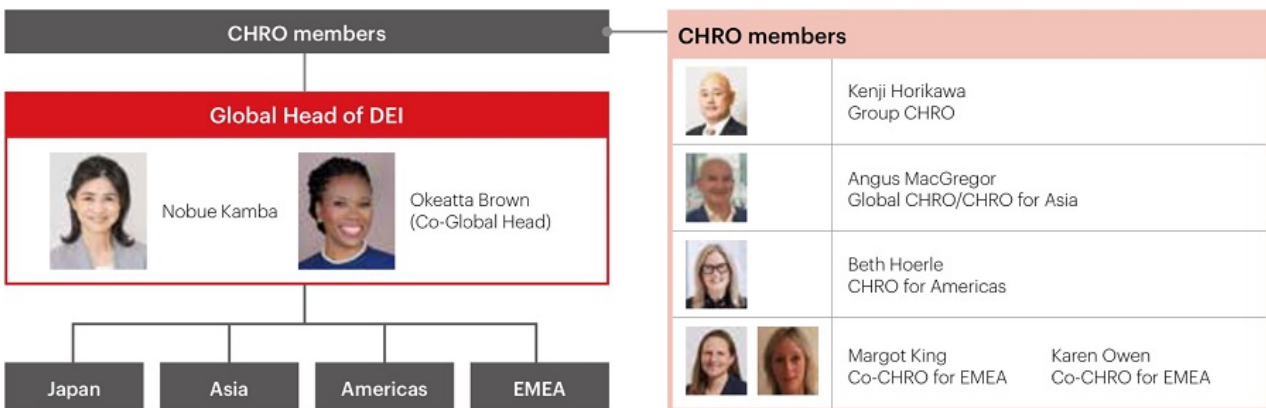
DEI Promotion Structure



MUFG positions DEI as one of 10 issues to be given priority within sustainability management.

Our efforts began in 2006 with the launch of a dedicated department to enhance women’s job satisfaction. From 2010, we expanded the scope of our initiatives to encompass the promotion of inclusion and diversity, intending to enhance job satisfaction for diverse employees, not women alone. In 2018, the Bank, the Trust Bank, and the Securities began to cooperate to promote DEI groupwide. Also, DEI promotion teams globally have been working on DEI issues specific to each region. Since 2023, we established three common key DEI pillars; “Gender equity,“ “Learning and Development“ and “Embedding DEI into our culture”, and we are accelerating a variety of DEI initiatives globally, in close collaboration with the CHROs in respective regions.

In addition, while clarifying DEI in terms of equity (fairness and equity), we are advancing DEI as a management strategy under commitment by top management.



Thinking on DEI

MUFG is striving to build an inclusive organization, where employees with diverse backgrounds and values can thrive and empower each other to perform at their best, and are given equal opportunities for growth and development, irrespective of gender, disability, nationality, race, age, sexual orientation or other attributes. We believe that diversity in the workplace at MUFG can spark “chemistry” by respecting to each other’s differences and by leveraging each other’s unique strengths.

Moreover, this will encourage the employees to generate new ideas and adopt new modes of behavior and, in turn, foster an open-minded corporate culture and the creation of new value that transcends the expectation of customers and society.

We therefore consider that promoting DEI is essential to achieve our purpose “Commitment to empowering a brighter future.

Compensation System

MUFG’s compensation system for Executives is aimed at ensuring the achievement of short-term performance targets and intended to better incentivize these individuals to contribute to a medium- to long-term improvement in corporate value and encourage them to take on the challenge of driving innovation.

In FY2022, we added DEI targets to qualitative assessment indicators for determining the amount of bonuses vis-à-vis the execution status of the recipients’ duties to facilitate management efforts to promote and secure the robust employee understanding of DEI.

[Corporate Governance](#)

Evaluation for DEI Initiatives

For evaluation of our DEI initiatives, please refer to [“External Evaluation.”](#)

Encouraging Diverse Talent to Play an Active Role

Female Employees

Regarding gender equality, raising the ratio of women in management is a critical issue. MUFG has set medium- to long-term numerical targets and is undertaking the training and promotion of women with top management’s commitment. For female senior-level employees, we provide training for selected employees and mentoring programs to encourage executive aspirations and create opportunities for learning advanced skills.

Number of female directors and executive officers

19 persons

As of April 2023
(Total of MUFG, the Bank, the Trust Bank, The Securities, and NICOS)

We support the Keidanren's "Challenge Initiatives for 30% of Executives to be Women by 2030".

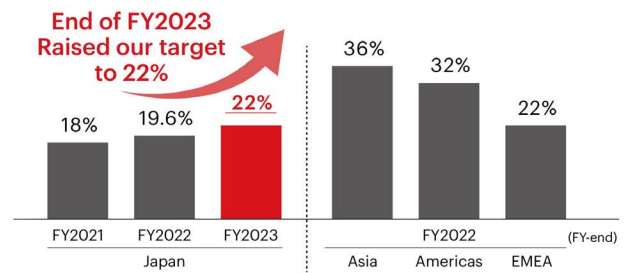
Setting Numerical Targets

At the Bank, the Trust Bank and the Securities, our joint numerical goal is to raise the ratio of women holding positions of line manager or higher to 22% in Japan by the end of March 2024. ^(note) This goal aims to reflect diverse perspectives and values into areas closer to management. It marks a milestone in achieving a 30% ratio of women in management in the medium-to long-term. In addition to the joint numerical targets of the three companies, each company has set its numerical targets to promote the appointment of female employees.

As of March 31, 2023, the ratio of female managers in the Bank, the Trust Bank, and the Securities (combined in Japan) was 19.6%.

(note) Ratio of women in line manager or higher positions.

Ratio of Female Managers*1



*1 Overseas bases: the ratio of female Managing Directors or Directors; domestic bases: the ratio of female employees in Chief Manager positions and above.

Action plan based on the Act on the Promotion of Women's Participation and Advancement in the Workplace

MUFG Bank	Action Plan (PDF / 251KB) (in Japanese)
Mitsubishi UFJ Trust and Banking	Action Plan (PDF / 146KB) (in Japanese)
Mitsubishi UFJ Morgan Stanley Securities	Action Plan (PDF / 126KB) (in Japanese)
Mitsubishi UFJ NICOS	Action Plan (PDF / 167KB) (in Japanese)
ACOM	Action Plan (PDF / 124KB) (in Japanese)

The Gender Pay Gap and Initiatives to Eliminate It

The Gender Pay Gap

In our primary consolidated subsidiaries, the pay gap between male and female workers is as follows.

	The pay gap between male and female workers (%)(note1)		
	All workers	Regular workers	Non-regular workers
MUFG Bank	49.6	52.7	58.7
Mitsubishi UFJ Trust and Banking	63.2	62.7	84.5
Mitsubishi UFJ Morgan Stanley Securities	57.4	57.4	—(note2)

(note1) For the categories of regular, non-regular, and all workers, percentages are calculated as (average annual pay for women) ÷ (average annual pay for men).

(note2) There are no non-regular workers at the targeted companies.

In the above table, a partial breakdown for regular workers is as follows.

	The pay gap between male and female workers (%)				
	By Course		By qualification		
	Core Officer	Business Specialist (BS) Track/Regional Track	Management level	Managerial Staff	Non-Managerial Staff
MUFG Bank	65.9	91.8	87.2	82.0	81.2
Mitsubishi UFJ Trust and Banking	62.7	—(note)	89.4	83.1	89.1
Mitsubishi UFJ Morgan Stanley Securities	77.5	114.3	81.7	81.3	89.6

(note) Core Officer only at targeted companies.

Main Factors behind the Gender Pay Gap, and Future Initiatives

As noted above, a pay gap exists between men and women in our three main companies. In the Bank, in particular, a long history of BS Track hires (General Track) exists centered on women in departments that support counter service and clerical work. Pays in these job categories are relatively low while the number of workers is large, factors that widen the gender pay gap. In addition to the scheduled fiscal 2024 introduction of the Ex System which enables the pursuit of expertise in specific business areas, we plan to revise our personnel system, eliminating the barrier between Main Track and BS track courses in 2025 and establishing a new Professional Track. By doing so, we will further support autonomous career development without restriction by gender or Track classification.

A gender gap also exists in promotions to managerial and senior positions. Acting individually and in concert, the Bank, the Trust Bank, and Securities have supported career development for women by raising KPIs for the ratio of women in management. In 2022, we held a Leaders Forum and executive mentoring program for senior positions. For mid-level positions, we are enhancing the provision of opportunities for career development by launching group joint training and starting an employee-based mentoring program by which women in senior positions train mid-career and junior women as mentors.

Although the gender pay gap in equivalent positions is in the 80 to 90% range, gaps can also be seen caused by differences in working hours, including overtime work and the use of shortened working hours programs. On this point, we believe that measures including the promotion of work style reform and participation by men in childcare will lead to the correction of gender inequalities.

Looking ahead, each of our companies will continue to increase opportunities for women's advancement by expanding the promotion of women to more senior positions and enhancing the flexibility of work systems to correct gender gaps.

See "[Provision of Flexible Work Styles](#)" for information on initiatives related to work style reform.

Implementing a Variety of Programs for Women

The Bank, the Trust Bank and the Securities implement individual programs for mentoring women in managerial and senior positions by executives, and offer support for resolving issues in career development. In training for selected employees, the three companies jointly conduct "WILL ^(note1) Training," which provides complementary

opportunities to obtain strategy-building and logical thinking capabilities for playing active roles in more senior positions.

For women not yet attaining managerial positions, we work to develop the next generation of leaders by providing opportunities to consider pursuing management positions through dialogue with women in the same positions and with female managers under the themes of "Career" and "Leadership" in WISH training ^(note2).

We also offer a variety of programs, such as online networking, by which applicants can consult with senior employees about concerns over balancing careers with life events.

(note1) Women's Initiative for Leadership and Learning

(note2) Women's Initiatives Seminar on How to design our own career

Programs according to career stage (example)

Level	Program
Management	<ul style="list-style-type: none"> • MUFG Leaders Form (executive roundtable meeting) • Executive mentoring • Job-level based training
Mid-level	<ul style="list-style-type: none"> • WILL Training Program (training for managerial and senior positions) and WISH training (training for the next generation) • Mentoring • External training • Job-level based training
All levels	<ul style="list-style-type: none"> • Job-level based training • Networking (career roundtable etc.) • Job Challenge (In-house Posting System)

Initiatives of Group Companies

■ MUFG Bank

In fiscal 2022, we lowered the target years of employment for participation in the executive mentoring program. We significantly expanded the number of eligible persons to about 150. In fiscal 2023, we will further expand the program's target and will accelerate the promotion of women by actively providing female managerial candidates with opportunities to nurture a management perspective from an early stage. In addition, we have established WIN-Japan, an employee community for women using Microsoft Teams, to create an environment where female employees can easily connect and communicate with each other at any time.

■ Mitsubishi UFJ Trust and Banking

The Bank hosts a four-month program designed for candidates for management positions, the Women's Leadership Program, that involves their superiors and supports their growth through assessments and interviews.

■ Mitsubishi UFJ Morgan Stanley Securities

We are expanding mentoring programs for women in managerial positions and training for managerial candidates to accelerate personnel development. We conduct training for all female employees in the fifth year of employment to dispel anxieties over career development and life events. We encourage the participants to leverage this opportunity to network with senior employees and foster a career mindset. We also launched the

publication "STEP" to introduce the careers of female employees and provide opportunities to learn about diverse careers.

■ **Mitsubishi UFJ NICOS**

To support each employee’s autonomous growth opportunities, we provide career advice by holding seminars on career planning, follow-up seminars after changing career tracks, and assigning mentors to managerial candidates.

■ **ACOM**

ACOM provides a Career Design Program to help female employees continue working and fulfilling careers. It holds panel discussions by female employees who share their stories about balancing work and childcare, providing opportunities to consider and overcome the barriers women face in their careers.

■ **the Americas**

The Multicultural Women Executive Leadership Program (MWELP), a program for developing diverse female leaders at the University of Southern California, offers training and coaching by female leaders active in numerous countries and cultures. Every year, many female MUFG Americas employees participate in the program to attain further growth as leaders. MUFG Americas is also a sponsor of the program.



■ **EMEA**

In EMEA, they launched the SHEROES community for women at the Vice President level. In cooperation with experts in their fields, members of SHEROES support and encourage each other while working to gain skills for career advancement. Activities include events with guest speakers, CSR activities, book research, participation in major events such as International Women's Day.

Programs to Support Continuation of Career

To support career continuation, we established programs for re-employing ex-employees who left the company when their spouses were transferred abroad, giving a special leave of absence and changing work locations.

VOICE

Work Abroad and Autonomous Career Development

Since my student days, I had an interest in other countries. In my fourth year after joining the company, I applied through in-house job postings for overseas work that I could try even as a general position, which I was appointed then. I failed the first time, but on my second attempt the following year, I was assigned to London and placed in charge of sales to non-Japanese corporations for three years. As someone who had not lived overseas, working abroad was fresh and exciting. I learned about many things, such as the local staff's values and ways of working. Upon returning to Japan, I was placed in charge of planning in the Markets Department. Wanting to work overseas again, I switched to the Main Career Track. For employees who communicate their wishes and work hard on their appointed tasks, MUFG has the open-mindedness to grant those wishes and give diverse human resources opportunities to play active roles. I subsequently took up treasury work in New York for five years. After promotion to director, I now support the local Chief Risk Officer in risk management work in London. Even during dizzying environmental changes such as the Russian-Ukrainian conflict and the UK "gilts shock," I strive always to make balanced decisions. I also undertake CSR activities such as participation in local elementary schools' afforestation activities as I work daily with local staff to enhance MUFG's presence in Europe.



Kanako Sugihara

**MUFG Bank
Managing Director,
Head of EMEA Risk Governance,
EMEA Risk**

Events that Support the Promotion of Female Employee Empowerment

Diversity Management Forum

The Bank, the Trust Bank, and the Securities have set a joint goal of achieving a 22% ratio of women in management by the end of March 2024. As the ability to develop and support subordinates in the capacity of division, office, or branch managers is indispensable for employees' career development, the three companies jointly established the MUFG Diversity Management Forum in fiscal 2022, targeting these managers. Human resources officers of the Bank, the Trust Bank, and the Securities are facilitators to engage with external experts and MUFG female officers in a dialogue format. The sessions are required viewing for about 1,200 managers from MUFG divisions, offices, and branches. We intend to continue the Forum as a venue where managers can keenly realize the need to promote and develop female personnel and support for putting such actions into practice.



Initiatives for International Women's Day

Every year on March 8, International Women's Day (IWD), designated by the United Nations, events are held worldwide to celebrate women's achievements in society, economy, culture, and politics and to think about gender equality.

As initiatives to eliminate gender gaps in the world move forward, MUFG, too, is making contributions to gender equality worldwide through our financial products and services, social contribution activities, and corporate climate development.

■ Japan

We held the MUFG Happy TRY Festival in fiscal year 2022. Under the theme of "3 Days of Beneficial Fun," we held sessions for learning about cancer and health issues faced by women and an event that brought employees and their families together across venues in Tokyo, Nagoya, and Osaka to watch rugby, a sport that embodies the spirit of DEI. The Sessions included talk sessions on the theme of mental and physical health maintenance techniques and self-development by four female officers, an employee roundtable discussion on balancing work with childcare, a fertility treatment seminar planned by employees through an open application system, and a lecture on support for women's health and the promotion of DEI by Sputniko!, an assistant professor of Tokyo University of the Arts and an active artist.

■ the Americas

Employees actively carry out volunteer activities. The Women's Initiative Network (WIN), a volunteer organization for female employees, held various online events for all employees in the Americas, alongside local events hosted by sites in Canada and South America.

■ EMEA

Under the 2023 International Women's Day theme of "Embrace Equity," we held exchange meetings hosted by European officers as well as webinars on women's mental and health issues, intending to achieve fair and diverse workplaces where all people can demonstrate their true value.

■ Asia and Oceania

To support DEI efforts in Asia and Europe, we held a panel discussion and seminar by three invited departmental regional managers. To make IWD more familiar, we held an event in which participants wore items in the IWD's emblematic color of purple and sent photos taken in specified poses in a relay email format. We also carried out an event in which employees sent each other e-cards to express gratitude for the achievements and contributions of women and for the men who support women's empowerment.



LGBTQ

MUFG Human Rights Policy Statement

MUFG clearly prohibits any harassment or discrimination based on sexual orientation and gender identity, aiming to create workplaces where all employees can stay true to themselves, regardless of sexual orientation, gender identity.

Policies and Guidelines

Providing Training Opportunities and Publishing a Handbook

Each Group company conducts e-learning and other trainings that include case studies to help them acquire correct understanding and raise awareness to prevent discrimination and prejudice. We publish LGBTQ Handbook for Workplaces, which outlines the attitudes to be taken in the workplace and how to deal with situations that may occur. It has been used mainly by managers of LGBTQ employees. In February 2022, we held a workshop to think about inclusive books and picture books depicting sexual diversity.

Recognition of Same-Sex Partnership

The Bank, the Trust Bank, the Securities, NICOS, MUS Business Service MUS Information Systems and Mitsubishi UFJ Information Technology have introduced a same-sex partnership recognition program that regards employees' same-sex partners as being equivalent to opposite-sex spouses and that allows them to be beneficiary of company benefits such as special paid leave and rent subsidies.

Activities to Promote Understanding and Enlightenment about LGBTQ

We support and sponsor Tokyo Rainbow Pride^(note), held annually at Yoyogi Park in Tokyo. For three consecutive years from 2021, MUFG participated in the event in collaboration with Mizuho Financial Group and Sumitomo Mitsui Financial Group. In 2023, we held an online booth exhibition and posted to social media about the initiative. We also created a message video to communicate to society broadly.

(note) One of the largest awareness-raising events in Japan, organized by the specified non-profit corporation Tokyo Rainbow Pride to bring together LGBTQ persons and their allies.



Pride Month

Events that show support for the LGBTQ community are held all over the world every year in June, which has been designated as Pride Month. During June 2023 PRIDE Month, MUFG carried out initiatives to promote understanding of LGBTQ globally and raise awareness of related rights.

■ Japan

In a joint project with Mizuho Financial Group and Sumitomo Mitsui Financial Group, participants viewed a movie depicting the perspectives of LGBTQ persons to learn about the issues they and their families face, and the importance of accepting each individual's differences and values. About 100 people, including employees of the three companies and their families and friends, attended the event, which was also simultaneously streamed online.



■ the Americas

Our DEI, culture, and philanthropy teams joined with the Pride Alliance Employee Resource Network," to hold a PRIDE Month event under the theme "Together with Pride." Anti-Semitism and LGBTQ- or race-based hate speech and violence negatively impacts on productivity and on employee mental health and well-being in the workplace. In an employee-oriented learning session titled "Become an Upstander and An Effective Ally," participants discussed what every individual should do to act as a good ally and to build a safer work environment. Employees also participated in an ERN-sponsored volunteer activity called "God's Love We Deliver (GLWD)," and carried out an initiative to prepare and deliver nutritious and delicious meals to community residents in need of support.



■ EMEA

The Pride Alliance Employee Resource Network in Europe is leading various initiatives to create inclusive work environments that empower all workers to take on active roles while expressing their individuality. As an activity for broadening circles of allyship, the Network is calling on employees to note their self-identifying gender pronouns, such as she/her for female and he/him for male, or non-binary pronouns, such as they/them that are not bound by the man/woman framework, in their outgoing email signatures. This initiative has made the existence of varied gender identities and gender expressions visible. It has triggered increased awareness of different gender identities. We also decorated offices with rainbow-colored decorations in celebration of PRIDE Month.



Effort to Visualize Allies

As part of our efforts to foster an inclusive workplace for LGBTQ, we created original straps in six rainbow colors. We distributed them to employees who wished to wear them so that we could make the allies who support LGBTQ people and community more visible in the company. It can also provide an opportunity for other employees to become aware of the existence of LGBTQ people.

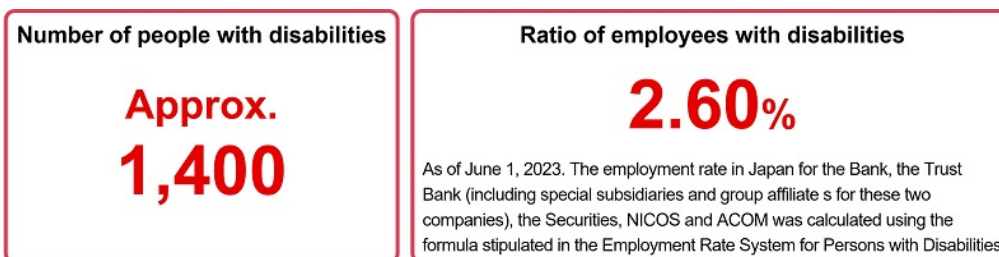


Rainbow-colored strap distributed to Allies

People with Disabilities

We are expanding roles for employees with disabilities by establishing special subsidiaries that offer suitable work options. Currently, about 1,400 employees with disabilities are playing an active role within MUFG, and the Group's employment rate is 2.60%^(note) in Japan (as of June 1, 2023).

(note) The employment rate in Japan is calculated from the number of employees with disabilities at the Bank, the Trust Bank (for these two companies, special subsidiaries and the Group companies to which the exception rule applies are included), the Securities, NICOS and ACOM using the statutory formula set in the Employment Rate System for Persons with Disabilities.



Establishing Special Subsidiaries

The Bank and the Trust Bank established special subsidiaries that aim to help each employee play a role commensurate with their ability and aptitude, attain job rewards, and contribute to society.

<p>Mitsubishi UFJ Business Partner (Special subsidiary of the Bank)</p>	<p>The company was initially established in 1996. A total of about 370 employees with disabilities at four locations in Kanagawa, Tokyo, Osaka and Aichi prefectures work in an environment where the characteristics of their disabilities are taken into consideration. In addition to clerical bank work, business card printing, and other diverse work tasks, the company is expanding opportunities for employees with disabilities to lead initiatives to promote co-existence in society through activities such as on-site classes for schools and employment seminars for people with disabilities.</p>
<p>Ryoshin Data (Special subsidiary of the Trust Bank)</p>	<p>Established in 1979. About 60 employees with disabilities at three locations in Tokyo work on their tasks. Since most of the employees are hearing-impaired, the company provides reasonable accommodations: they are alerted to visitors and emergencies by tri-color PATLITEs. They can view the day's workload and work progress on a large display monitor. Voice recognition application is used for meetings and training.</p>

Improvement of Workplace Environment at Group Companies

Each Group company endeavors to create a good workplace environment for employees with disabilities. The Bank provided iPads with a voice recognition application for the employees to convert speech into text data and

installed warning lights (PATLITE) in the rooms. For visually impaired employees, the Bank introduced text-reader software that converts text on PC into voice. Some employees come to work with their guide dogs.

■ Installation of Massage Room/Introduction of Health Keeper System

To promote the health of executives and employees, the Securities opened a massage room at its head office in the fiscal year 2022. They appointed a masseuses with national qualification in anma massage therapy to the position of Health Keeper. They introduced a Health Keeper system to improve employees' health, aid recovery from fatigue, and enhance work productivity through massage treatments and advice on health. They recruit and deploy employees with visual impairments as Health Keepers while creating a working environment where all executives and employees can work under mutual respect and support regardless of presence or absence of disabilities.



Initiatives to Promote a Society of Co-existence with People with Disabilities.

■ Investment in Mirairo Inc.

Endorsing the business of Mirairo Inc. and its philosophy of "Barrier-Value" that changes barriers to value," the Bank invested in the company in May 2023 to create a partnership for strengthening the promotion of DEI.

Through the investment, we will endeavor to provide new services and value to MUFG customers and the broader society. We will further contribute to achieving a society of co-existence in which diverse human resources can play active roles.



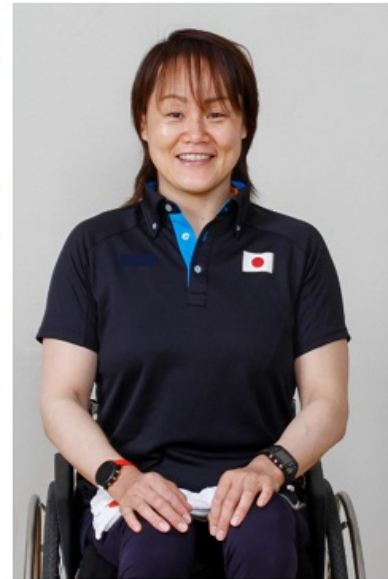
VOICE

A rewarding company where a person can work with job satisfaction while fulfilling their own potential

I was wheelchair-bound after a snowboarding accident, but after two years with the company I discovered para rowing, and since then I have been able to balance work and athletic activities and have competed in the Tokyo 2020 Paralympic Games.

At first, I was worried that balancing work and competitions would mean that I wouldn't be able to achieve sufficient results in either. However, I came to think, as an employee, I was in a position to mentor junior staff as a leader, while as a competitive athlete, I was in a position to start from scratch and receive guidance. I began to think that I could take advantage of the differences in both, leading to my own growth.

We have many athlete employees or those excel in the arts and creation, and I strongly feel the culture of supporting the growth and challenges of each and every employee, such as the support programs for athletes with disabilities, holding in-house private exhibitions, and subsidizing expenses related to the acquisition of qualifications for self-development. When I was elected for the Paralympic Games, my friend colleagues supported my challenge. Each day I feel that MUFG is a rewarding Group where a person can work while fulfilling their own potential.



Tomomi Ichikawa
Mitsubishi UFJ Business Partner

Senior Personnel

MUFG actively supports the creation of workplaces where senior personnel can flourish, continuing to make the most of their wealth of experience and abilities while developing their career.

In addition to introducing programs to support capacity development and training for considering career development based on diverse values for employees reaching a certain age, we have established a continuous employment system that offers flexible forms of work after retirement to provide stable work opportunities and meet diverse needs.

Nurturing Global Human Resources

Today, the MUFG Group has expanded into more than 50 countries around the globe, and approximately 57% of its entire workforce is accounted for by overseas employees (as of May 31, 2023). With the concept of "Diversity, Equity & Inclusion", to recruit and develop a diverse range of professionals, it is essential to foster our corporate brand in Japan and overseas so that people will want to work for MUFG.



(note) Figures for MUFG are as of the end of March 2023

Nurturing Professionals/Reskilling "Integrated Management of Human Resources around the Globe"

Mid-Career Hires

At MUFG, professional human resources in various fields of specialty leverage their diverse backgrounds and skills in work. Each Group company is actively working to develop human resources through various programs and on-the-job training. However, when entering and developing new businesses, human resources with expertise in new fields, which existing employees might need help to handle, are required. To acquire the necessary human resources, we are promoting mid-career recruitment.



(note) The career recruitment ratio refers to fiscal 2022 performance at MUFG. The career recruitment manager ratio is as of the end of March 2023 at MUFG.

Nurturing Professionals/Reskilling "Improve Productivity and Nurture Professionals"

Work-life Balance Support

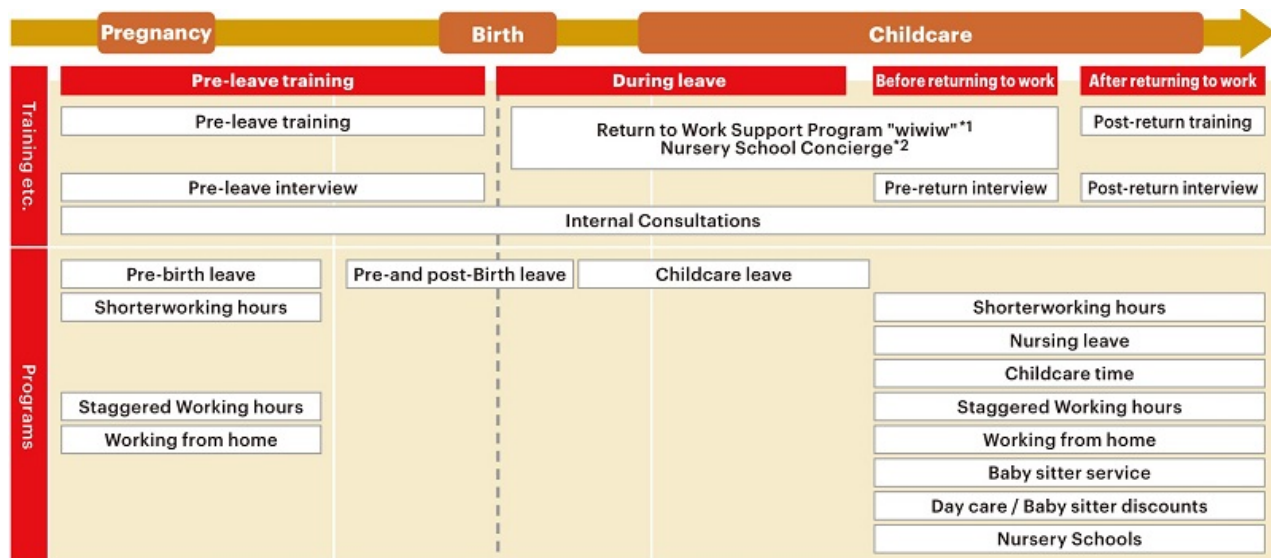
Support for Balancing Work and Childcare

MUFG has introduced systems and programs to support employees who balance work, childcare and housework, regardless of gender. In addition, we strive to create a corporate culture that encourages all employees to work efficiently and productively in a flexible manner, by encouraging male employees to participate in childcare.

Supporting a Smooth Return to Work

Pre- and post-parental leave training and programs that allow employees to have flexible work styles have been established to extend full support for continuous career development. Since FY2021, the Bank, the Trust Bank and the Securities have jointly held post-parental leave training programs to provide their employees with opportunities to think about workstyle after returning.

Training and Programs



*1 An online service that help employees catch up with the pace at an early stage after returning to work by delivering online courses, supporting communication with the workplace and providing information from the company
 *2 A service to introduce childcare facilities

Initiatives of Group Companies

Mitsubishi UFJ NICOS

NICOS provides opportunities for employees, regardless of gender, with children in elementary school or younger to focus on themselves and exchange information on themes such as balancing work and childcare, their future career plan, and self-improvement.

Master Trust Bank of Japan

As a component in creating an environment that facilitates taking parental leave and returning to work, they hold regular "communication circle" activities in which employees on childcare leave can exchange information with senior employees who have returned from leave. Upon employees' return to the job, they continue to provide support for balancing childcare with work, by means such as opportunities for individuals to consult with their managers on where and how they wish to work.

VOICE

I will never give up on my children or my career

I did not want to give up on either my childcare or my career, so I made full use of all the programs, including telecommuting, staggered working hours, hourly paid leave, and babysitting services, while consulting with my superiors, colleagues, and sometimes with the Inclusion & Diversity Office. In particular, we use babysitters frequently because our relatives live far away and we request hand-picked sitters when one of our children has a fever or when the daycare center requested us for voluntary absence. We can trust them as they record and report in detail how our children are doing. We also value our connections in the community and are very fortunate to have family support and friends who are mothers and fathers both inside and outside the company.

A few years after giving birth to my first child and I returned full-time, I became a manager. I was conscious of achieving results amid time constraints and I realized that certain people surely evaluate me no matter how my given situation is.

Since I became a manager, my range of work has expanded and has become more enjoyable, but I am busier, after I gave birth to my second child, with work and childcare of two children. Rather than trying to do housework and childcare alone, I manage my time with my family while getting more cooperation of those around me, and my husband, which allows us to collaborate together. At work, I do my best every day to make my customers satisfied. I hope that people think of me like "Although her work seems tough, it looks like she is happy with her job."



Ayaka Koike

Senior Manager
Corporate Agency Business Division V
Mitsubishi UFJ Trust Banking

Encouraging Male Employees to Participate in Childcare

In order to create workplace environments that allow employees to balance work and childcare regardless of gender, MUFG Group companies are carrying out initiatives to encourage male employees to take childcare leave, thereby raising awareness on more balanced work styles and promoting better understanding of colleagues who are working while raising children. Since FY2019, we have begun encouraging male employees to take childcare leave of about one month, among other initiatives.

Ratio of male employees taking childcare leave

The Bank **98%**
The Trust Bank **91%**
The Securities **100%**

Percentage of the use of the leave by male employees of each subsidiary whose eligibility for childcare leaves expired in FY2022

Initiatives of Group companies (Figures in the heading indicate the percentage of male employees taking childcare leave in FY2022)

MUFG Bank (90%^(note))

Since FY2016, the company has set a target of 100% participation in taking childcare leave. Starting in FY2019, the Bank is encouraging employees to take days off for 20 working days for childcare by combining 10-working-day paid childcare leave with 10-working-day annual paid leave, and it was named "Ten Plus Ten." The company also internally showcased the best practices of employees utilising "Ten Plus Ten" leaves. Also, the HR team

have proactively encouraged the eligible employees and their managers to recommend them to take the leave. To date, over 380 employees have taken the leave. In FY2021, we launched an employee community called "IkuKyari Lounge" on Microsoft Teams for working fathers and soon-to-be-fathers. In FY2022, we developed a mandatory e-learning program for people managers. The company encourages viewing childcare leave as an opportunity. It suggests utilizing it not only to understand the policies but also to implement a balanced work approach focused on productivity and efficiency. This initiative aims to achieve a well-balanced work-life integration and enhance team management skills.

Mitsubishi UFJ Trust and Banking (100%^(note))

Since FY2019, the company has encouraged male employees to take childcare leave by setting a utilization rate of 100%. In October 2022, they established a Family Care Leave program urging employees to take one month off by the child's first birthday to emphasize number of leave days. In addition, the company sends recommendation emails to the managers regarding male employees who have recently become fathers. The company also promotes leave-taking by offering examples of patterns for leave-taking and clarifying necessary procedures. We are fostering a culture in which active, planned leave-taking and participation in childcare by men is the norm so that male employees can play more active roles while balancing work and childcare.

Mitsubishi UFJ Morgan Stanley Securities (91%^(note))

Since FY2016, the company has been encouraging male employees to take childcare leave by setting a goal of 100%. The company is reaching out to eligible employees and their managers to provide information on the process of taking the childcare leave. Additionally, the company is featuring the childcare and household responsibilities of those who take leave in our internal communications, creating more opportunities for all employees to be aware of the balance between work, parenting, and household duties. Through these initiatives, the corporate culture is gradually emerging where male employees' participation in childcare is becoming the norm. Recommendation of the "Ten Plus Ten" program has also started concurrently with the Bank.

Mitsubishi UFJ Information Technology (93%^(note))

The company is encouraging timely childcare leave uptake and recommending it to male employees who have not yet taken it through their respective department heads.

(note) Statutory rate of male childcare leave: Male employees who took childcare leave in fiscal 2022 / Male employees whose spouses gave birth in fiscal 2022. Childcare leave may be taken until the child reaches age 2 for employees of the Bank, age 3 for the Trust Bank, and age 1 for the Securities.

Information Provision to Those Balancing Work and Childcare

The company has published support booklets such as "HUGKumu," aimed at helping male employees balance work and parenting, as well as 'Casebook on Overcoming the Challenges of First Grader's School^(note),' targeting employees struggling with work-life balance after their child's elementary school enrollment. These publications provide information and support to those balancing both responsibilities. It is a compilation of voices from parents sharing their childcare experiences, containing tips on how men can manage parenting and household responsibilities as well as insights into achieving a balanced work-life approach. This resource is not only intended to help those employees who are juggling work and childcare, but also serve as a valuable tool for managers and colleagues to understand the reality of balancing these responsibilities.

(note) The coined term to describe such situations of being forced to change one's work style after a child enters elementary school as the difficulty of receiving extended day care in the evening, summer vacations, emergency school closures, and PTA activities.

MUFG Nursery Schools

At MUFG, we have opened company-led nurseries at two locations in Tokyo to support the early return to work of approximately 4,200 employees^(note) who have taken childcare leave within the group, assisting in balancing both work and parenting responsibilities.

(note) Total number of childcare leave takers at the Bank, the Trust Bank, the Securities, NICOS and ACOM in FY2022.

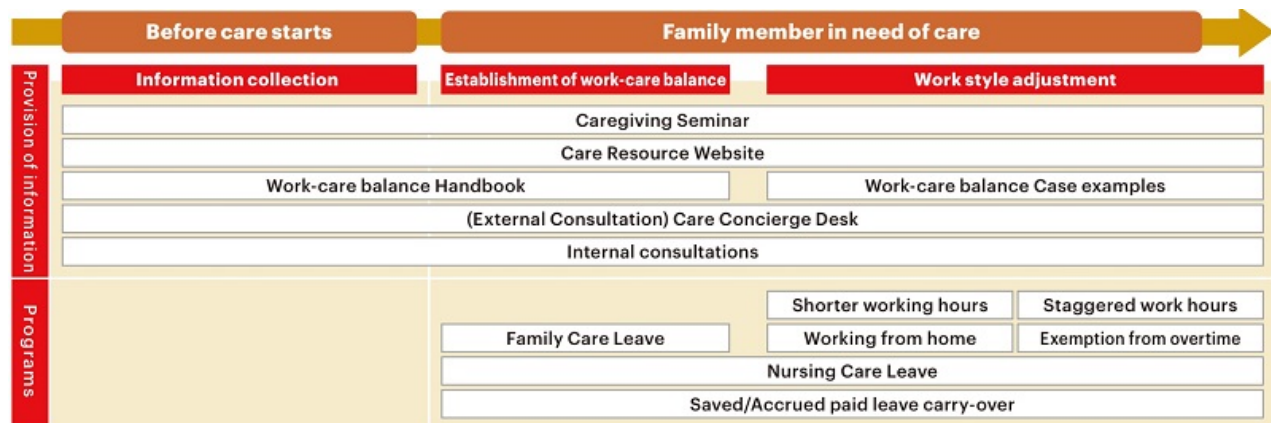
Support for Balancing Work and Caregiving

By 2025, all baby boomers in Japan (born between 1947 and 1949) will be 75 or older. An increase in the number of elderly people needing nursing care and the resulting increase in the number of people leaving jobs to take care of their family members are expected, which has become a primary social concern.

Under such circumstances, MUFG established a variety of support programs, in addition to the provision of a various information, to help employees balance work and caregiving so that they could continue to work while taking care of their family members in need of nursing care.

Work-Life Balance Support Programs for Caregiving Responsibilities

Representative Training and Programs



Information Provision Regarding Caregiving

We provide information to employees of group companies to assist in balancing work and caregiving responsibilities. We used to hold seminars with approximately 800 employees from 40 group companies attending each session. However, due to the spread of the new coronavirus, since 2020, we have enhanced the distribution of on-demand seminar videos based on specific themes.

Panel Discussion on Balancing Work with Caregiving Responsibilities

To help employees relate closely to the challenges of balancing work with caregiving responsibilities, in the fiscal 2022, we held a session, where employees served as speakers, sharing their experiences of work-life balance.

Provision of Balancing Work with Caregiving Responsibility Support Services (Concierge Desk/Web Services)

For our employees and their families, we have implemented a concierge service staffed by experts and a caregiving information website that allows employees to search for caregiving facilities and services. We have established an environment where employees who are currently providing care as well as those who may be involved in caregiving in the future can consult with caregiving experts via phone or email. Additionally, they can gather information as needed.

Publication of Work and Caregiving Balance Support Handbook

We have issued a 'Work and Caregiving Balance Support Handbook' that contains fundamental information related to balancing work and caregiving responsibilities. This handbook provides essential tools to smoothly navigate the sudden onset of caregiving responsibilities.

Sharing Stories of Balancing Caregiving and Work Responsibilities

We have issued a 'Casebook' specifically for employees providing care, featuring practical challenges faced by experienced caregivers and preparations that should be made in advance. This casebook aims to support the establishment of a balanced caregiving and work arrangement. In addition, we have established "MUFG Carers", an employee-led community on Microsoft Teams. This platform provides a space for employees who are balancing work and caregiving responsibilities to connect with each other and exchange information regarding their caregiving duties.

VOICE

Feedback from Seminar Participants

- I learned that I need to continue with work even when faced with the responsibility of providing care and that it is necessary to think carefully about how to balance the two.
- The lecture was very helpful as it presented in detail the feelings of the care recipients, the mental attitudes of caregiver, as well as the financial aspects and cooperation with those around them in order to use care services to the fullest in the future.
- My aunt, who is in need of care and who says she does not want to live in a facility, attended the seminar with me and she remarked that she had to think about it gradually. I am glad that I participated.
- I now have a concrete picture of what I need to do, including holding family discussions, which is very important, and making use of my community's comprehensive support center.
- I was able to understand the points that should be considered for my subordinates. It was a good content that I can use in the future.

Feedback from e-Learning Trainees

- I realized once again that it is important to acquire knowledge for myself as well as for my colleagues.
- I would like to collect more information so that my colleagues and I can confidently face care responsibilities at any time.
- It was a good opportunity to find out that I did not have any concrete plans established. I would like to think about care together with my family.
- With the understanding of the people around me, I am somehow managing care. This kind of training makes me feel better.
- I was previously under the impression that I would have to retire if I needed to take care of my parents. It was very helpful for changing my mind.

Support Balancing Work and Infertility Treatment

Considering the growing tendency of late marriage and other societal factors in Japan, MUFG is supporting employees undergoing infertility treatment while continuing to work.

Support Programs for Balancing Work and Infertility Treatment

Each of our major companies offers support systems, such as special paid leaves, a flexible work hour system, and other support programs that can be used regardless of gender.

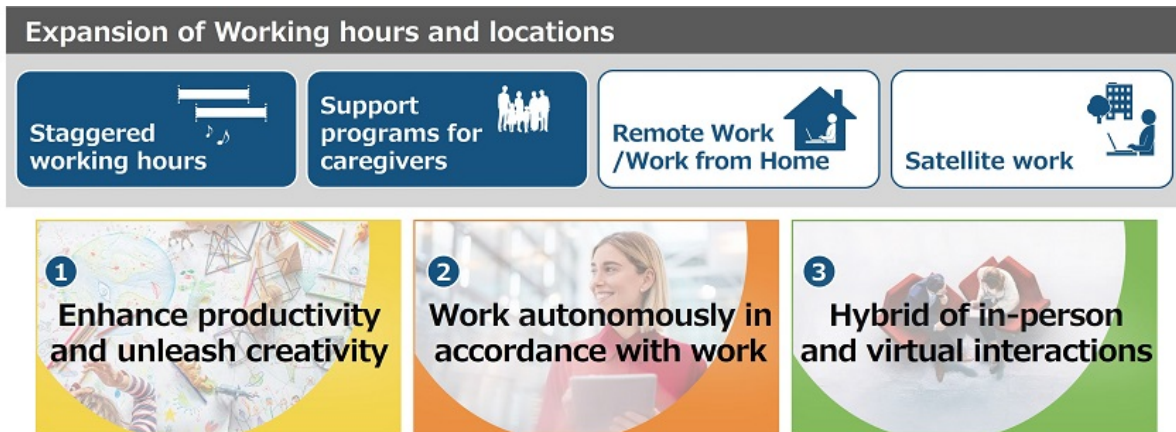
Issuing Guidebooks

MUFG published a guidebook to Support the Balancing of Work and Infertility Treatment for employees undergoing treatment, their managers and colleagues, and those who are considering treatment in the future. This guidebook aims to create a workplace environment, where employees find it easier to balance work and infertility treatment.

Provision of Flexible Work Styles

Promotion of Flexible Work Styles

At MUFG, we actively leverage hybrid communication methods, combining in-person and virtual interactions. We are advancing a work system and a workplace environment that enables employees to work more autonomously and efficiently, tailored to their tasks and life stages without being bound by location or time. We aim to create a company where all employees can enhance their productivity, unleash creativity, and thrive with enthusiasm.



Creating an Inclusive Workplace

Enhancement of Management Awareness

Improving the awareness of management is a crucial factor that determines the success of DEI initiatives. We aim to enhance job satisfaction and productivity by fostering an understanding of employees' diverse values private lives.

Providing Various Training Programs

At MUFG, we provide a wide range of training programs, depending on the circumstances and priorities of each Group company. The Bank, the Trust Bank, and the Securities hold training sessions for newly appointed general managers, managing directors, and directors. These sessions focus on teaching the importance of being aware of unconscious biases and building a team with psychological safety. The goal is to develop organizations and teams where each diverse employee can play an active role. For existing managers, we have created opportunities for them to deepen their understanding of DEI and to engage in self-reflection through e-learning, on-demand video and personnel evaluation, and other programs.

Initiatives of Group Companies

■ Mitsubishi UFJ NICOS

At NICOS, we annually conduct seminars for managers, providing tips on new management styles in response to changing social environments, opportunities for self-reflection on themselves, and training on diversity management practices.

■ ACOM

At ACOM, we conduct 'Leadership Enhancement Training' to enhance organizational capabilities. This training focuses on strengthening leadership mindset, learning one-on-one skills as a leader, and improving their relationship-building abilities for fostering subordinates' development.

Embedding DEI into Our Culture

Diversity, Equity & Inclusion Month

The Bank, the Trust Bank and the Securities have designated November every year as Diversity, Equity & Inclusion Month (formerly Inclusion & Diversity Month.) We conduct training programs and workshops at all Group locations in Japan. We have been focusing on trending topics, such as Unconscious Bias and LGBTQ rights, creating opportunities for employees to deeply think DEI as an issue that matters to everyone. In FY2022, we conducted e-learning sessions and discussions at branches and departments with the theme 'Psychological Safety.' Our objective was to create a workplace where employees can bring their authentic self, demonstrate their motivation and abilities, and collaborate in complementing each other's strengths and weaknesses.



Raising Awareness about Unconscious Bias

At MUFG, since FY2019, we have been focusing on raising awareness about unconscious bias. In addition to awareness-raising training for all employees, we also provide training for newly appointed managers to raise their awareness about unconscious bias. In FY2022, we published Unconscious Bias Handbook, which includes guidelines for inclusive expression and language along with a series of columns that allow us to explore about biases through comics.



Initiatives for International Men's Day in Asia

November 19 is designated International Men's Day, a commemorative day to promote gender equality and celebrate men around the world. In the APAC region, we issued a newsletter to promote understanding of the mental health issues faced by male employees, held talk sessions by employees, and provided employees with opportunities to contemplate men's health challenges and well-being.

Raising Awareness Activities on Black Discrimination Issues in the Americas

In the United States, June 19 has been designated as Juneteenth, a day of freedom, remembrance, and celebration to commemorating the date on which people brought to America from Africa as slaves were emancipated. MUFG Americas also celebrated this day and organized a session to learn about the history of America, as well as the history of Black people and African Americans in the country.



Employee-Driven DEI Initiatives

MUFG provides opportunities for employees to take initiatives in promoting DEI.

Japan

■ MUFG Bank

We have established an online community where Employees who share similar values can connect beyond their respective organizational boundaries. Participants can freely share information and exchange opinions with each other, and this platform also facilitates voluntary activities among interested members.



For women

- Engaging with other women's perspective to gain insights and learning.
- Reflecting on one's career while feeling a sense of connection and solidarity among women.



For those who want to be LGBTQ allies

- Connecting with LGBTQ allies and fostering a sense of unity.
- Participants exchange information and opinions, gaining insights from each other.



For Caregivers balancing work and caregiving responsibilities, as well as those with caregiving experience, and also for their managers and colleagues

- Connect with others involved in caregiving to gain insights and to feel a sense of unity.
- Participants exchange information and opinions, gaining insights from each other.



For working fathers balancing work and family life, as well as expectant fathers preparing for the work-family balance

- Gain insights and perspectives from other men balancing work and family life.
- Nurturing mutual understanding among working fathers while balancing work and family life vibrantly.

■ Mitsubishi UFJ Information Technology

In FY2021, MUIT launched the "Happiness & Engagement Ambassador Activity" with the aim of becoming "Wakuwaku Suru MUIT" - a company where employees feel happy and highly engaged. We addressed themes related to employee needs and areas for improvement or reform, implementing various initiatives through "ambassador" employees selected from the front lines. These initiatives include "Thanks Card" expressing gratitude, system revisions to accommodate diverse work styles, and various programs focused on fostering a "feeling of growth." We aim to create a vibrant company that evolves through employees' proactive involvement in various initiatives.

Global basis

■ EMEA Base: Employee Resource Network

Seven employee networks operate in various fields, actively promoting the creation of a workplace environment where diverse employees can thrive.

disABILITY WORKS
Disability Network

Employee network supporting employees affected by disabilities.

BALANCE
Gender Diversity Network

Employee network working towards achieving gender balance in organization.

Pride Alliance
LGBTQ+ & Allies Network

Employee network to celebrate LGBTQ+(note) rights and promote understanding among advocates, allies and communities.

MOSAIC
Multicultural Network

Employee network embracing cultural diversity.

Family Matters
Family Network

Employee network fostering family-friendly workplace initiatives.

Social Mobility
Social Mobility Network

Network committed to creating a culture where employees feel a strong sense of belonging at MUFG regardless of their socioeconomic backgrounds.

CONNECTIONS
The Social Network

Network to help to break down silos, encouraging better communication and teamwork across the business.

(note) General term for sexual minorities, which stands for lesbian, gay, bisexual, transgender, and queer. The "+" means being open to all kinds of diversity

■ **Americas Base: Enterprise Resource Group**

In Americas, we are working towards creating an inclusive workplace environment where employees, regardless of race, nationality, ethnicity, or any other attributes, can thrive and work comfortably.

Adelante
Hispanic/Latino
Enterprise Resource Group

Enterprise Resource Group for Hispanic/Latino community.

NextGen Leaders
Generational Enterprise Resource Group

Enterprise Resource Group for next and diverse generations.

PULSE
African American/Black
Enterprise Resource Group

Enterprise Resource Group for African American/Black community.

WIN
Women's
Enterprise Resource Group

Enterprise Resource Group to promote Women's empowerment.

ASPIRE
Asian Pacific Islander
Enterprise Resource Group

Enterprise Resource Group for Asian American and Pacific Islander community.

Pride Alliance
LGBTQ+ Enterprise Resource Group

Enterprise Resource Group for LGBTQ and Ally.

SERVE
Veterans'
Enterprise Resource Group

Enterprise Resource Group for Veterans.

■ Asia: Employee Resource Network



Employee Network for workplace environment improvement.



Employee Network for environmental issues and ESG initiatives.

Employee-led communities across various global regions are actively engaged in initiatives aimed at improving workplace environment and making meaningful contributions to society. In APAC, we launched the employee resource network (ERN) named APAC Kaizen in April 2023. This network aims to improve the workplace environment while reflecting the voices of individual employees. The APAC Green Team community launched in July 2023 is tackling environmental problems and ESG issues, such as paperless operation and reduction of plastic usage in workplaces. Employees participating in the ERN take the lead in identifying issues in the workplace and tackling solutions, working in cooperation with human resources, technology, and other departments of the company. Such efforts have given rise to virtuous cycles that not only improve the workplace environment but also enhance the skills of every participating employee.

Promotion of DEI Initiatives through Financial Functions and Social Contribution Activities

Activities to Support People with Female

Issuance of Gender Bonds by Krungsri (Bank of Ayudhya)

Krungsri (Bank of Ayudhya), our Partner Bank in Thailand, has issued social bonds (gender bonds) to support the financial needs of women entrepreneurs. Proceeds from the bond issuance are used to finance women-led small and medium-sized enterprises in Thailand. Through the issuance of these bonds, the bank provided opportunities for the underserved women in SME segment to access financial services and contributed to the development of the fast-growing social bond market in Asia.



Donations for Supporting Women's Health

As part of our efforts to support women's health, MUFG donated 30 million yen to the Japanese Society for Fertility Preservation (JSFP) with the aim of spreading correct knowledge of breast and cervical cancers for early detection and prevention measures. Also, for International Women's Day on March 8th, we hosted a seminar for employees about cancers specific to women to deepen their knowledge of women's health, concerning issues such as cervical cancer, breast cancer, HPV vaccination, and fertility preservation. The venue was decorated with mimosa flowers, which are the symbol of International Women's Day, and participants were given colorful macarons, conveying the image of diversity. In the future, MUFG and its executives and employees will undertake a variety of initiatives to help our customers, local communities and society, and the next generation make healthy and diverse life choices.



Activities to Support People with LGBTQ

Sponsoring the Largest LGBTQ Pride Event in Japan

Please see [Encouraging Diverse Talent to Play an Active Role](#) for details.

Donations to NPO

With the desire to make Japan a more inclusive society, in FY 2022, we donated to ReBit, an NPO which works toward LGBTQ awareness and support for children and young people in need. Educational materials on LGBTQ awareness were distributed free of charge to schools.



Activities to Support People with Disabilities

Investment in Mirairo Inc.

Please see [Encouraging Diverse Talent to Play an Active Role](#) for details.

Implementation of a Variety of Universal Support

Universal Design

In order to ensure that all customers can use our services with peace of mind, MUFG is working to introduce universal design in both software and hardware, including customer service (hospitality) that takes all customers into consideration and the creation of safe and secure stores (facilities).

Promoting for Customer Satisfaction

Provision of Information to Customers

We provide MUFG's Inclusion & Diversity initiatives to various customers, as well as opportunities for MUFG's female managers to talk about their career paths, supporting promotion of Inclusion & Diversity among our business partners.

We also offer consulting services in cooperation with Mitsubishi UFJ Research and Consulting.

Mitsubishi UFJ Business Partner (a special subsidiary of the Bank) hosts in-house tours to share initiatives and knowledge related to the employment of people with disabilities, contributing to the expansion of employment opportunities for people with disabilities in the society.

Health Management

Our Approach to Health Management

To realize MUFG's purpose, "Committed to empowering a brighter future," we place the utmost importance on the mental and physical health of our employees so that we can devote ourselves fully to responding to and finding solutions for the challenges faced by society, our customers, and all other stakeholders. Based on each company's health and productivity commitment, the Bank, Trust Bank, and Securities are promoting health and productivity management as one of their management missions.

Specifically, industrial physicians and occupational health staff working at MUFG Group companies and health insurance societies cooperate to manage employees' mental and physical health through regular health checkups, stress checks, and various health counseling programs. We also set and monitor KPIs for a variety of health measures including these, and implement, evaluate, and make improvements to measures.

Reducing Overtime

MUFG regularly monitors overtime hours and the number of employees who work long hours in order to reduce excessive working hours, with the entirety of the Group working to improve working environments. Group companies record PC log-on and log-off times for daily work management and in addition to accurately ascertaining each employee's work status, management operates with an awareness of limits set on working hours and the intervals within which employees work. Additionally, MUFG is striving to correct long working hours by optimizing operations through the use of RPA (Robotic Process Automation), setting target times for leaving the office, and establishing early finish days.

As a result, progress is being made on reducing overtime hours for employees in Japan.

Initiatives of Group Companies

MUFG is undertaking a number of initiatives to address employees' physical and mental health.

- Regular health checkups
- Stress level checks
- Establishment of Safety and Health Management Rules
- Health Committee meetings
- Workplace patrol
- Interviews with overworked employees by industrial physicians
- Health counseling by occupational health staff and counseling by clinical psychologists
- Information submission to employees such as distribution of Healthcare Center Human Resources Division Newsletter
- Support for the cost of influenza vaccination

MUFG is recognized under the large enterprise category of the 2023 Certified Health & Productivity Management Outstanding Organizations Recognition Program

Under the Certified Health y Management Outstanding Organizations Recognition Program jointly run by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi, the Trust Bank was recognized as a "White 500" enterprise under the large enterprise category and the Securities under the large enterprise category.

In its Sustainability Activity Guidelines, the Trust Bank states that it strives to create a safe and enriching society based on a team of professionals that can solve challenges faced by society and customers. The mental and physical health of our employees is our driving force to achieve this goal, as it vitalizes the organization and improves productivity. Based on these principles, we pursue health and productivity management to promote the mental and physical health of employees and the well-being of their families through a variety of initiatives and further respond to the trust and expectations of customers and society.

The Securities is committed to unceasing efforts to create a better tomorrow for our customers and society. With the motto of "Challenge For Better Tomorrow," our employees continue to deepen their professional expertise and challenge themselves to make innovative changes. To make this a reality, it is essential that each employee is healthy and happy in both mind and body. We strive to be a company that contributes to our employees' happiness through a variety of measures that promote health and well-being.

Other MUFG Group companies are also promoting health initiatives by sharing knowledge on health and productivity management within the Group.

Compliance with Laws and Regulations

MUFG Group companies regularly monitor working conditions to ensure compliance with the laws and regulations of the countries and regions in which they operate and strive to improve working environments and working hours, with payment exceeding minimum wage. Each company is also compliant with the Act to Promote Work Style Reform that came into effect in April 2019. Items being monitored include whether there are violations of Article 36 on overtime work and minimum wage violations, and the number of work-related accidents.

Culture Transformation

Culture Transformation

MUFG has positioned “Culture Transformation” as one of its corporate transformation initiatives. We are promoting a variety of measures to ensure that “Challenge and Speed” is firmly established in MUFG as a pattern of action.

Corporate Culture Transformation Aiming for Sustainable Growth

MUFG aims to empower every employee to autonomously and individually think, act and take on challenging endeavors with a sense of ownership when tackling the missions assigned to their respective teams. By doing so, we are striving to create an organization capable of navigating in a time of ever-faster change and increasing diversification in values. To this end, we deem it essential to develop an open-minded and speed-oriented workplace while enabling employees to earn tangible successes in the course of their daily operations and take pride in their work as well as to nurture a sense of optimism. Overall, we aim to foster a culture supportive of “Challenge and Speed.”

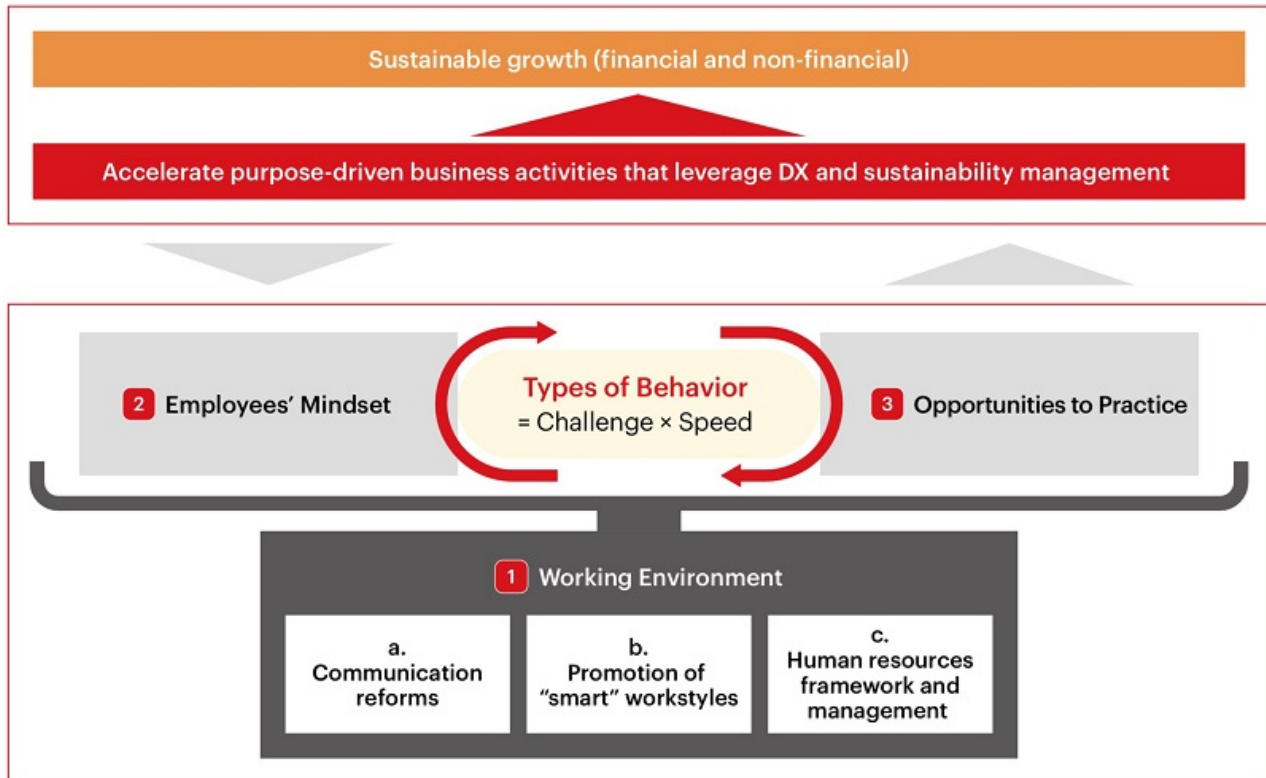
To empower employees to robustly embrace “Challenges and Speed” as part of their daily pattern of behavior, we have defined three components of corporate culture transformation: (1) A working environment offered by the Company, including communication tools and human resources frameworks; (2) An employee mindset underpinned by a sense of relevance aligned with MUFG’s Purpose; and (3) Opportunities to act on this mindset and put it into practice. Currently, we strive to promote coordination among these three components to develop an open-minded, worker-friendly environment and foster a corporate culture in which those who take on challenges to realize the Purpose are highly appreciated. To be more specific, we have been holding townhall meetings by the senior management and promoting internal social networks while implementing a new, employee driven job-rotation framework and launching the “MUFG SOUL Project”, a social contribution program through which employees take the initiative in solving problems confronting the local communities. These are the examples of the initiatives under our culture transformation framework, and all in all, they are intended to create a place for open and resonant dialogue among the employees and encourage them to turn their aspiration into action.

In fiscal 2022, we strengthened the employee-led initiative by starting the “MUFG Way Employee Sessions,” in which employees share their personal definitions of the MUFG Way, as well as the “MUFG Way Boost Project,” which aims to put a spotlight on those employees who are discovered through recommendation of their team members as someone who embodies the MUFG Way, while also launching Spark X, a new business incubation program.

The outcomes of these initiatives and relevant issues are identified via, for example, the annual MUFG Employee Survey and reported to the Board of Directors.

Framework of Transformation of Corporate Culture

- (1) Update our working environment to secure a platform supporting the transformation of employee behavior
- (2) Encourage employees to develop a sense of relevance regarding MUFG’s Purpose to help them transform their mindset
- (3) Offer opportunities to practice, for example, via HR-related programs and “Spark X”



Results of the MUFG Employee Survey and Review of Fiscal 2022

The fiscal 2021 survey confirmed that employees have an ever-stronger drive to take on challenges. On the other hand, it was revealed that our workforce is still confronting issues associated with operational speed. Accordingly, in fiscal 2022 we enhanced the digital tools available to employees while encouraging managers to engage in one-on-one meetings with their staff, with the aim of fostering a workplace culture supportive of more casual exchanges of opinions. Moreover, we developed an environment that encourages those who autonomously take on challenges by implementing “Spark X” and the “MUFG Way Boost Project” as well as introducing a new job-posting program that allows employees to gain hands-on experience in different job categories. ^(note)

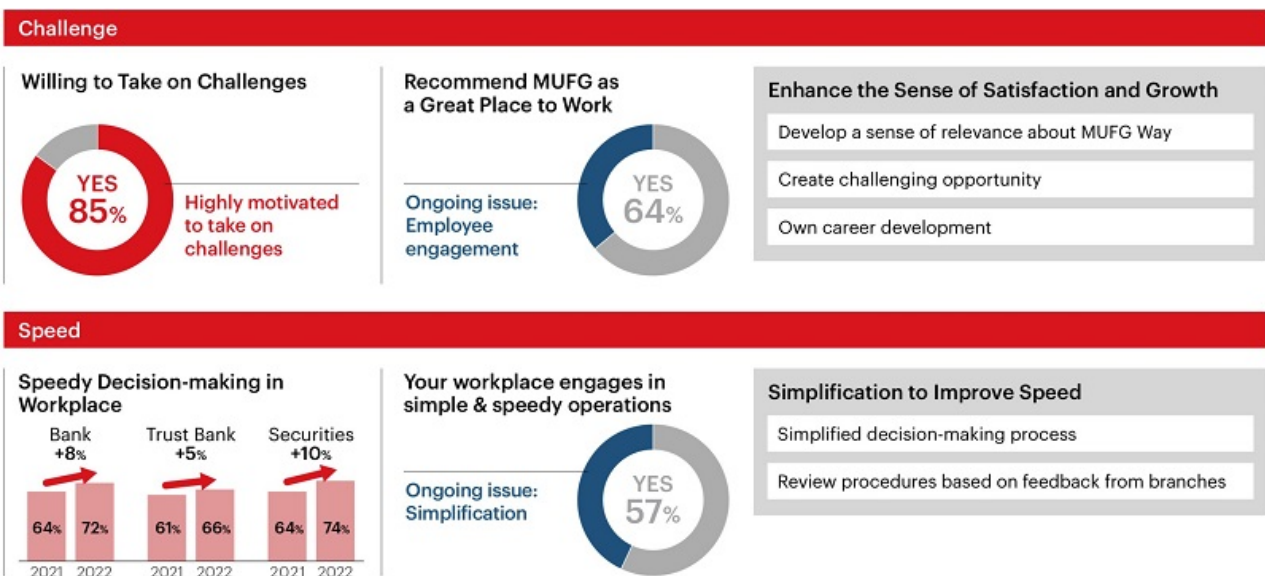
In the fiscal 2022 survey results approximately 90% of employees indicated that they are consciously taking on new challenges in the course of their work. With regard to the question of “Speedy decision-making in the workplace” the cumulative number of affirmative ratings grew year on year by the largest margin among all questions. Many respondents cited their participation in MUFG Way Employee Sessions as a reason for giving high ratings to this question. Specifically, it was suggested that these sessions, which allowed them to exchange their thoughts on overlaps between the MUFG Way and their own beliefs and values with fellow colleagues, left them with a greater sense of psychological safety. This, in turn, resulted in more robust communications with their peers, leading to speedier decision making.

On the other hand, responses to the question “Managed in a simple and speed manner” indicated stagnation. A number of respondents have identified the complexity of procedures and rules as the root cause of stagnation, along with the prevailing cumbersome consensus building process used when multiple departments are involved. To empower employees to take on new challenges aimed at improving corporate value, it is essential that they be able to allocate more time to such endeavors via operational streamlining. In this light, simplifying hard-to-understand and complex procedures and rules is a matter of urgency. Accordingly, the revision of decision-making processes is under way in fiscal 2023 at the Bank, the Trust Bank, the Securities and other Group entities. We are also simplifying procedures and rules by various ways such as introducing tablet terminals. In addition, respondents who gave a positive rating to the question of “Recommend MUFG as a great place to work” accounted for only around 60% of overall respondents. Among the rationales provided by those who gave a negative rating to this item, “the lack of sense of excitement in job” was identified in the largest number of instances.

Today, businesses are being called upon to adapt to major changes and achieve transformation. This means that individual employees are facing an equivalent level of expectation in the form of behavioral transformation. To empower them to achieve this transformation and thereby serve as a driving force of MUFG’s sustainable growth, the Company needs to win their empathy, be attractive to them and encourage them to have a sense of ownership over their role and how to navigate it. Thus, improving employee engagement is a matter of importance.

With this in mind, we are striving to develop and expand a positive growth cycle in which employees take on the challenge of embodying the Purpose on their own terms, are appreciated by others and feel a tangible sense of personal growth that, in turn, motivates them to take on the next challenge.

(note) A program that allows applicants to engage in different types of operations for short periods without having to transfer, thereby providing them with the opportunity to gain hands-on experience in and a deeper understanding of the duties of departments that catch their interest.



Employee Mindset

“MUFG Way Employee Sessions” and “MUFG Way Boost Project”

In line with our aim to help each employee discover the relevance of our Purpose within their daily operations and thereby encourage them to take specific action to embody it, we began to upgrade MUFG Way integration sessions, an initiative launched in fiscal 2021.

First, we initiated “MUFG Way Employee Sessions” as an updated version of the above sessions. Through these sessions, we encourage employees to reflect on how the MUFG Way and their own values, beliefs and

aspirations overlap. By doing so, we help them determine how they can contribute and to whom through their engagement in duties at MUFG on their own terms. Employees are then invited to engage in frank exchanges of opinions with their managers and colleagues.

Second, we launched “MUFG Way Boost Project.” This project was designed to empower a growing number of employees and activities to embody the MUFG Way. For this project, approximately 70 members appointed by President Kamezawa from a diverse range of Group companies, including overseas branches, met online every week and engaged in vigorous discussions. Based on these discussions, they solicited recommendations for individuals to be named model employees who embody the MUFG Way from business units across the Group. They then conducted interviews with each employee recommended to hear about their aspirations and the details of their activities. The results of these interviews were summarized in a booklet titled MUFG Way—Bringing it to life. We expect this publication to provide new insights to employees who find it difficult to have a sense of ownership about the Purpose by letting them know about initiatives undertaken by their peers. The project members also conducted roundtable talk events, in-house radio broadcasting and video streaming. Through these and other communication initiatives, we encourage each employee to autonomously take action to embody the MUFG Way so that our Purpose can be realized by our entire organization.



MUFG Headquarters Building Project Led by Employees

We are currently planning the construction of a new MUFG headquarters (HQ) building designed to further increase the sophistication of our groupwide, integrated management approach through the consolidation of the HQ functions of the holding company, the Bank, the Trust Bank and the Securities.

In connection with this project, we launched a working group (WG) via in-house posting by recruiting WG members from employees at the Bank, the Trust Bank and the Securities. The WG has been formed to foster an employee culture of spontaneously taking on challenges and to create opportunities for employees to act in collaboration in a way that transcends the boundaries of Group companies.

The 19 employees of differing age and positions chosen to form the inaugural membership of the WG have begun holding remote and face-to-face discussions in addition to touring external corporate facilities and attending lecture sessions provided by experts to gain a diverse range of knowledge. In addition, they have engaged in discussions with the presidents of MUFG companies. Through these activities, they have identified “Go Beyond with You” as a project concept, which summarizes MUFG’s collective determination to constantly transform itself and go beyond its conventional scope of operations. This concept also represents ideals regarding what the new MUFG HQ building should look like while indicating the general direction of innovative workstyles to be adopted at this facility. We expect this concept to inspire all MUFG employees to update their awareness and transform their behavior.

Also, many of the WG members contributed positive remarks regarding takeaways from their WG activities. These remarks included “Participating in the WG enabled me to develop a stronger sense of belonging to MUFG beyond the boundaries of Group companies tasked with differing businesses,” “I was glad to be entrusted with

important decision making and this strengthened my willingness to take on the new challenges accompanying a growing scope of duties,” and “I was impressed to find that although we are coming from different departments and have diverse attributes, our passion for MUFG is universal.”

Going forward, we plan to keep the WG ongoing while replacing its members. Through the new MUFG HQ building project, we will continue to foster a new corporate culture and further increase the sophistication of our groupwide, integrated management approach.



Discussions with President Kamezawa



Discussions among WG members



WG members touring the Marunouchi area surrounding the Bank's main building



Exchanging opinions with outside directors

Practical Opportunities

Spark X, a New Business Incubation Program

Background and Objectives of Launching Spark X

In the face of radical changes in society, we need to redefine role of finance in the new era and review its positioning. With people's value systems becoming more diverse than ever before, our business growth will hit the wall if we insist on hewing to the traditional top-down business approach, relying solely on the conventional wisdom within a single entity we belong to, or enforcing old ways of thinking. Aware of these changes, we aim to realize genuine diversity management that allows employees to autonomously take on the challenges of transformation and have thus identified our ideal regarding what MUFG should look like going forward in this regard. To this end, we need to encourage all Group employees to leverage their diverse values and freely contribute their ideas while engaging in open exchanges of opinions. As part of initiatives to encourage employees to take on challenges and transform their behavior, MUFG launched Spark X in 2022.

Spark X is a bottom-up project aimed at enabling employees to perceive situations in the course of their engagement with customers and in their daily lives that give rise to perceptions of discomfort, dissatisfaction, disadvantage in society and thereby empowering them to become agents of positive change. Applicants to the project are allowed, based on their own unique ideas and personal aspirations, to take on the challenge of creating new businesses that transcend MUFG's conventional scope of operations. The name Spark X was chosen with the hope that this program will nurture individuals who “spark” the fire that will blaze a trail into a new era even as they boldly take on “X,” the challenge of an unpredictable future. In summary, Spark X aims to empower applicants to fully live up to their personal aspirations and serve as agents of change who inspire others to similarly step forward to drive transformation.

A Program Designed to Enable All Group Employees to Become Participants

Spark X is not a program intended for only a few specific employees equipped with knowledge and experience. Rather, it is open to any Group employee willing to take on challenges. With this in mind, the first round of Spark X held in 2022 involved holding lecture sessions provided by internal and external experts as well as periodic individual counseling sessions. Through these events, we sought to provide employees with opportunities to learn ways of thinking and skills that are necessary to launch new businesses before we even began soliciting ideas from employees. Following the document-based screening of business ideas, selected applicants went on to brush up their business models with the support of in-house specialists, including MUFG employees who operate in fields related to business ideas developed by applicants, and external consultants, who served as mentors. Meanwhile, applicants whose proposals were rejected received feedback on their ideas while being invited to join town hall meetings attended by the CEO & President and other senior management. In this way, we strove to ensure that they feel appreciated for their willingness to take on a challenge and better motivated to tackle the next.



Project applicants attending a workshop on the creation of new ideas, with an external expert serving as a lecturer

In this round, a cumulative total of 2,500 employees participated in project-related events, with more than 650 ideas being contributed by applicants who assiduously worked to develop their own business models with strong aspirations to change the world. We then conducted a rigorous final screening and determined the Grand Prix and Special Award winners. Moreover, an Audience Award was granted to an applicant chosen via voting by the attendees and online viewers of the final screening session. MUFG intends to allocate budgets to the Grand Prix and Special Award winners to help them realize their business ideas. Since April 2023, full-scale initiatives have been under way to achieve the commercialization of these ideas while exploring the possibilities of partnerships with external corporations and specialists to this end.

Corporate Culture Reforms Driven by Spark X and the Creation of Social Value

In addition, some applicants whose proposals were rejected commented on how this project affected their behavior, with one such applicant saying “Through participation in Spark X, I felt a sense of excitement by practicing the MUFG Way on my own terms. This, in turn, helps me take a positive stance toward taking on challenges in the course of day-to-day operations.” As expressed in this comment, an employee culture of taking on challenges and thereby “empowering a brighter future” seems to have steadily begun to develop roots in MUFG.

Going forward, we will strive to disseminate, via Spark X, a culture of taking on challenges throughout MUFG’s entire workforce. Pushing ahead with corporate culture transformation, we will thus build a resilient and innovative organization capable of accommodating the rapid changes of the times. In this way, we will improve our corporate value while resolving issues society is now confronting.



Final screening candidates with President Kamezawa



The Grand Prix winner celebrated at the award-giving ceremony following the final screening session

Promoting for Customer Satisfaction

- ▼ Customer Focus and Initiatives
- ▼ Universal Support

Customer Focus and Initiatives

Fundamental Concept

We continue to establish lasting relationships with our client by quickly responding to a diverse range of needs, opinions, and requests and making continuous efforts to reflect these in our products and services.

Fiduciary Duties

With the aim of ensuring the thoroughgoing practice of customer-oriented undertakings, the MUFG Group Code of Conduct addresses the importance of “Customer Focus” in Chapter 1, while the MUFG Basic Policy for Fiduciary Duties is publicized to provide unified guiding principles for the Group.

In line with this policy, all Group entities share a commitment to practicing customer-oriented undertakings and endeavor to improve their products and services.

[Fiduciary Duties](#)

Improvements Based on Customer Feedback

MUFG collects, analyzes, and shares the opinions and requests from customers of all Group companies, and we use this feedback to improve our products and services. We continue to attract new customers and establish lasting relationships with them.

Enhancing our System for Collecting Customer Feedback

Opinions and requests we receive from customers are valuable assets of MUFG. The Group companies – the Bank, the Trust Bank, the Securities, NICOS and ACOM-analyze customer feedback received via employees at sales offices, by telephone and by email to make improvements. The five companies received about 180,000 opinions and requests from customers in total in fiscal 2022, which were utilized for 214 cases of service improvement.

As an example of improvement, in response to requests for enhanced convenience in transactions that do not require face-to-face interaction, the Bank added features for resumption of the use of lost and found cash cards and for issuance of balance certificates in the "Kantan Tetsuduki App." It also introduced a service that allows 24/7 contact through its website regarding the occurrence of inheritance. ACOM has renovated the inquiries page on its website and has enhanced the responses provided to member customers through chat.



A cycle of listening to and taking advantage of Customer Feedback

By taking customers' opinions and requests to heart and continuing our efforts to reflect these in our products and services, MUFG attracts customers and establish lasting relationships with them.

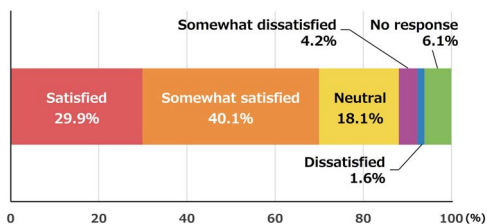
Result for CS Surveys for Customers

To confirm whether our efforts are meeting customer expectations, each Group company conducts questionnaires via postal mail and online, and regularly checks customer satisfaction (CS) and strives to improve the quality of our products and services.

In a satisfaction survey conducted by individual five business categories in 2022, approximately 60-70% of customers rated their overall level of satisfaction with various transactions as "satisfactory" or "somewhat satisfied."

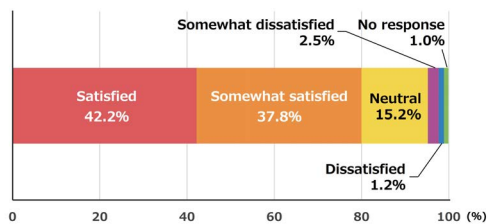
Each Group company will continue to analyze the factors for items that received low evaluations in the questionnaire and work for improvement.

MUFG Bank



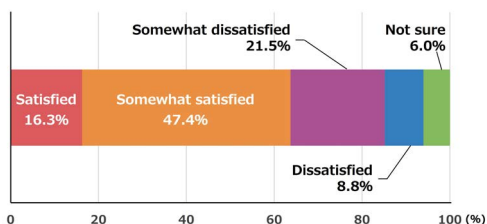
(note) The results of a mail survey of 2,434 customers who have an account in the Bank. (Conducted in December 2022)

Mitsubishi UFJ Trust and Banking



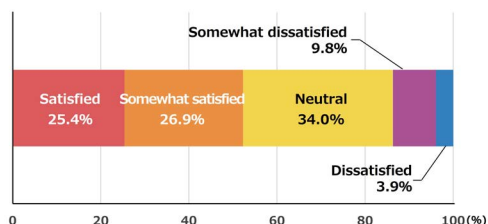
(note) The results of a mail survey of individual customers who made a transaction or had an interview with the Trust Bank most recently (10,689 sending by post, 4,790 responses by post or online). (Conducted in November 2022)

Mitsubishi UFJ Morgan Stanley Securities



(note) The results of an online survey of 466 customers who have an account in the Securities HD. (Conducted in December 2022)

Mitsubishi UFJ NICOS



(note) The results of an online survey of 1,340 NICOS's card holders. (Conducted in September 2022)

Quality Improvement Initiatives

By implementing thorough quality control measures at every stage, from the planning and development to delivery and after-sales servicing of products and services, MUFG aims to provide customers with products and services that exceed their expectations.

Quality Improvement of Products and Services

The Bank, the Trust Bank, the Securities, NICOS, and ACOM assess whether adequate measures are being taken to consider the customer's perspective in the planning and development of products and services.

Employees at both the head offices and local branch offices are always cognizant of the effect their daily work activities have on the customer's evaluation of the company, and therefore strive to provide products and services that exceed their expectations.

Checklist for Putting the Customer First

1. Accurately meets customer needs
2. Pros and cons have been clearly laid out for the customer, and cons, if any, have been properly explained
3. All efforts have been made to make the product easily understandable, including the provision of advertising and information on comparisons with similar products
4. All actions have been taken to prevent customer complaints from occurring, and measures for responding quickly to complaints have been prepared in the event of their occurrence
5. Confirmation that our customers' families, like our customers themselves, have no anxieties about our products and services, have been taken.

Employee Education for Customer Trust

MUFG is actively engaged in educational training and study group efforts that are carefully aligned with the "customer-first principles" and we endeavor to raise each individual employee's level of customer satisfaction awareness and skill.

Each Group company mentioned above is working to improve not only specialist skills, but also communications skills and skills related to realizing customer satisfaction.

Universal Support

MUFG is committed to introducing universal design both in software and hardware aspects. MUFG collects, analyzes, and shares the opinions and requests from customers of all Group companies, and uses this feedback to improve its products and services.

Responding to Customers in a Universal Manner

To ensure that all customers can use our branches with peace of mind, we make an effort to greet people as they enter our locations and provide guidance, thoughtfully offer easy-to-understand explanations and respond in an appropriate and agreeable manner.

Enhancing Reception and Response to the Elderly and People with Disabilities

The Bank and the Trust Bank are working to enhance their response to the elderly and people with disabilities by learning through fundamental case studies about providing in-facility guidance and explanations tailored to various physical characteristics.



The Guidebook for Reception and Response to the Elderly

The Bank and the Trust Bank, in order to deepen understanding and improve response to the needs of the elderly, has published its Guidebook for Reception and Response to the Elderly, and pay close and careful response to the needs of its elderly customers.

Coordination with regional comprehensive support centers

The Bank and the Trust Bank have established the manual for smooth cooperation with the Regional Comprehensive Support Center, to ensure that the dementia customers and their families receive each service safely and securely.



LGBT Response Handbook

The Bank and the Securities have compiled the “LGBT Response Handbook” containing basic know-how and key points when dealing with LGBT, and we aim to conduct service and respond in a manner that makes customers feel comfortable.

Creating Universal Branches

MUFG is engaged in the installation of tactile paving for the visually impaired, the elimination of steps through the introduction of ramps, the installation of automatic doors, and other initiatives to improve the convenience and safety of branch entrances, so that all customers can access our facilities with comfort and peace of mind.

The Bank and the Trust Bank websites contain information about barrier-free facilities, allowing customers to check out branch facilities beforehand.

Pictogram

The Bank and the Trust Bank homepages feature barrier-free related information about their respective branches so that customers can confirm the kinds of facilities there.



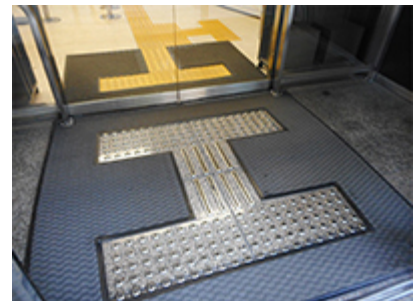
Barrier-free

The Bank and the Trust Bank branches display a barrier-free mark at entrances and exits.



Braille Block Use

In order to support the visually impaired, metal Braille blocks have been installed in areas between branch entrances and ATM machines.



ATMs for the Visually Impaired

Domestic branches and unmanned ATM corners (with some exceptions) are equipped with handsets (telephone receivers with voice guidance). By using the handset and following verbal instructions, customers can make withdrawals and deposits, check balances, and record and renew their passbooks.



Providing Universal Services

By reducing bank transfer fees, allowing family members to sign forms by proxy and so on, we also provide services that consider the needs of persons with disabilities.

Application of ATM Transfer Fees

We have applied over-the-counter transaction fees to the same level as ATM transfer fees for customers who have visual disabilities or use wheelchairs.

Simplification of Administration by Proxy

In cases where a customer finds it difficult to fill out or stamp a document due to visual or other physical disabilities, it may be possible for an accompanying family member to serve as a proxy, depending on the type of transaction.

Simplification of procedures to allow payment by proxy when the intent of the depositor cannot be verified

When the intent of the depositor cannot be verified, it may be possible to arrange for a family member or other proxy to make necessary payments on their behalf for hospital / treatment fees, care facility fees, or tax / social insurance fees on request (See Note).

(note) Depending on the payment method, the relationship of the proxy to the depositor, and the documents required, there might be cases where the Bank and the Trust Bank unable to comply with such requests.

Handling Braille Cards and Notification Forms

To meet the needs of customers with visual disabilities, the Bank provides cards with customer name and other information indicated in Braille, and Braille is used on notification forms to indicate balance information. From July 2016, the Bank began providing ordinary deposit statement notifications in Braille, in addition to monthly account balances.



Telephone Relay Service (public infrastructure)

The Bank, the Trust Bank, the Securities, NICOS and ACOM have adopted the Telephone Relay Service. The Service is provided by the Nippon Foundation Telecommunication Relay Service as public infrastructure to enable mutual communication over the phone through an interpreter operator between sign language or text and spoken language.

* Available features of the Service may vary by company.

* For details of the Service, please see [MIC's website](#).

Services Using Sign Language, Written Messages

The Bank and NICOS provide interpretation services, separately from the Telephone Relay Service, for customers with disabilities involving the ears and spoken language, using videophones to connect customers to sign language operators and communicate in writing.

*At the Bank, the services are available only in case of lost or stolen card/passbook (presently in a pilot operation phase).



Communication Board

To accommodate customers with hearing and speech impairments, in addition to tools like writing pad and communication boards, the Bank branches are equipped with tablet devices with applications which support communication by using videophones to connect customers to sign language operators, and handwriting and speech recognition systems.



Consultation Service for People with Disabilities

The Bank and the Trust Bank provide a consultation service enabling customers with disabilities to make a complaint or comment related to their disabilities via a dedicated phone line or web form.

Corporate Social Responsibility Activities

Under our Purpose of “Committed to empowering a brighter future.” MUFG has identified 10 priority issues, including responses to the aging population & low birthrate, along with climate change measures & environmental protection, as we work to resolve social issues and achieve a sustainable society through financial services and business activities.

At the same time, to address social issues that are difficult to deal with our core businesses, we have put in place a framework that utilizes approximately 1%^(note1) of net business profits to give back to society, and we are undertaking various social contribution activities, including donations and volunteer work.

As a global financial institution, we try to make the most of the size and strength of our group and the passion of our employees by being conscious of global social issues, while preserving the rich culture we have cultivated in Japan. We also aim to create ecosystems and platforms that provide solutions to social issues by strengthening ties with stakeholders and empathizing with each other for future generations, society, and the planet.

As MUFG, we will actively contribute to society by carrying out activities that make stories that our employees can be proud of and to be passed on to the world.

(note1)Net operating profits before credit costs for trust accounts and provision for general allowance for credit losses, after deducting total credit costs

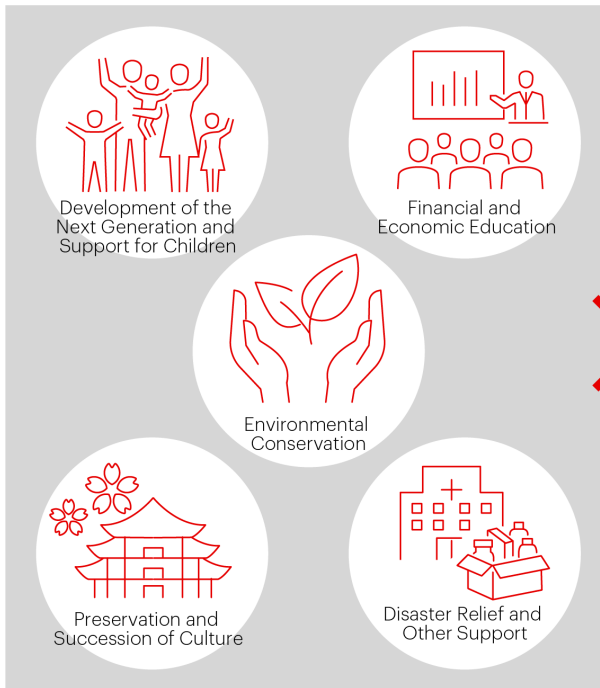
Five Priority Areas and Our Underlying Thoughts and Values

Within the framework of our CSR activities, MUFG has identified the following five priority areas: Development of the Next Generation and Support for Children, Environmental Conservation, Financial and Economic Education, Preservation and Succession of Culture, and Disaster Relief among other support.

Focusing on these five priority areas, MUFG's five group companies work together to implement selected activities based on the following thoughts and values.

- Carrying out activities that embody MUFG's Purpose of being “Committed to empowering a brighter future.”
- Resolving the 10-priority environmental and social issues.
- Contributing to the creation of sustainable mechanisms and frameworks for resolving issues.
- Taking advantage of our wide range of connections with communities and people in order to carry out activities.
- Expanding employee empathy through participation in social contribution activities.

Five Priority Areas



Our Five Underlying Thoughts and Values



Five Priority Areas

Group Companies' Social Contribution Activities

Initiatives for Community

Activities of MUFG Employees

List of Organizations Supported by MUFG

Development of the Next Generation and Support for Children

MUFG provides a variety of living and educational support to help all children grow up equally and healthily with the aims of comprehensively raising the level of their education and quality of life.

Supporting Future Generation

Establishing the Ashinaga MUFG Scholarship

MUFG has made the decision to continuously support the Ashinaga Foundation. To that end, in cooperation with the Foundation, we have established the Ashinaga MUFG Scholarship, a system for which recipients are not required to pay the money back. This scholarship is for third-year high school students who would like to enter university and for university students studying the sciences.



Based on the idea that education is the foundation of a stable society and the source of economic growth, the Ashinaga MUFG Scholarship works to eliminate disparities in educational opportunities by providing financial support to high school students who would like to enter university and to university students studying the sciences. The scholarship also contributes to solving structural problems in Japanese society, such as shortage of human resources involved in digital fields, who will be needed with the popularization and expansion of AI and other technologies addressed by the government, as well as shortage of human resources working in medical and welfare fields.

Support for Children's Lives and Education

Donations to Child Support Groups

Since FY 2020, MUFG has been supporting CliniClowns Japan, an NPO that supports children fighting disease, as well as the NPO's Learning for ALL and Chance for Children. Both of which are public interest incorporated associations that support children from less fortunate backgrounds (180 million yen so far).



Support for Shiki Theatre Company's Kokorono Gekijo

MUFG sponsors Shiki Theatre Company's countrywide project Kokorono Gekijo. The project invites elementary school students to a musical, providing an opportunity to learn important things about life, such as its preciousness, compassion for others, and the joy of believing in one another.

In FY 2020 and 2021, scheduled performances of Kokorono Gekijo were delivered online due to the COVID-19 pandemic.



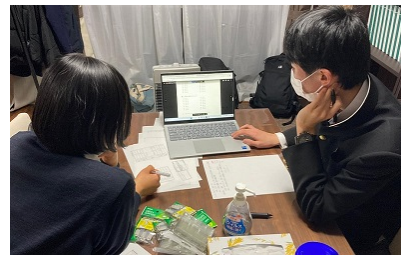
Photo: Akihito Abe

Supporting UNESCO's "U-Smile - Connecting Children Support Program"

MUFG is supporting National Federation of UNESCO Associations in Japan's "U-Smile - Connecting Children Support Program" (regional cooperative comprehensive educational support project). This program provides comprehensive support, such as educational and housing support, for Japanese children in difficult circumstances for various reasons such as relative poverty. By supporting this program, we share in UNESCO's aim to create a society where children can have hopes and dreams.



Educational support at Takamatsu City



Online educational support at Maebashi City

Sponsoring UNESCO School

MUFG works the National Federation of UNESCO Associations in Japan and actively promotes SDGs on education in elementary schools, as well as middle schools and high schools. This is in order to support the development of the next generation, which is essential for the realization and maintenance of a sustainable society. In FY 2022, we provided financial support to 78 schools as part of the "UNESCO School SDGs Assist Project". We also contributed to promoting UNESCO School's activities by sponsoring their national conference where we showcased the SDGs initiatives of companies.



Online discussion about mental health, with high schools in various regions in Asia



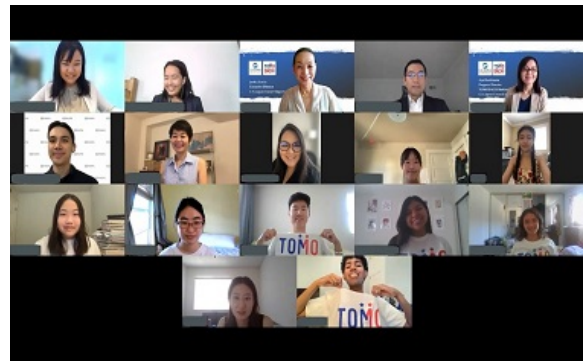
Field study about biomass power generation on summer vacation



Japanese drum performance at Fire Festival in Seki, in Himeji city

TOMODACHI

MUFG launched the TOMODACHI MUFG International Exchange Program in 2012, one year after the Great East Japan Earthquake. This program is designed to support the recovery from the Great East Japan Earthquake and to strengthen cultural and economic ties between the United States and Japan. Due to continued COVID-19 restrictions, in FY 2022, we offered junior high and high school students in California the opportunity to study in Japan online.



Donations to Organizations Working to Close the Education Gap

With a vision of realizing a world where every child can receive equal education, Teach For Japan, an NPO, runs a fellowship program in which public schools are staffed with personnel who have been independently selected and trained. MUFG empathizes with the vision and activities of Teach For Japan and we have been supporting them since FY 2020.



Development of the Next Generation and Support for Children (Sports)

MUFG provides a variety of support in the field of sports to help all children grow up equally and healthily and to raise the level of their education and quality of life.

MUFG Junior Tennis Tournament

MUFG Bank has been making donations to the Japan Tennis Association as part of its efforts to support the next generation. The association annually organizes the MUFG Junior Tennis Tournament as a gateway to success for children who aspire to become professionals. In FY 2023, 134 children who won preliminary tournaments throughout Japan participated in this tournament.



MUFG Cup Graduation Commemorative Soccer Tournament

MUFG Bank annually holds the MUFG Cup graduation commemorative soccer tournament in Tokyo, Aichi, and Osaka, inviting sixth graders of elementary school who are about to graduate in hopes that through sports they will learn the importance of bonding with peers and appreciation for those who have supported them. In FY 2022, 10,538 children enjoyed soccer tournaments in three prefectures: Tokyo, Aichi, and Osaka.



Hosting the MUFG ONE PARK Generational/Regional Exchange Event Through Sports

MUFG is the principal partner of JAPAN RUGBY LEAGUE ONE. The sense of unity between players as they move forward on the rugby pitch resonates strongly with MUFG's Purpose. During the 2022 and 23 seasons, we hosted the MUFG ONE PARK event in Tokyo and Osaka, where the next generation can experience the fun of rugby and watch matches. MUFG ONE PARK organizes talk shows and rugby classes at Prince Chichibu Memorial Rugby Ground and Japan National Stadium. Over 4,000 people participated in the event and enjoyed watching rugby matches.



Rugby Strikeout at Prince Chichibu Memorial Rugby Ground



Talk show at Prince Chichibu Memorial Rugby Ground



Rugby class for children at Japan National Stadium



Backyard tour at Japan National Stadium

Environmental Conservation

To realize a sustainable society, it is important to continuously engage in activities that lead to environmental conservation and education. Therefore, MUFG supports various conservation activities to protect the irreplaceable natural environment, which is a common asset for all humankind, as well as initiatives related to the development and research of environment-friendly technologies.

Support for Osaka Prefecture's Carbon-Neutral Technology Development and Implementation Project

MUFG donated 500 million yen to support the growth of Osaka Prefecture's energy business and to help the prefecture achieve its goal of carbon neutrality by 2050. Osaka prefecture has formulated a 10-year action plan to combat global warming from FY 2021 to 2030, with the goal of reducing greenhouse gas emissions in the prefecture by 40% by FY 2030 compared to levels in FY 2013. At the Expo 2025 Osaka, Kansai, the prefecture will use the site as a testing ground for a future society and will showcase and advertise Japan's innovative technologies to the world.



Partnership of Industry and Academia with the University of Tokyo

In order to protect the future of the next generation, MUFG is collaborating with the University of Tokyo to conduct joint research on Japan's pathway to decarbonization and the role that finance will play in realizing it. The Center for Global Commons (CGC), established by the University of Tokyo (Institute for Future Initiatives), is conducting practical research on the maintenance and management of a stable global system. MUFG empathizes with and supports the activities of the CGC, which we strongly believe will help contribute to the realization of our Carbon Neutrality Declaration (300 million yen in total).



Support for Hydrogen Fueled Bus

Various initiatives are currently underway to realize a hydrogen energy-based society in Japan. Among them, the introduction of fuel cell buses (hydrogen buses) as commercial vehicles is attracting attention because it is expected to create stable hydrogen demand while contributing to decarbonization.

Against this backdrop, MUFG made donations to the Tokyo Metropolitan Bureau of Transportation, Osaka City Bus, and Nankai Bus to support their promotion and introduction of fuel cell buses (hydrogen buses). In FY 2022, we provided support for the introduction of hydrogen buses in Nagoya City.



MUFG Forest for Working Together with Customers

MUFG is undertaking the MUFG Forest Project, which involves planting about 100,000 trees and donating a total of 500 million yen over 10 years to fund their cultivation. 100,000 trees absorb CO2 that is equivalent to the annual CO2 emissions from the electricity use for the cooling of 10,000 households. MUFG plants trees through the Present Tree ^(note1) project in line with the number of bankbooks, documents, and usage statements issued by its group companies that have been switched from paper to online, as well as the number of new applications for online services. By January 2023, 55,581 trees have been planted.



(note 1) The Present Tree project was started by Environmental Relations in January 2005. Through this project, participants plant trees for loved ones or themselves to help reforest and revitalize local communities. MUFG is planting trees in places where forests should be created, such as forests damaged in natural disasters, former development sites, and abandoned clear-cutting sites in various parts of Japan, where the birthrate is declining, and the population is aging.

Support for Cyclic Utilization of Forests

In recent years, the abandonment of artificial forests planted for timber production has become a serious social issue. In light of this, MUFG made donations (60 million yen in total) to the Lifestyle Research Institute of Forests, which is engaged in forest conservation activities as part of our efforts to promote the cyclic utilization of forest resources. This is a process in which trees are planted, grown, harvested, used, and planted again. Approximately 2,400 employees participated in volunteer activities to create educational puzzles using thinned wood. The finished puzzles were donated to kindergartens and other children's facilities.



Employees making puzzles from thinned wood

MUFG, in collaboration with the organization, has also started planting forests in Nose, Osaka, planting sawtooth oak trees and trees of chestnuts. Oak tree are used as materials for sawtooth oak charcoal, a traditional industry in the region and trees of chestnuts are a specialty product there.

To leave bountiful forests for the next generation, we will continue to support forest conservation activities, including tree planting, thinning, and the use of thinned wood.

Beach Cleanup

Pollution of oceans and coasts is becoming more serious, and the problem of plastic in the ocean has gained worldwide attention.

In FY 2022, MUFG hosted the Beach Cleanup Event as an activity for protecting oceanic resources in Kanagawa, Aichi, and Hyogo Prefectures. Approximately 400 participants, consisting of MUFG employees and their families, participated in coastal cleanup activities together with local environmental protection organizations. There was wide participation in ocean education events and this was a great opportunity to think about the problem of garbage in the oceans.



In Aichi, we provided financial support for the creation of "Environmental Notes", which are published by the Port of Nagoya Public Aquarium to allow visitors to learn about what species live in the ocean and how they live. The completed notes are distributed to students who visit the aquarium as a way for them to have the opportunity to learn about ocean conservation activities.

Financial and Economic Education

MUFG provides financial and economic education as part of its community service activities. We offer a variety of programs while taking advantage of the unique characteristics as a financial group.

Workplace Experience for Students

MUFG Bank (the Bank) provides financial and economic education through hands-on workplace education primarily at our business locations to elementary, junior high, and high school students living in nearby areas. We also dispatch staff to provide educational opportunities at schools. In this program, students learn about the economy, finance, and the role of banks in society. In addition, they have the opportunity to interview employees, asking questions such as "What things do you value when it comes to your job?" and "What is it like to work as a team?" These interviews and the first-hand experience of working provide children with learning and awareness-raising opportunities. These activities have garnered a positive response due to the opportunities for participants to practice counting using mimic paper money and experiencing the weight of 100 million yen. Participants have exclaimed that they experienced surprises and new discoveries from their first looks at what happens behind the scenes at banks.



Learning Program for Elementary Schools "The VALUE of Money"

Since FY 2022, Mitsubishi UFJ Morgan Stanley Securities has been offering a learning program for elementary schools called "The VALUE of Money". In this program, elementary school students explore positive ways to manage money through conversations and group discussions. By thinking about questions such as "What are good spending habits?" students gain not only a superficial knowledge of finance and how it works, but also an experiential understanding of the role of money and economics in life.



Children who participated in the program gave feedback such as, "I thought that being good with money meant simply saving it, but through the program, I learned that it meant spending money carefully."

Internship Program "Dynamics of the Stock Market" for Junior High and High School Students

Mitsubishi UFJ Morgan Stanley Securities (the Securities Business) is offering an internship program (Dynamics of the Stock Market), a unique educational program about the economy and finance. Developed in cooperation with Educa & Quest Inc., the program consists of five classes where students learn about stocks. At the program, students are asked in groups to express what they learned about "Dynamics of the stock market", in the form of advertisements on a mock newspaper advert for the Securities Business. The students then give a presentation on these advertisements to the class.

In FY 2022, approximately 600 students participated from 12 junior high and high schools in areas around Tokyo and made a total of approximately 120 advertisements. Of the participating students, eleven teams composed of representatives from each school (40 students in total) were formed to present their works online and face-to-face. At the presentation at our headquarters, the president and directors of the Securities Business gave warm words of encouragement to the students.

Internship Program "Dynamics of the Stock Market" for University Students

Mitsubishi UFJ Morgan Stanley Securities (the Securities Business) has been offering an internship program "Dynamics of the Stock Market, or Kabu no Chikara" for university students since 2019, and over 500 students from 16 colleges have attended the program.

In this program, participating students work to solve social issues using the characteristics of stocks. Each 90-minute class is conducted in a group work format, and in the first half, the Securities Business's employees lecture on the functions and roles of the stock market and securities companies. In the second half, students select the goals they want to achieve from among the 17 development targets (goals) of the SDGs and devise solutions using the characteristics and functions of stocks and securities they learned in the first half. At the end of the class, each group presents their solutions. Participating students have given positive feedback, such as "I was able to learn from a different perspective compared to my macroeconomics classes. It was a great learning opportunity," "I gained a better understanding of the SDGs," and "I want to join a securities company in the future."

ACOM's Support for Financial Education

ACOM is holding lectures for students regarding the knowledge of money, such as loans and credit, family budget management, and the outline of the consumer credit industry. ACOM delivers these awareness-raising lectures with the hope that students who will lead our societies in the future will be able to learn the importance of money well before they start working and avoid getting into financial trouble in the future. During FY 2022, lectures were given 22 times with about 1,800 participants in total.



Preservation and Succession of Cultures

MUFG will support the preservation and succession of culture that has been carefully cultivated in Japan. We also aim to continue to address global issues so that we can protect future generations, society, and the assets of our planet.

Supporting Digital Art Projects

In FY 2023, MUFG utilized the corporate version of hometown tax program to donate to “Arts Aid KYOTO - Kyoto City Cooperative Culture and Arts Support System”, a fund which aims for sustainable development of culture and arts in Kyoto City. Through this fund, we will support a project that provides a next-generation tourism and art experience called “NAKED GARDEN ONE KYOTO 2023”, which provides a crossover between the real and virtual worlds (host: Naked Inc.). For this digital art project, 70% of the contributions from MUFG to Kyoto City is allocated to the "NAKED GARDEN ONE KYOTO 2023" project while the remaining 30% is allocated to culture and art promotion measures conducted by Kyoto City.



Kansai Innovation Center^(note), which was established by MUFG, works with Naked Inc. to plan similar digital art projects in various other cities in the Kansai Region. The aim is to revitalize the nighttime economy, provide information about culture, develop culture, and ferment opportunities for the 2025 World Exposition.

note: an organization established for the purpose of providing proposals and social implementation for resolving various social problems under the theme of tourism.

MUFG KOGEI Project

In August 2023, MUFG launched a new project to support the inheritance of Japanese traditional craft ("kogei") culture and techniques and to find and spread inspirations in tradition that can be applied innovatively in an era of change.

Under the theme of "Tradition and Innovation," we will conduct various activities such as the development of craft culture and industry and the holding of events and seminars to support both artisans and users.



[Click here for details.](#)

Disaster Relief and Other Support

MUFG provides donations in a variety of areas to contribute to the creation of a resilient society.

Providing Financial Contributions to Assist Victims of Major Earthquake in Turkey and Syria

MUFG, in addition to providing financial contributions to assist victims of the major earthquake that occurred in Turkey and Syria in February 2023, has contributed approximately 28 million yen through donations from our local subsidiaries and group executives and employees from countries across the world.

Support to Prevent Cancers Specific to Women

As part of our efforts to support women's health, MUFG donated 30 million yen to the Japanese Society for Fertility Preservation (JSFP) with the aim of spreading correct knowledge of breast and cervical cancers for early detection and prevention measures.

Also, for International Women's Day on March 8th, we hosted a seminar for employees about cancers specific to women to deepen their knowledge of women's health, concerning issues such as cervical cancer, breast cancer, HPV vaccination, and fertility preservation. The venue was decorated with mimosa flowers, which are the symbol of International Women's Day, and participants were given colorful macarons, conveying the image of diversity.

In the future, MUFG and its executives and employees as one will undertake a variety of initiatives to help our customers, local communities and society, and the next generation make healthy and diverse life choices.



Group Companies' Corporate Social Responsibility Activities

- ▼ Group Companies' CSR Activities
- ▼ CSR Activities through Foundations

Group Companies' CSR Activities

Mitsubishi UFJ Trust and Banking

[Corporate Social Responsibility \(CSR\)](#)

Mitsubishi UFJ Morgan Stanley Securities

[Environmental and social contribution activities](#)

Mitsubishi UFJ NICOS

[CSR Activities \(in Japanese\)](#)

ACOM

[Promote diversity based on "The Spirit of Human Dignity"](#)

CSR Activities through Foundations

MUFG Bank

Mitsubishi UFJ Foundation

Mitsubishi UFJ Foundation promotes international exchanges in Asian and other countries. To foster human resources development in Japan and overseas, the Foundation provides financial assistance to a variety of international exchange programs and offers scholarships to students in Japan and overseas. Over 16,000 students have been provided with scholarships thus far.

[Mitsubishi UFJ Foundation \(in Japanese\)](#)

Mitsubishi UFJ Environment Foundation

The Mitsubishi UFJ Environment Foundation plays a key role in MUFG's efforts to address environmental and social concerns, supporting a wide range of efforts. These include activities to improve the natural environment, especially by supporting tree planting, village forest conservation, and the creation of biotopes (natural habitat areas) at schools; organizing the Midori-no-e contest; offering sponsored lectures at universities and other environmental education events; and undertaking the Headwaters Forest project, which has involved participants in hands-on reforestation and nature observation activities in the Tone River watershed.

[Mitsubishi UFJ Environment Foundation \(in Japanese\)](#)

Mitsubishi-UFJ Technology Development Foundation

Mitsubishi-UFJ Technology Development Foundation has been a pioneer in providing support for private sector ventures in Japan. The foundation aims to comprehensively foster the development of technology-oriented small- and medium-sized enterprises (venture businesses) that are vital for Japan's economic development. To this end, the foundation provides a wide range of assistance, including research and development grants, shareholding, and information provision.

[Mitsubishi-UFJ Technology Development Foundation \(in Japanese\)](#)

Institute for International Monetary Affairs

The Institute for International Monetary Affairs contributes to the stability and development of global financial economic society and, with the objective of deepening mutual understanding between Japan and other countries, is engaged in investigative research and the exchange of information regarding the international economy, finance, and currencies.

[Institute for International Monetary Affairs \(in Japanese\)](#)

Mitsubishi UFJ Trust and Banking

Mitsubishi UFJ Trust Scholarship Foundation

This foundation provides scholarships and funding to promising young people to foster human resources and advance academic research.

[The Mitsubishi UFJ Trust Scholarship Foundation](#)

Mitsubishi UFJ Trust Foundation for the Arts

This foundation supports the advancement and dynamism of music and arts, and provides funding for performances by Japanese groups such as operas and orchestras that have attained a certain level of artistic standard.

Mitsubishi UFJ Trust Cultural Foundation

This foundation is engaged in support for organizations that are making efforts to promote local culture in the fields of music, art, theater, and traditional arts.

Initiatives for Community

MUFG actively contributes to the local community by utilizing the group’s facilities and taking advantage of their characteristics.

MUFG PARK

MUFG and MUFG Bank renovated a company owned sports ground in Nishitokyo City, Tokyo, into a multi-use facility opened to the public, called MUFG PARK, officially opening in June 2023. MUFG PARK features tennis courts, sporting grounds, and a community library. We plan to hold various events in the future with our local partners.



Shintaku Museum

Mitsubishi UFJ Trust and Banking Shintaku Museum is located on the first floor of the Industry Club of Japan Hall, a national registered tangible cultural property, next to the head office building of Mitsubishi UFJ Trust and Banking Corporation. It is the first museum in Japan dedicated to the theme of trust and is unique in the world. Trust has developed as a tool to enable secure and reliable management of assets. We hope you will enjoy the history and interesting features of trust that are relevant in various moments of our daily life.

(B. Potter, the author of the Tale of Peter Rabbit, is very much associated with trust.)



Money and Ukiyo-e Museum

MUFG and MUFG Bank operate the Money and Ukiyo-e Museum located on the first floor of their Nagoya Building. The museum has some special collections, including rare coins from Japan and around the world, as well as important ukiyo-e prints by Hiroshige Utagawa. It is widely used by the local residents for educational field trips, school excursions, and lifelong learning programs.

[Money and Ukiyo-e Museum \(in Japanese\)](#)



Osaka Gallery Lounge

MUFG and MUFG Bank operate "Osaka Nigiwai Gallery Lounge" located on the first floor of their Osaka Building. The lounge is a recreational facility for local residents with a space for learning about the history of the area. Since FY 2022, MUFG has been working with local groups to regularly hold events that contribute to the community, such as the MUFG Monthly Concert.



Activities of MUFG Employees

To encourage employees who are motivated to contribute to society, each group company has introduced a system for participating in volunteer and donation activities.

MUFG SOUL -Turning Passion into Power for Society-

MUFG provides financial support for activities for ideas designed by our executives and employees for resolving social issues. In FY 2022, more than 250 activities were organized (with total funds of about 92 million yen), and a total of more than 3,000 employees participated in them. We will continue to contribute to solving a wide range of social issues by our executives and employees, taking concrete actions by starting from the social issues that are close to them. This includes, for example, activities and support for children's cafeterias that provide free or inexpensive meals to children in need, support for orphanages, and community revitalization activities.



Picture book storytelling hands-on project



Children's cafeteria project



Project to provide support for creating places for children



Gardening project



Project for regional revitalization through sports



Project for supporting visually impaired individuals

Global Volunteer Month "MUFG Gives Back"

Since the establishment of Global Volunteer Month in 2013, MUFG employees all over the world have been working together on social contribution activities. In the wake of the Great East Japan Earthquake, Japan was blessed with support from across the world for its reconstruction efforts. In response, and as an opportunity to express gratitude for the support Japan received, we have named these initiatives "MUFG Gives Back", and we continue to expand our activities each year. Such activities where our employees work together on a global scale are opportunities for our employees in different regions and bases around the world to experience the significance of social contribution activities. In FY 2022, we implemented the "Happy Christmas Together!" Project in Japan. MUFG employees created about 2,100 Christmas cards that were delivered through the CliniClowns Japan, a certified NPO, to children in pediatric wards at hospitals nationwide and to children receiving treatment at home.



Participation in FIT For Charity Run

MUFG participates in the FIT^{note} For Charity Run organized as a volunteer charity event by employees at companies involved in the financial services industry. The participation fees paid by the employees and cooperation fees provided by the companies of participating runners are donated in support of organizations that have roots in the community and implement socially significant activities but are unable to secure funding to support their activities due to lack of recognition and other problems. MUFG has been participating in the event since it was held for the fifth time in 2009. In 2022, about 750 employees from 22 group companies participated in the 18th run.

note: Abbreviation of Financial Industry in Tokyo

Acom "Miru" Concert Monogatari

ACOM has been inviting local citizens to "Acom 'Miru' Concert Monogatari" performances all across Japan. Ever since the first performance was staged in 1994, more than 240,000 people have enjoyed upwards of 250 performances. The concerts are truly original works of art that integrate colorful silhouettes and live renditions by a piano trio (piano, violin, and cello) with narration. Moreover, the concerts are held as barrier-free events, with sign language translation provided on stage and ample wheelchair places secured in the auditorium, making it possible for everybody to have a good time. Also, the concerts are run with the cooperation of many people, not only ACOM employees but also local governments and community volunteers. For more information about the Acom 'Miru' Concert Monogatari, visit ACOM's official website.



Volunteer Leave Program and Assistance for Activity Funding

We have introduced a volunteer leave program that enables employees to participate actively in environmental contribution activities as members of society. We also provide event funding, money to purchase physical items and other financial support for employee volunteer facilities and organizations that meet certain conditions.

Support for Donation Activities

MUFG Bank Social Contribution Fund (Established 2008)

This fund gives money to organizations addressing social issues and contributing to relief funds in times of large-scale natural disaster, using funds donated by company executives and employees through deductions from their salaries each month. These funds are combined with matching contributions from MUFG Bank. In FY 2022, approximately 5,500 executives and employees participated, donating 52.5 million yen to 12 groups.

Kakehashi-Shintaku Ai-no-Kikin Fund (Established 1977)

This fund collects membership fees from Mitsubishi UFJ Trust and Banking and affiliated company officers, employees, former employees, and their families to make donations to social welfare organizations nationwide that engage in such activities as welfare for the elderly, healthcare covered by health insurance and disaster assistance. In FY 2022, the Fund donated 1.2 million yen to 12 groups.

Employee Donations Account (Opened in 2007)

Mitsubishi UFJ Securities Holdings has an account for collecting donations from employees of domestic subsidiaries (Mitsubishi UFJ Morgan Stanley Securities, MUS Business Service, and MUS Information Systems). The company matches the funds donated by employees each year (from July through June). From its establishment through June 2023, the account has donated a total of approximately 7 million yen to two organizations.

Donations based on Employees' Ongoing Fund Raising (Established in 2011)

Mitsubishi UFJ NICOS has continued to raise funds based on employees' salary deductions since September 2011 for the purpose of supporting reconstruction following the Great East Japan Earthquake. Through this scheme, which also includes donations by the company, a total of 126 million yen had been donated by FY2022. Currently, the company makes donations to the UNESCO Association Study Support Scholarship and the Great East Japan Earthquake Fukushima Children's Fund.

ACOM Bluebird Fund (Started in 1984)

The fundraiser was initiated by ACOM employees. Money collected through donation boxes installed companywide and payroll deductions are donated as relief funds in the event of a major natural disaster. As of August 31, 2021, the cumulative total of donations has reached approximately 12 million yen (100 donations). As a general rule, the company makes matching donations.

List of Organizations Supported by MUFG

The organizations that MUFG supports and works with in order to solve social problems are listed below.

Field	Name of organizations
Development of the Next Generation and Support for Children	Certified Nonprofit Organization Japan CliniClowns Association
	Chance for Children
	Learning for All
	Ashinaga Foundation
	Scout Association of Japan
	National Federation of UNESCO Association in Japan
	Japan Committee for UNICEF
	Manner Kids Project
	Teach For Japan
Environmental Conservation	Present Tree (Environmental Relations, Certified NPO)
	WWF Japan
	The Life style Research Institute of Forests
	NPO Umisakura
	Port of Nagoya Public Aquarium Nagoya Port Foundation
Natural disasters/ others	Japan Association for the World Food Programme
	Japan Platform
	Japanese Organization for International Cooperation in Family Planning (JOICFP)
	Japan Guide Dog Association
	Japan Cancer Society
	Special Olympics Nippon Foundation (SON)
	Japan Deafblind Association

Corporate Governance

- ▼ Corporate Governance System
- ▼ Responsibility and Authority in Sustainability Management
- ▼ Internal Audit

Corporate Governance System

For more information on MUFG's corporate governance, please refer to the below.

- Governance
- Corporate Governance Report
- Annual Securities Report (only in Japanese)

Board of directors	
Responsibility and Authority	Responsibility and Authority in Sustainability Management
Structure	Corporate Governance Report
Independence of the Chair	
Committees	
Nominating and Governance Committee	Corporate Governance Report
Compensation Committee	
Audit Committee	
Risk Committee	
U.S. Risk Committee	
Board of Directors' effectiveness and performance evaluation	
	Corporate Governance Report
Executive Compensation	
Assessing executive compensation based on the performance	Corporate Governance Report
Shareholding restriction	Annual Securities Report
Disclosure of Executive Compensation	Corporate Governance Report
Clawback / Malus	Annual Securities Report
Stock	
Shareholding Ratio (Shareholding Status)	Annual Securities Report
Shareholder Rights	Corporate Governance Report
Separation of shareholding and voting rights	Annual Securities Report

Responsibility and Authority in Sustainability Management

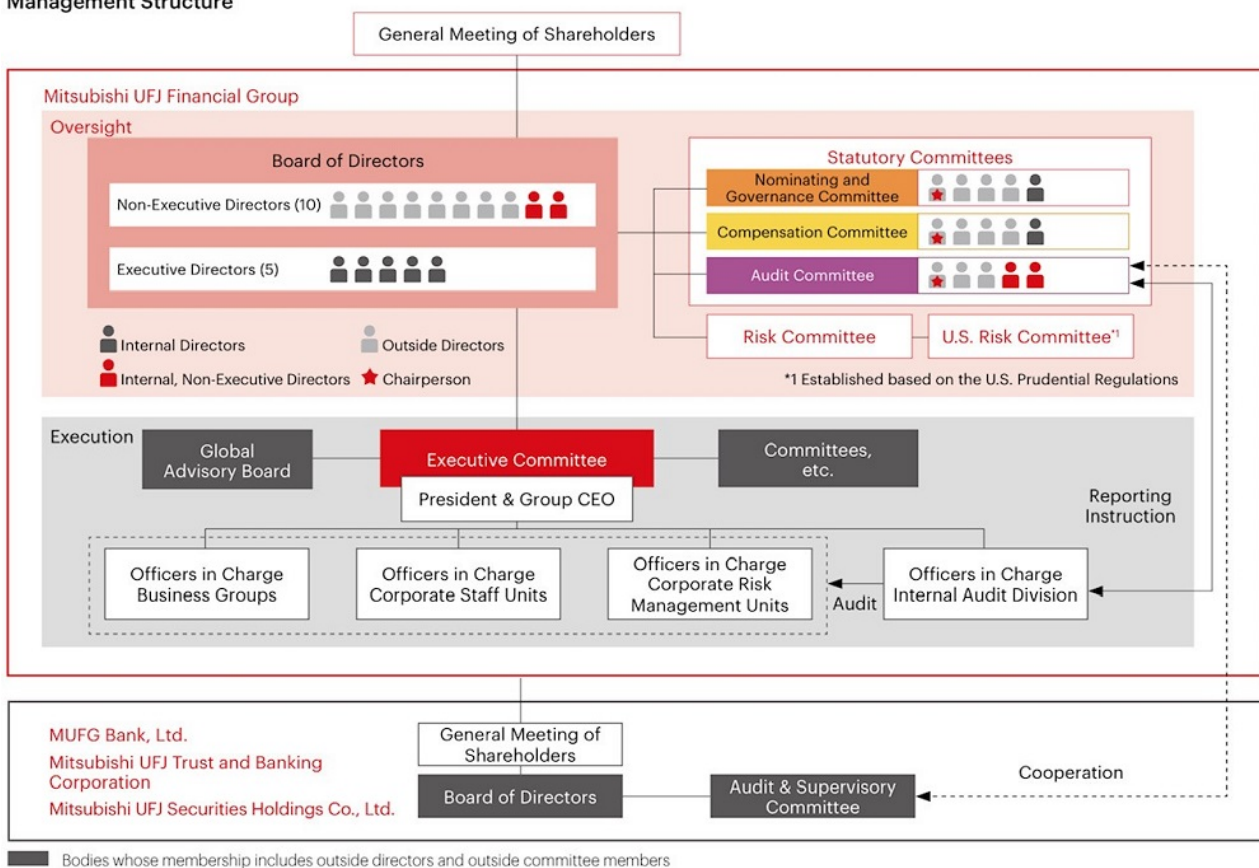
Fundamental Concept

MUFG aims at its sustainable growth and increase in medium to long-term corporate value, based on the requests from stakeholders including shareholders, customers, employees and local communities. MUFG is committed to fair, just and transparent corporate management and to the realization of effective corporate governance guided by the MUFG Corporate Governance Policies.

[MUFG Corporate Governance Policies](#)

MUFG's Management Structure

Management Structure



Committees

Approach to ESG Issues

Sustainability Committee Meetings

MUFG holds regular committee meetings to identify ESG issues affecting corporate management, and report and discuss how the Group is responding to them.

In fiscal 2022, the committee meeting was held in January 2023 and deliberated on the business environment surrounding MUFG and reviewed the status of responses to priority issues. Details of the deliberations are as follows.

Principal Themes of Discussion and Other Items Considered at the Fiscal 2022 Sustainability Committee Meeting

Theme	Details
1 Response to sustainability issues and assessment of the prevailing environment	<ul style="list-style-type: none"> ● Status of our response to priority sustainability issues and fiscal 2023 initiatives requiring our focus ● Assessment of major trends at home and abroad regarding sustainability issues and the prevailing environment
2 Climate change measures	<ul style="list-style-type: none"> ● Main outcomes of initiatives to realize carbon neutrality and our response in fiscal 2023 ● Interim targets for 2030 toward the achievement of net-zero GHG emissions from our financed portfolio in 2050 (interim targets for additional sectors and results of emissions from sectors subject to disclosure) ● Measurement of financed emissions from sectors specified by the TCFD recommendations ● Future policies for promoting transition in light of the invigoration of green transformation (GX)-related investment in Japan
3 Natural capital and biodiversity	<ul style="list-style-type: none"> ● Financial institutions' positioning of natural capital and biodiversity and trends in the global discussion of such matters ● Initiatives to launch TNFD-related information disclosure (analysis of risks and the examination of opportunities expected to emerge going forward)
4 Respect for human rights	<ul style="list-style-type: none"> ● Identification of priority human rights-related issues that require immediate response based on a human rights risk map ● Direction of our response to human rights-related issues (strengthening of human rights due diligence, the issuance of a human rights report, etc.)
5 Human capital and inclusion & diversity (I&D)	<ul style="list-style-type: none"> ● Concepts regarding and future policies on human capital management and relevant information disclosure ● Actions to be taken in fiscal 2023 to promote I&D
6 Initiatives as an asset manager	<ul style="list-style-type: none"> ● Initiatives to be undertaken in the aftermath of the formulation of the interim targets by the Net Zero Asset Managers initiative (NZAM) ● Issues associated with the promotion of sustainable investment and our response
7 Revision of the MUFG Environmental and Social Policy Framework	<ul style="list-style-type: none"> ● Revision of descriptions regarding the forestry and palm oil sectors, the inclusion of human trafficking in Prohibited Transactions excluded from financing and the addition of businesses in conflict areas to Transactions of High Caution
8 ESG assessment	<ul style="list-style-type: none"> ● Results of fiscal 2022 ESG assessment and the status of initiatives now under way to address issues
9 Disclosure of non-financial information	<ul style="list-style-type: none"> ● Global regulations regarding the disclosure of non-financial information and issues to be addressed going forward

External Advisors in the Environment and Social Fields

Since 2019, we have engaged external experts in the environmental and social fields as permanent external advisors.

Opinions were exchanged between the experts and the members of the Board of Directors, allowing us to use their broad knowledge of ESG in our sustainability initiatives.

One such meeting held in December 2022 saw attendees engage in lively discussions covering a diverse range of topics that included the latest trends in international initiatives to counter climate change—the current highest priority topic—COP27 concerns and biodiversity—a subject whose importance is growing—as well as human capital and initiatives to ensure respect for human rights.

Rintaro Tamaki	President, Japan Center for International Finance
Junko Edahiro	Professor, Graduate School of Leadership and Innovation, Shizenkan University / President, Institute for Studies in Happiness, Economy and Society / Founder and President, e's Inc.
Kenji Fuma	CEO, Neural Inc.

Study Sessions for Management

In order to invigorate internal discussions on sustainability, MUFG group companies invited experts in various fields to hold study sessions. In study sessions, the management team actively exchanges opinions with these experts.



Executive Compensations

Introduction of a Heightened Metric for ESG-Related External Ratings as a New Key Performance Indicator for the Executive Compensation System

MUFG has revised its executive compensation system to achieve the medium-term business plan and implement sustainability management, and has newly installed a heightened metric for ESG-related external ratings as a medium- to long-term performance-linked indicator for stock-based compensation.

The system is designed to reflect the degree of improvement found through the external ratings granted by five major ESG rating agencies^(note) for executive compensation. The intention is to align MUFG's corporate activities with the interests of its diverse stakeholders.

(note) MSCI, FTSE Russell, Sustainalytics, S&P Dow Jones, CDP

Type of compensation	Linkage with performance	Performance-based compensation range	Standards for payment		Time of payment	Payment method	Proportion of Group CEO's compensation	
				Weight				
Annual base salary	Fixed	—	<ul style="list-style-type: none"> • Paid based on positions, etc. • Includes Director Allowance, Committee and Chair Allowance, Housing Allowance, Overseas Representative Allowance, etc. 		Monthly	Cash	1	
Stock compensation	Non-performance-based	—	Base amount by position		At the time of retirement of executives		1	
	Medium- to long-term performance-based	0-150%	Base amount by position	Performance factor (medium- to long-term achievement evaluation)	<50%>	50% in shares 50% in cash Note: Subject to malus (confiscation) and clawback (restitution claim)		
				Target attainment rate of indices below in MTBP				
				<ul style="list-style-type: none"> (1) Consolidated ROE (2) Consolidated expenses reduction amount (excluding performance-linked expense) (3) Ratings granted by ESG rating agencies 	<ul style="list-style-type: none"> 30% 15% 5% 			
		Performance factor (competitor comparison evaluation) ③	<50%>	At the end of the MTBP				
		Comparison of year-on-year growth rate of indices below with competitors	25%		25%			
Cash bonuses	Short-term performance-based	0-150%	Base amount by position	Performance factor (quantitative evaluation factor applied to the Group CEO)	<60%>	Annually	Cash	1
				Rate of year-on-year change and target attainment rate of indices below				
				<ul style="list-style-type: none"> (1) Consolidated net operating profits (2) Profits attributable to owners of parent (3) Consolidated ROE (4) Consolidated expense amount 	<ul style="list-style-type: none"> 20% 10% 20% 10% 			
				Status of individual execution of duties (qualitative evaluation factor applied to Group CEO)				
		<ul style="list-style-type: none"> • Improvement in customer-segment profitability • Risks handling • Enhancement of efforts on ESG, evolution of sustainability management • TSR, etc. 	<40%>					

1. To incentivize efforts to improve MUFG's earnings power, capital efficiency and profit structure, each of which is considered a management issue requiring the utmost priority, the degree of achievement vis-à-vis target levels stipulated in the Medium-Term Business Plan (MTBP) regarding consolidated ROE and consolidated expense reduction (excluding performance-linked expense) is determined on an absolute evaluation basis.
2. In addition to incentivizing recipients to advance sustainability management, the degree of improvement in external ratings granted by the five major ESG rating agencies (MSCI, FTSE, Russell, Sustainalytics, S&P Dow Jones and CDP) is determined on an absolute evaluation basis, with the aim of objectively assessing the recipient's contribution to MUFG's initiatives to address ESG issues in a variety of fields.
3. Relative comparisons with competitors are made with Mizuho Financial Group and Sumitomo Mitsui Financial Group.
4. In bonus-related qualitative evaluations of performance of duties by the president and other relevant officers, we have set targets related to contribution to the resolution of environmental and social concerns, the promotion of inclusion & diversity, and the strengthening and upgrading of MUFG's governance structure. In fiscal 2023, we further added targets related to human rights, biodiversity, and human capital.

Internal Audit

Internal Audit

Compliance

Basic Policy

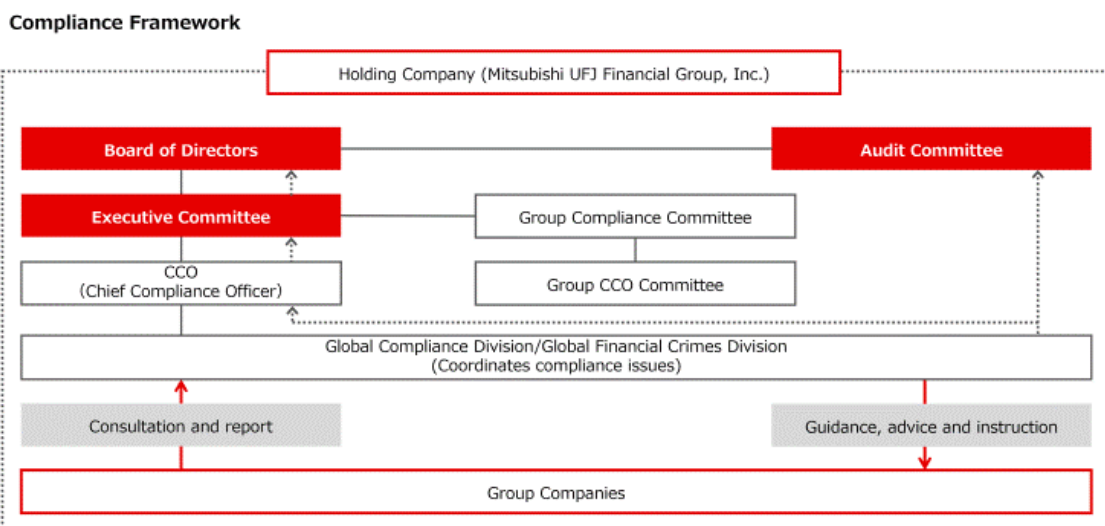
We have established the MUFG Group Code of Conduct as a set of guidelines for how the Group’s directors and employees should make decisions and act on a daily basis to realize the MUFG Way. The code expresses our commitment to complying with laws and regulations globally, to acting with honesty and integrity, and to behaving in a manner that supports and strengthens the trust and confidence of society.

In addition, as we expand the geographic scope of our business globally, we are committed to keeping abreast of developments in laws and regulations of the jurisdictions in which we operate, including anti-money laundering and antibribery rules as well as competition laws, while paying attention to trends in financial crimes.

Compliance Framework

Management and coordination of compliance-related matters are the responsibility of separate compliance management divisions established at the holding company and the major subsidiaries, namely, the Bank, the Trust Bank and the Securities (hereinafter, the “three subsidiaries”). Each compliance management division formulates compliance programs and organizes training courses to promote compliance, and regularly reports to each company’s board of directors and Executive Committee on the status of compliance activities.

The holding company has established a Group Compliance Committee while the three subsidiaries have Compliance Committees under their executive committees to deliberate key issues related to compliance. Additionally, the holding company has a Group Chief Compliance Officer (CCO) Committee, which consists of the CCO of the holding company and the CCOs of the three subsidiaries. The Group CCO Committee deliberates important matters related to compliance and compliance-related issues for which the Group should share a common understanding.



Whistle-Blowing Systems

Having positioned its whistle-blowing systems as an important governance tool, MUFG has helped each Group company develop such a system to ensure their ability to identify compliance issues early so that any problems can be quickly rectified. Moreover, the MUFG Compliance Helpline operates year-round and is capable of handling a report from any Group member no matter what their location on an around-the-clock basis.

The Code of Conduct and the internal policy of each Group company ensure anonymity of the whistleblower and confidentiality of the report, so that whistle-blowers will not be subjected to detrimental treatment. We are thus ensuring thorough protection for whistle-blowers even as we carry out investigations into issues being reported and conduct corrective measures, as well as follow-up inspections.

In addition, we aim to ensure that each employee is able to quickly access the Helpline without hesitation whenever he/she has even the slightest suspicion regarding compliance. To this end, we strive to enhance our reliability by making sure the Helpline contact point is well known and our activity well understood by showing the numbers we took care of, and moreover, sharing actual compliance-related cases in a manner that protects the anonymity of individual whistle-blowers.

In fiscal 2022, a total of 411 reports were accepted at MUFG and main Group companies.

In line with the revised Whistleblower Protection Act, which came into effect in June 2022, we have upgraded whistle-blowing systems in place at MUFG as well as Group subsidiaries and affiliates, so that employees can feel more secure about using the systems.

MUFG Accounting Auditing Hotline

MUFG has set up an accounting auditing hotline to be used to make reports related to instances of improper practices (violations of laws and regulations) and inappropriate practices, or of practices raising questions about such impropriety or inappropriateness, regarding accounting and internal control or audits related to accounting in Group companies. The audit committee oversees the reporting process to ensure the appropriateness and effectiveness of the reporting process and monitors the reports received through the hotline. The reporting process works as follows, and may be carried out via letter or e-mail:

Hokusei Law Office, P.C.

Address: 8F Sanshi Kaikan, 1-9-4 Yurakucho, Chiyoda-ku, Tokyo

e-mail: MUFG-accounting-audit-hotline@hokusei-law.com

When reporting information please pay attention to the following:

- Matters subject to reporting are limited to those related to accounting, internal control regarding accounting and accounting auditing of MUFG Group. Please note that other inquiries may not be answered.

For any inquiries about the products and services of Group companies, please refer to the inquiries listed on each company's website.

- Please provide detailed information with respect to the matter. Without detailed factual information there is a limit to how much our investigations can achieve.

- Anonymous information will be accepted.
- No information regarding the identity of the informant will be passed on to third parties without the approval of the informant him- or herself. However, this excludes instances where disclosure is legally mandated, or to the extent that the information is necessary for surveys or reports, when data may be passed on following the removal of the informant's name.
- Please submit reports in either Japanese or English.
- If the informant wishes, we will endeavor to report back to the informant on the response taken within a reasonable period of time following the receipt of specific information, but cannot promise to do so in all instances.

Risk Management

- ▼ Managing Environmental and Social Risks in Financing
- ▼ Cyber Security
- ▼ Combating Financial Crime

Details on MUFG's Integrated Risk Management are available on [Risk Management](#).

Managing Environmental and Social Risks in Financing

Principles of Risk Management

MUFG has identified the risks associated with various environmental and social issues, such as response to climate change & environmental protection, as a priority issue, and recognizes that they exert significant influence on the Group's corporate management for sustainable growth. As a financial institution that aims to be a trusted global financial group chosen by the world, the Group also grasps the risks caused by its business activities and endeavors to control and reduce them. MUFG manages these sustainability-related risks within the MUFG Environmental and Social Policy Framework, which is based on the MUFG Environmental Policy Statement and the MUFG Human Rights Policy Statement. The Framework is managed by the Sustainability Committee under the Executive Committee, and it is formed to be consistent with the framework for controlling reputational risks that could damage the Group's corporate value.

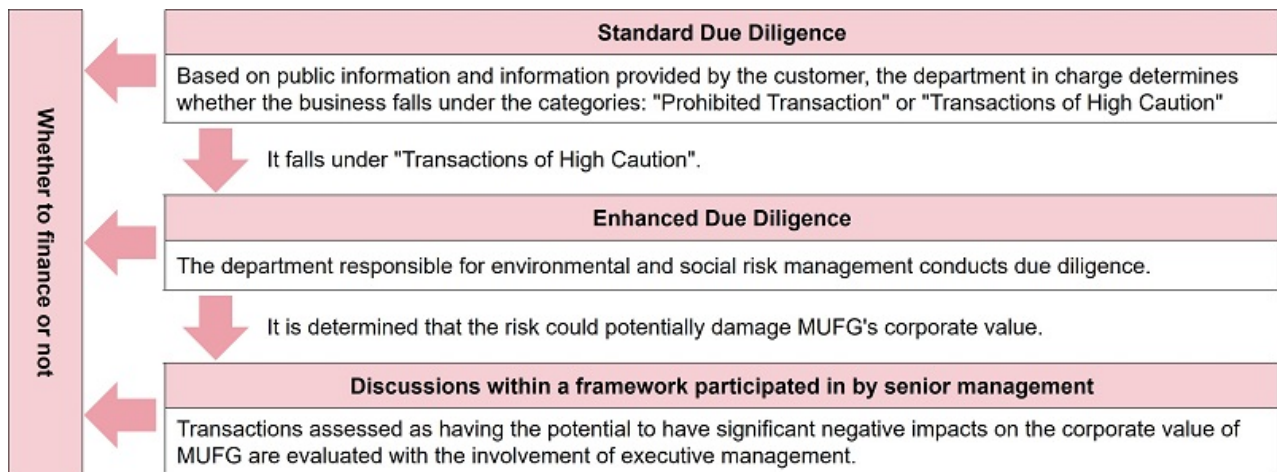
In addition, the status of policies and initiatives to the environmental and social risks are discussed and reported by the Credit & Investment Management Committee, the Credit Committee and the Risk Management Committee depending on the theme. Conclusions reached by the above committees are reported to the Executive Committee, and reported to and discussed by the Board of Directors, and the Board of Directors oversees risks related to environmental and social issues.

Risk Assessment Process

Standard due diligence is conducted by departments that have direct contact with customers to identify and assess the environmental and social risks of business that is to be financed by MUFG. If it is determined that the business needs to be examined more carefully, MUFG conducts enhanced due diligence and decides whether or not to finance the business.

As for business that would have significant environmental and social risks and could potentially damage MUFG's corporate value or develop into a reputational risk, MUFG holds discussions on how to handle it within a framework participated by senior management. In addition, the Bank adopted the Equator Principles, a framework for identifying, assessing and controlling the environmental and social risks of large-scale projects, and conducts risk assessments in accordance with its Guidelines.

The process of identifying and assessing the environmental and social risks or impacts of a business to be financed



Major Risks and Responses

MUFG designated business with significant environmental and social risks as "Prohibited Transactions" if they are illegal businesses or businesses with illegal purposes and the like, and as "Transactions of High Caution" if they have a negative impact on indigenous communities and the like. It has been tightening its policy on business that has a significant impact on climate change including coal-fired power generation. By periodically reviewing and sophisticating the MUFG Environmental and Social Policy Framework, the Sustainability Committee will continue to address risks that may emerge as a result of changes in business activities and the business environment.

Prohibited Transactions	Transactions of High Caution
<ul style="list-style-type: none"> • Illegal transactions and transactions for illegal purposes • Transactions which violate public order and good morals • Transactions that negatively impact wetlands designated under the Ramsar Convention • Transactions that negatively impact UNESCO designated World Heritage Sites • Transactions violating the Convention on International Trade in Endangered Species of Wild Fauna and Flora (Washington Convention) • Transactions involving the use of child labor, forced labor or human trafficking • Cluster Munitions and Inhumane Weapons Manufacturing 	<p>[Cross-sector guidelines]</p> <ul style="list-style-type: none"> • Impact on Indigenous Peoples Communities • Land expropriation leading to involuntary resettlement • Impact on High Conservation Value areas • Cause of or contribution to, or direct linkage with, violation of human rights in conflict areas <p>[Sector specific guidelines]</p> <ul style="list-style-type: none"> • Coal Fired Power Generation, Mining (Coal), Oil and Gas, Large Hydropower, Forestry and Palm Oil Sector

Cyber Security

Basic Policy

MUFG is well aware of its social responsibilities regarding securing the assets entrusted to it by its customers and its obligation to provide secure and stable financial services. MUFG has positioned risk and threats posed by cyber-attacks and other relevant events as one of the Top Risks and is promoting cyber security measures under management leadership.

Cyber Security Management Structure

Governance Structure

MUFG has established cyber security standards that refer to international guidelines and is engaged in the development of relevant strategies and organizational structures as well as the planning and implementation of initiatives aimed at enhancing its cyber security measures.

MUFG enacted the Cyber Security Management Declaration with the intention of strengthening the security management structure under the direct supervision of top management as a response to cyber-attacks and crimes that are becoming more advanced and sophisticated year by year. Moreover, in 2022, MUFG separated the Cyber Security Office from the Information Systems Planning Division as an independent division operating under the leadership of the Group Chief Information Security Officer (CISO). MUFG has a governance structure supporting business judgement according to changes in the surrounding environment through timely and proper reporting to the Board of Directors and the Executive Committee. Taking advantage of the structure, MUFG puts effort into the effective and efficient promotion of cyber security strategies while continuously working to defend MUFG against day to day cyber-attacks.

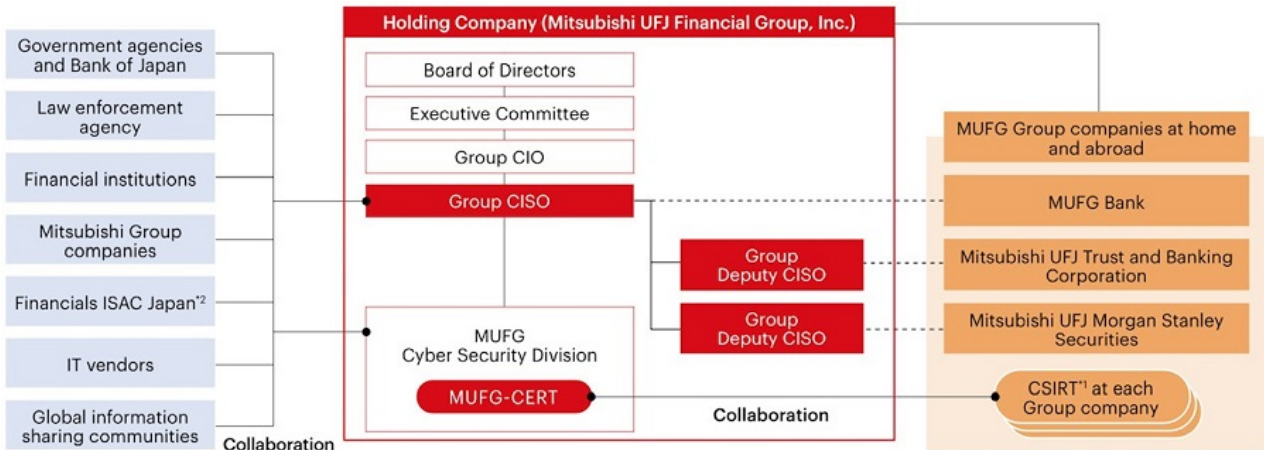
Management Structure

The MUFG Cyber Security Fusion Center (MUFG CSFC), a security center has been launched to provide threat analysis and security measures, plays key roles in around-the-clock monitoring and incident response on a groupwide and global basis. Furthermore, MUFG has set up the MUFG-CERT as an umbrella organization in case of the occurrence of a cyber security incident to act in cooperation with the Computer Security Incident Response Teams (CSIRTs) of Group companies. MUFG conducts periodic exercises and drills to ensure its ability to promptly perform such functions as information sharing, decision making, external public relations and technical countermeasures. In addition, MUFG has stepped up collaborative activities with government agencies, other companies in the financial industry and security communities, including the Nippon CSIRT Association.



Staff working at MUFG Cyber Security Fusion Center (MUFG CSFC)

Cyber Security Governance Structure (MUFG)



*1 Computer Security Incident Response Team: A team tasked with receiving first-hand reporting on security incidents and conducting investigations into and making responses to such incidents

*2 A framework of collaborative activities undertaken by its more than 400 member financial institutions to protect Japan's financial infrastructure from the threat of cyberattacks

Main Initiatives to Counter Cyber Security Threats

Security Measures to Counter Growing Threats

MUFG has set up a dedicated team focused on threat intelligence to centralize such related activities as impact analysis for newly found vulnerabilities or past experiences, and remediation for those impacts on a groupwide and global basis. Additionally, the team monitors systems for external stakeholders daily to prevent any flaws in security updates or configuration settings.

In step with the widespread popularization of electronic payment via such internet services as Internet banking, cybercrimes that target online services have become a social issue. MUFG is implementing a variety of initiatives to deliver safe and secure services to customers, such as ensuring robust online verification, thoroughgoing vulnerability countermeasures, threat intelligence, anomaly detection and suspicious-transaction monitoring.

In May 2022, MUFG was chosen by the Financials ISAC Japan^(note) to receive its fiscal 2021 annual award in recognition of the Company's leadership in the sharing of insights and know-how regarding countermeasures against unlawful remittance and the promotion of other collaborative initiatives among financial institutions.

(note) A framework of collaborative activities undertaken by its more than 400 member financial institutions to protect Japan's financial infrastructure from the threat of cyberattacks



CISO Ohinata giving a speech at an award ceremony

Our Response to Digital Transformation (DX)

MUFG actively utilizes such new technologies as cloud services, AI, Robotics and Open APIs for business. The Cyber Security Division participates in projects related to new technologies from the early stages, such as the planning and design phases. This activity contributes to the development of multilayered security measures and the realization of coexistence between safety and technology-driven transformation through proactive actions, including procedure development for the safe utilization of new technology, risk evaluation and the monitoring of configuration settings.

Nurturing Security Specialists

Cyber security measures cover a wide range of areas, including governance, threat intelligence, risk management, engineering, monitoring operation and incident response. MUFG has secured an in-house team capable of managing and carrying out the above functions.

To ensure the robust implementation of each security measure, MUFG has systematically categorized the talents and skill sets expected of security members to provide them with optimally designed human resource development programs, which combine in-house and external lectures and exercises while giving due consideration to the competencies of each member, the nature of tasks to be assigned to them and possible opportunities for their future career advancement. Furthermore, MUFG has boldly pursued the improvement of security measures in order to keep up with constant changes in technology, the utilization environment and cyber-attacks, and to nurture them in its professional capacity.

Providing Cyber Security Education to Foster a Proper Culture

For MUFG to maintain the stable operation of its financial infrastructure, it is essential to foster the corporate culture in which each employee understands the importance of cyber security and considers what should be done as a company while acting in collaboration with other financial institutions or government authorities. MUFG provides educational programs to not only employees directly involved in cyber security but also those engaged in the planning and promotion of business services so that every employee is well-versed in necessary countermeasures against cyber-attacks. Furthermore, MUFG provides employees at main Group companies with e-learning, phishing mail exercises and newsletters for alerting readers of cyber-attacks and familiarizing them with proper responses. It also hosts seminars for a wide scope of Group companies. In addition, MUFG is engaged in various activities with external organizations, such as various training programs and drills hosted by the NISC (National center of Incident readiness and Strategy for Cybersecurity), the Financial Services Agency, and the Tokyo Metropolitan Police Department.

In July 2022, MUFG signed a partnership agreement involving industry-academia-government collaboration aimed at nurturing cyber security specialists. Based on this agreement, MUFG will expand the scope of interactions with partners from different sectors and universities to enhance its own cyber security measures. At the same time, we convey MUFG's insights to society, with the aim of contributing to the enhancement of cyber security measures for society as a whole.

Combating Financial Crime

We are striving to provide services that our customers can feel secured by implementing a wide range of countermeasures against financial crimes as well as providing assistance for victims of such financial crime.

Measures to Prevent customers from attacks by Bank Transfer Frauds

To prevent customers from bank transfer frauds at ATM which has been frequently occurring in Japan, we provide necessary alerts to customers by using posters or guiding them on ATM displays etc. In addition, we prohibit phone calls at ATM since mobile phones are often used for bank transfer frauds. Also, to prevent customers from damages caused by those frauds, we have some restrictions to specified customers on transactions by ATM which may cause a fraud case. When receiving requests to withdraw large amount of cash or send money at the counter of our premises, our staff would give attention to customers and ask about the purpose of the transaction, as well as cooperate with police to prevent crimes when the transaction seems suspicious.

Furthermore, for those who open a new bank account, we would check and verify customers identification and confirm the purpose of opening the account. In addition, to prevent customers' bank account from being abused for financial crimes, we make continued efforts to give attention to customers about those crimes of selling, buying, or handing over a bank account by using leaflets and our website.

Measures to Prevent Loss from Counterfeit or Stolen ATM Cards

IC cards have been introduced to prevent harm due to cash card forgery. To prevent peeping, rearview mirrors have been installed, and ATM screens have been equipped with polarized film and provided with reminder displays about password management.

Security Measures for Internet Banking Service

A variety of effectual security measures have been established to prevent unauthorized third-party access and fake transactions through phishing and computer viruses.

MUFG Bank (the Bank) and Mitsubishi UFJ Trust and Banking (the Trust Bank) have introduced an electronic certification system, which displays a warning message if an email from the Bank or the Trust Bank has been tampered with. This system also allows customers to confirm on their computers that the server they access during Internet transactions is authentic.

In addition, in order to authenticate online transactions for individual customers, the companies provide the "One-Time Password Card," giving the user a password that is valid only once per transaction. (the Bank and the Trust Bank also provides this service through a smartphone application.) This service greatly reduces the risk of fraudulent transactions by third parties.

Security measures for corporate customers include the Internet services "BizSTATION" (the Bank) and "the Bank Business Direct" (the Trust Bank) and the provision of the "One-Time Password Card" (the Bank) and the "Transaction Authentication Token" (the Trust Bank).

Furthermore, MUFG has been implementing various security measures such as suggesting customers to use “Rapport”, a free anti-virus dedicated software to prevent customers’ PCs from infecting malware while using our Online Banking.

Efforts to Detect Unauthorized Credit Card Use

Mitsubishi UFJ NICOS is committed to complying with the Payment Card Industry Data Security Standard (PCIDSS), an international security standard for the credit card industry, developed to ensure the safe handling of credit card membership data. We have obtained compliance certification for systems involving the credit card business and are striving to maintain and improve security.

To prevent customers from becoming involved in malicious credit card crimes, we have introduced a fraud detection system that uses AI and other technologies to monitor customers’ credit cards 24 hours a day, 365 days a year, for unauthorized use by third parties.

So that customers can use their credit cards with peace of mind, we may temporarily place suspicious transactions on hold and send email messages requesting confirmation, or confirm use by the cardholder through contact by telephone or Short Message Service (SMS) following the transaction. When use by a party other than the cardholder has been determined, to prevent damage from unauthorized use we carry out procedures to suspend use of the card in question and replace it with a new card bearing a different card number.

Acquisition of ISO / IEC27001 Certification

Production systems’ operational units of NICOS cards of Mitsubishi UFJ NICOS has acquired the internationally recognized ISO/IEC 27001 certification for information security management systems as a part of their efforts to.

Acquired PrivacyMark (PMark) Licensed Operator Certification

NICOS has obtained PrivacyMark (PMark) certification from the Japan Institute for Promotion of Digital Economy and Community (JIPDEC) that evaluates the level of protection of personal information. Privacy Mark (P Mark) certifies that the business operator complies with the JIS standard for personal information (JISQ15001:2017), which has established a system to take appropriate protection measures for personal information. We are working to maintain and improve the level of protection of customers’ personal information.

Global Financial Crimes Policy Statement

Global Financial Crimes Policy Statement

Financial Crimes Risk Management Overview

Mitsubishi UFJ Financial Group, Inc. ("MUFG") and its Subsidiaries^(note) are committed to supporting the integrity of the financial system and combating financial crimes. Consistent with this commitment, MUFG has established enterprise-wide policies that require the Subsidiaries to implement risk-based programs designed to help detect, deter, and prevent financial crimes as well as assess and mitigate related risks in a manner consistent with applicable laws, rules, regulations, supervisory guidance, and industry best practices.

(note) MUFG Bank, Ltd.; Mitsubishi UFJ Trust and Banking Corporation; Mitsubishi UFJ Securities Holdings Co., Ltd.; Mitsubishi UFJ NICOS Co., Ltd.; and ACOM CO., LTD.

MUFG's Approach to Financial Crimes Risk Management

MUFG established the Global Financial Crimes Division ("GFCD") to define and oversee the implementation of consistent financial crimes risk management controls Group-wide. Each Subsidiary has established Compliance Divisions responsible for managing their respective financial crimes compliance programs under the oversight of their Boards of Directors, who have ultimate responsibility for the overall control framework.

Led by financial crimes compliance specialists, GFCD and the Subsidiary Compliance Divisions address the three financial crimes risk areas – Anti-Money Laundering ("AML")/Countering the Financing of Terrorism ("CFT"), Sanctions, and Anti-Bribery and Corruption ("ABC"). The Policy Statements for each of the three financial crimes risk areas are below.

Employee Responsibilities

Our people play an important role in the fight against financial crimes. All employees are responsible for complying with the MUFG and Subsidiary financial crimes compliance policies, asking questions, and escalating concerns, including seeking advice from a supervisor, Compliance Officer, or through our anonymous reporting channels. MUFG and its Subsidiaries prohibit retaliation against anyone who raises concerns in good faith.

Policy Statements

AML/CFT Policy Statement

MUFG and its Subsidiaries are committed to complying with both the letter and spirit of applicable AML/CFT laws everywhere we do business. This commitment includes zero tolerance for known acts of money laundering and terrorist financing.

Specifically, the MUFG AML/CFT Policy, which is made available to all employees in the form of Subsidiary-level AML policies, prohibits:

- Knowingly facilitating or participating in any financial crimes activity or any activity that facilitates financial crimes (e.g., money laundering and financing of criminal activities);
- Ignoring information or circumstances that may be indicative of financial crimes;
- Informing any person known to be involved or suspected of being involved in illegal or suspicious activity that such activity is being investigated or reported internally and/or to law enforcement authorities and regulatory agencies (known as “tipping off”);
- Allowing a new customer to transact prior to completion of the know-your-customer (“KYC”) process;^(note) or
- Onboarding a prohibited customer type, without appropriate exception or exemption.

(note) MUFG Subsidiaries may permit a potential customer to execute transactions before completing the customer verification process where doing so is essential to avoid interruptions to the normal conduct of business and does not conflict with local law. In limited circumstances, a Subsidiary may permit a temporary extension to complete the KYC process or an exemption/exception from a particular KYC requirement.

Consistent with the MUFG AML/CFT Policy, the Subsidiaries have established AML/CFT compliance programs, including the following control processes to the extent applicable:

- Designated persons responsible for their Subsidiaries’ AML/CFT compliance programs, including, as appropriate, dedicated AML/CFT officers in each country of operation;
- Annual AML/CFT risk assessments;
- KYC processes that require identification and appropriate verification of customer identities (including identification of ultimate beneficial owners), customer screening, customer due diligence, enhanced due diligence, customer acceptance/rejection, and customer reviews;
- Transaction monitoring systems and processes designed to detect unusual and potentially suspicious activity;
- Investigation processes to identify and report suspicious activity in compliance with applicable regulatory requirements;
- Prohibitions on relationships with certain customer types, including a prohibition on relationships with shell banks;
- AML/CFT information-sharing and record keeping processes; and
- Periodic employee training on applicable AML/CFT risks and controls (e.g., policy and procedure requirements).

Sanctions Policy Statement

MUFG and its Subsidiaries are committed to complying with both the letter and spirit of applicable economic sanctions laws everywhere we do business. This commitment includes zero tolerance for acts of sanctions circumvention and evasion.

The MUFG Sanctions Policy, which is made available to all employees in the form of Subsidiary-level sanctions policies, prohibits the funding of accounts and the processing of payments for, on behalf of, or for the benefit of,

sanctions targets or jurisdictions in violation of applicable sanctions, including those established by U.S. Department of the Treasury’s Office of Foreign Assets Control and the Ministry of Finance in Japan. Consistent with the MUFG Sanctions Policy, the Subsidiaries have established sanctions compliance programs, including the following control processes to the extent applicable:

- Sanctions screening and reviews with respect to customer on-boarding and processing of transactions;
- Annual assessments of sanctions risks and controls; and
- Periodic employee training on applicable sanctions risks and controls (e.g., policy and procedure requirements).


ABC Policy Statement

MUFG and its Subsidiaries are committed to fostering a corporate culture of ethical business practices and compliance with both the letter and spirit of the law everywhere we do business. This commitment includes zero tolerance for acts of bribery and corruption.

The MUFG ABC Policy, which is made available to all employees in the form of Subsidiary-level ABC policies, comprehensively addresses the key concepts of bribery and corruption and prohibits offering, giving, soliciting, or receiving, directly or indirectly, anything of value to or from anyone in exchange for an improper business benefit or advantage. The Policy also prohibits facilitation payments and falsifying books, records, and accounts relating to Subsidiaries’ business activities.

Consistent with the MUFG ABC Policy, the Subsidiaries have established ABC compliance programs including the following control processes, which comprehensively address bribery and corruption:

- Annual assessment of bribery and corruption risks and controls;
- Risk-based due diligence and oversight of third-party service providers who act on a Subsidiary's behalf (i.e., intermediaries);
- Review of gifts and hospitality, offers of employment/work experience, and charitable donations, particularly activities involving public officials;
- Evaluation and management of risks associated with business transactions, including mergers and acquisitions; and
- Periodic employee training on applicable bribery and corruption risks and controls (e.g., a review of key concepts of bribery and corruption, including different elements/types, and policy and procedure requirements).

[MUFG Anti-Bribery and Corruption \(ABC\) Policy \(PDF / 131KB\)](#) 

Additional Program Elements

In addition to compliance programs for each risk area, the Subsidiaries have established core functions that are applicable to all three programs, including record keeping/retention, monitoring and reporting to governing bodies (e.g., board- and management-level committees), and audit management functions.

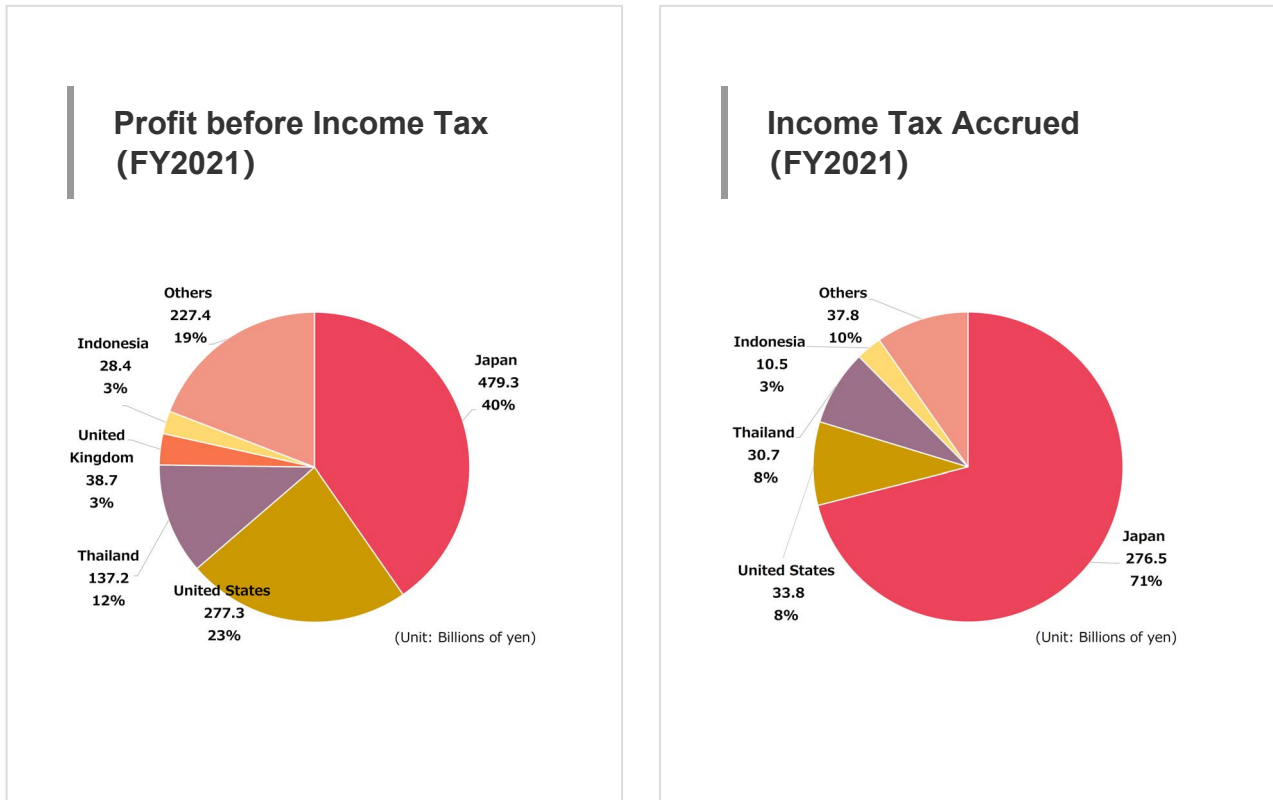
Basic Stance toward Tax

MUFG Tax Policy

MUFG Group (Mitsubishi UFJ Financial Group, Inc. and its consolidated subsidiaries) recognizes that as a corporate citizen, putting its best efforts into making appropriate tax payments is an important duty. As stated below, we are committed to complying with laws and regulations enforced in countries and regions in which we operate and fulfilling our tax obligations in a fair and appropriate manner.

1. MUFG Group, in performing their duties, abides by all tax laws and regulations in each country and region where we operate.
2. MUFG Group does not engage in any business activities, transactions, corporate formations, etc. deemed to be Tax Evasion or Aggressive Tax Avoidance.
3. MUFG Group shall not provide financial products or services that may assist or enable MUFG customers to engage in behavior deemed to be Tax Evasion or Aggressive Tax Avoidance.
4. MUFG Group cooperates with sincerity and transparency with the Tax Authorities to maintain a trustful relationship.
5. MUFG Group strives to enhance corporate governance regarding tax compliance and to increase the awareness of tax compliance by providing education and training opportunities to our employees.
6. MUFG Group is committed to complying with the BEPS Action Plan, OECD Transfer Pricing Guidelines, and other international tax rules.

Profit before Income Tax and Corporate Income Tax per Country



(note1) The figures shown above are based on the Country-by-Country Report (CbCR) submitted to the Japanese tax authorities and are those for the top five countries in terms of revenue.

(note2) The figure of Income Tax Accrued in the United Kingdom is negative 800 Million yen due to tax refunds, and it is included into "Others".

Protection of Personal Information

Initiatives related to protection of personal information

- In accordance with the MUFG Way, MUFG Group recognizes its social responsibility to handle customers' personal information, Individual Numbers and specific personal information (hereafter, "specific personal information, etc.") appropriately, and has established the MUFG Group Personal Information Protection Policy. We do our utmost to ensure the protection of our customers' personal information and specified personal information, etc., by having all executives and employees comply with this policy.
- The MUFG Group Personal Information Protection Policy applies to all MUFG Group operations that handle personal information and specified personal information, etc. Any handling of personal information and specified personal information, etc., that is outsourced to an external contractor is done so under a contract, etc., based on the MUFG Group Personal Information Protection Policy.
- MUFG Group has incorporated the MUFG Group Personal Information Protection Policy into the compliance management of each Group company and clarified various safety control measures and management methods related to personal information, as well as corrective measures in the event of an information leakage, etc.
- The MUFG Global Compliance Division, as the department responsible for the management of personal information protection at MUFG Group, handles the integrated management of personal information protection within MUFG Group.
- Based on the MUFG Group Personal Information Protection Policy, each Group company has established regulations for the protection and management of personal information, and has designated people and departments in charge, their roles, etc., to integrate the management of personal information protection.
- The department that oversees the management of personal information protection at each Group company is responsible for the integrated management of personal information protection, including the consolidation of internal regulations, reporting to the Board of Directors, etc. In addition to developing a system for the protection of personal information, the department provides guidance to relevant departments and provides training, etc., to ensure that customers' personal information and specified personal information, etc., is handled appropriately. Training sessions for all executives and employees (including contract/temporary employees) are held regularly as part of efforts to enhance our personal information protection management system.
- At MUFG Group, we conduct internal audits to ensure appropriate management of personal information protection.
- MUFG Group was not subject to any administrative punishment related to protection of personal information in fiscal year 2022.

[Personal Information Protection Policy](#)

Participation to Initiatives

MUFG participates in and endorses a variety of initiatives to meet the social responsibilities as a financial institution, meet the demands of the international community, and contribute to the realization of a sustainable society. (Listed in descending order of endorsement)

Environment

United Nations Environment Program Finance Initiative

MUFG is a signatory to the United Nations Environment Program Finance Initiative (UNEP FI). It is a public-private partnership "seeking to encourage the better implementation of environmental and sustainability principles at all levels of operations in financial institutions".



CDP

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



Climate Change

Energy Transition Initiative-Center for Global Commons (ETI-CGC)

In November 2021, the University of Tokyo and 13 major domestic companies launched the Energy Transition Initiative – Center for Global Commons (ETI-CGC) as an initiative to help with decarbonization.

We advance discussions of pathways to achieve carbon neutrality in Japan.

As a founding member of ETI-CGC, MUFG is actively contributing to the activities of ETI-CGC from the standpoint of a financial institution.

Net Zero Asset Managers initiative (NZAM)

This initiative aims for global asset management companies that have endorsed the intent of the agreement, to achieve net zero greenhouse gas emissions by 2050, in order to achieve the targets agreed in the Paris Agreement (namely to keep global average temperature increases below 2°C and 1.5°C compared to pre-Industrial Revolution).

In November 2021, Mitsubishi UFJ Trust and Banking Corporation and its affiliated asset management companies, Mitsubishi UFJ Kokusai Asset Management Co., Ltd. , MU Investments Co., Ltd. , Mitsubishi UFJ Asset Management (UK) Ltd. have decided to participate in this initiative.

Asia Transition Finance Study Group (ATFSG)

Launched in October 2021, The ATFSG is an initiative formed and led by private financial institutions to facilitate transition finance in Asia. MUFG has led discussions with more than 30 participating financial institutions, based on which the ATFSG has compiled practical guidelines to be used by financial institutions when they consider transition finance along with the ATFSG activity report and a list of recommendation for support from governments and other stakeholders. These documents were then publicized at the Asia Green Growth Partnership Ministerial Meeting (AGGPM) hosted by the Ministry of Economy, Trade and Industry in September 2022.

Integrity Council for Voluntary Carbon Markets (IC-VCM)

The Integrity Council for Voluntary Carbon Markets is a governance body established with the aim of expanding the carbon credit market effectively and efficiently to achieve the goals of the Paris Agreement. IC-VCM is developing framework for verification and assessment of voluntary carbon credit. MUFG joined the Council in August 2021.

Partnership for Carbon Accounting Financials (PCAF)

In August 2021, MUFG joined the PCAF, an international initiative launched in 2015 with the aspiration to standardize the measurement and disclosure of financed emissions.



Glasgow Financial Alliance for Net Zero (GFANZ)

GFANZ is the largest pan-financial sector initiative in the world, bringing together independent, sector-specific alliances such as Net-Zero Banking Alliance (NZBA) and Net Zero Asset Managers initiative (NZAM). MUFG has actively contributed to international discussions in GFANZ workstreams.

We became a member of GFANZ by joining NZBA in June 2021. We have been actively participating in GFANZ workstreams to contribute to international discussions.

The GFANZ launched the GFANZ Asia-Pacific Network (GFANZ APAC) in June 2022 as its first regional office, where MUFG participates in the workstream tasked to develop the framework for the Managed Phaseout of Coal Fired Power Plants. In June 2023, the GFANZ Japan Country Chapter was launched under GFANZ APAC as the first GFANZ Country Chapter.

Masamichi Kono, Senior Advisor of MUFG Bank and Former Deputy Secretary General of the OECD, was appointed as GFANZ APAC Advisory Board Member and GFANZ Japan Advisor.

Net-Zero Banking Alliance (NZBA)

NZBA is an international industry-led initiative, convened by the United Nations Environment Programme Finance Initiative (UNEP FI) with banks committing to aligning their lending/investment portfolios with net-zero GHG emissions by 2050. MUFG became the first Japanese bank to participate in NZBA in June 2021, and became one of the NZBA Steering Group member representing Asia.

Also, MUFG chairs the NZBA Transition Finance Working Group tasked to develop concrete frameworks to expand transition finance.

The Poseidon Principles

The Bank has joined the Poseidon Principles, a global framework established by financial institutions for promoting shipping industry's decarbonization.



Keidanren Challenge Zero

Challenge Zero (Challenge Net Zero Carbon Innovation) is an initiative of Nippon Keidanren (Japan Business Federation) in collaboration with the Japanese government to strongly communicate and encourage innovative actions by companies and organizations to tackle the challenge of realizing a decarbonized society, which is the long-term goal of the Paris Agreement. MUFG participates in this initiative and contributes to the realization of a net zero society through sustainable finance.



Climate Action 100+

Climate Action 100+ was established by global investors in December 2017 as an initiative to encourage companies around the world that emit large amounts of greenhouse gases to take steps to climate change. Mitsubishi UFJ Trust and Banking Corporation has been participating in the initiative since 2018 and making relevant engagement with its investments.



Climate Change Initiative

MUFG has been participating in the Climate Change Initiative since 2018, a network to strengthen the dissemination of information and the exchange of ideas among companies, municipalities, NGOs and other organizations that are actively working to combat climate change, with the aim of achieving a decarbonized society.



Task Force on Climate-Related Financial Disclosures (TCFD)

MUFG supports the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), established by the Financial Stability Board (FSB). The recommendations developed by TCFD encourage companies to disclose climate change-related business risks and opportunities and to share information with investors.

Moreover, in May 2019, Mitsubishi UFJ Trust and Banking also declared support in its capacity as an asset management company.



Japan Climate Leaders Partnership (JCLP)

The Japan Climate Leaders Partnership (JCLP) is a Japanese corporate group established in 2009 under the recognition that industry should embrace a constructive sense of crisis and begin taking positive action to achieve a sustainable zero-carbon society. By leading the transition to a zero-carbon society, MUFG aims to be a needed presence in society. The Securities has taken part as a supporting member since October 2015.

Natural capital and Biodiversity

30by30 Alliance for Biodiversity

The Alliance was established in April 2022 as a coalition of the willing to implement the various measures incorporated in the 30by30 Roadmap formulated by the Ministry of the Environment.

Alliance participants make efforts to directly secure conservation areas or support conservation activities towards achieving the 30by30 target and disseminate the progress of such efforts.

MUFG supports the purpose of the Alliance and has been participating in it since its launch.



Taskforce on Nature-related Financial Disclosures (TNFD) Forum

The TNFD is an international initiative launched in June 2021 by the United Nations Environment Programme Finance Initiative (UNEP FI), the United Nations Development Programme (UNDP), the World Wide Fund for Nature (WWF) and Global Canopy. TNFD aims to shift global financial flows toward nature-positive outcomes through disclosure of nature-related information by companies. The TNFD Forum is a stakeholder organization to provides information and technical support related to TNFD.

MUFG, together with group companies Mitsubishi UFJ Trust and Banking Corporation and Mitsubishi UFJ Research & Consulting Co., Ltd., which began participating in the TNFD Forum in September and October 2021 respectively, will participate in the TNFD Forum to promote initiatives for natural capital and biodiversity as a group.

Declaration of Biodiversity by Keidanren

MUFG endorses the Declaration of Biodiversity by Keidanren and Action Policy, as revised in October 2018.



Others

The Sustainable Markets Initiative (SMI)

SMI is an initiative that Prince Charles of the United Kingdom called on companies to work together to promote and accelerate the realization of a sustainable future in 2020.

MUFG participate in the Financial Services Task Force and will contribute to the realization of a sustainable and environmentally friendly society and the promotion of decarbonization from the standpoint of a finance institute.



Japan Partnership for Circular Economy

MUFG has joined the Japan Partnership for Circular Economy (J4CE) that the Ministry of the Environment, the Ministry of Economy, Trade and Industry, and Keidanren (Japan Business Federation) launched in March 2021 with the aim of fostering a better understanding of the circular economy among a wide range of stakeholders, including domestic companies, and promoting its initiatives.



Operating Principles for Impact Management

The Bank is a signatory to the Operating Principles for Impact Management, a global market standard for impact investment developed mainly by the International Finance Corporation (IFC^(note)). The Bank is the first private financial institution in Japan to join the initiative.

Signatory to:



Operating Principles for Impact Management

[Verifier Statement \(PDF / 125KB\)](#)

[Operating Principles for Impact Management \(PDF / 332KB\)](#)

(note) An institution of the World Bank Group. Established in 1956, one of the world's largest international financial institutions specializing in private sector development in developing countries. Through cooperation with the private companies in about 100 countries around the world, the organization helps to eradicate extreme poverty and promote shared prosperity.

Principles for Responsible Banking (PRB)

The Principles for Responsible Banking have been developed by the United Nations Environment Programme Finance Initiative (UNEP FI) to align the banking sector with society's goals as expressed in the SDGs, the Paris Climate Agreement, and other relevant frameworks. MUFG is a signatory in 2019.



Principles for Financial Action for the 21st Century

MUFG Bank (the Bank) and Mitsubishi UFJ Trust and Banking (the Trust Bank) have been signatories to Principles for Financial Action towards a Sustainable Society (also known as Principles for Financial Action for the 21st Century) since their first announcement in November 2011. These principles established mainly through the proactive efforts of financial institutions include seven principles for financial institutions that want to take an active role and responsibility in the creation of a sustainable society, and guidelines tailored to each sector to implement the principles. The Bank, the Trust Bank and the Leasing Business will continue to make active efforts for the environment and society based on the principles.



UN Global Compact

MUFG has endorsed the United Nations Global Compact, a principle-based framework of voluntary action which is announced by then UN Secretary-General Kofi Annan in 1999. It calls to companies and organizations around the world to align strategies and operations with universal principles on human-rights, labor, the environment and anti-corruptions, and take actions that advance societal goals. As a financial group aspiring to make "contribution to realize sustainable society", MUFG agrees and supports the principles of the Global Compact and addresses to fulfill our responsibility as a global citizen.



Principles for Responsible Investment (PRI)

UNEP FI and the UN Global Compact jointly promote the Principles for Responsible Investment (PRI), which were announced in 2006. The PRI are intended to improve long-term investment performance by incorporating environmental, social and corporate governance (ESG) issues into investment decision making within the fiduciary responsibility.



In May 2006, Mitsubishi UFJ Trust and Banking (the Trust Bank) was among the first financial organizations in Japan to sign up to the Principles. Since then, the Trust Bank has been actively promoting investment practices based on the PRI in Japan.

Equator Principles

Bank of Tokyo Mitsubishi UFJ adopted the Equator Principles (EP) as a framework ensuring environmental and social considerations when financing large-scale development projects.



Adoption and adherence to the Equator Principles, a risk management framework to determine, assess and manage environmental and social risks and impacts in projects

External Evaluation

A selection of sustainability-related assessments is provided. Please click [here](#) for all external assessments of MUFG.

External Assessment of Our Sustainability Initiative

New Elements of the ESG Index

FTSE Blossom Japan Index	FTSE Blossom Japan Sector Relative Index	S&P JPX Carbon Efficient Index	FTSE4Good Index Series
Bloomberg Gender–Equality Index	Sompo Sustainability Index	Morningstar Japan ex-REIT Gender Diversity Tilt Index	

Award for Our Sustainability Initiatives

Received ESG Finance Award

The Bank was awarded Gold in the Banking Category for the second straight year at the Fourth ESG Finance Awards Japan (Minister of Environment Award) hosted by the Ministry of the Environment. The Trust Bank was awarded Silver in the Investors (Asset Managers) Category . In addition, MUFG was selected as an Environmental Sustainable Company.



Best Bank for CSR Award from Asiamoney

Krungsri (Bank of Ayudhya PCL) received the Best Bank for CSR Award from the Best Bank Awards 2022: Thailand organized by Asiamoney, a leading financial publication. Krungsri has won this prestigious award for three years in a row, reflecting its outstanding performance in social contributions, especially in terms of promoting financial literacy among youths through developing the online edutainment animated series of the Krungsri Financial Literacy: 'Simple to Learn' Project.

Ensuring Equal Access to Financial Services

Best Sustainable Finance Adviser Award

In March 2023, MUFG Bank was chosen by Asset Publishing and Research Ltd. (The Asset) as its first winner for the Best Sustainable Finance Adviser award which was launched by The Asset in 2022 in light of the increasing importance of sustainable financing.

The Bank was highly acclaimed for providing financing in wide areas within ESG such as green, social and sustainability linked financing in the APAC region, and was chosen over European and U.S. financial institutions which are active in the ESG field.

Global Bank of the Year Award

In FY2022, MUFG received the Global Bank of the Year award from Project Finance International (PFI), a publication for project finance. The award recognized MUFG's global achievements and initiatives in the field of project finance.

4th NIKKEI SDGs Management Survey: 5 stars

MUFG earned the highest rating five stars in the 4th Nikkei SDGs Management Survey, conducted by Nikkei Inc., designed to evaluate and rate businesses' efforts toward the realization of the United Nations' SDGs.



4th NIKKEI SDGs Management Grand Prix: Grand Prix

MUFG became the first financial institution to win the Grand Prix in the 4th Nikkei SDGs Management Grand Prix, sponsored by Nikkei Inc.

Out of the companies that received the highest rating of 5 stars in the Nikkei SDGs Management Survey (eight companies including MUFG this fiscal year), the Grand Prix is awarded to the most outstanding company that exhibits high performance in both improvement in corporate value and contribution to SDGs. Through the assessment, SDGs strategy & economic value, social value, environmental value, and the governance platform to drive these values are taken into consideration.

MUFG was awarded with the Grand Prix for its efforts to solve environmental and social issues in a wide range of fields including business and social contribution.

NIKKEI SDGs 経営大賞



6th NIKKEI Smart Work Management Survey: 5 stars

MUFG was recognized as the highest rating five stars company in the 6th Nikkei Smart Work Management Survey, which selects leading companies taking on the challenge of revolutionizing productivity through work style reforms.

The survey, conducted by Nikkei Inc., covers both listed and leading unlisted companies across Japan, and defines "smart work management" as an initiative to maximize organizational performance through three elements: realization of diverse and flexible work styles, the system that creates new businesses, and the ability to develop markets. With corporate governance and other management foundations, companies are rated on a five-star scale.



HR Award 2023 by the Human Resources Division in Japan

MUFG received the HR Award 2023 in the corporate human resources category for its initiatives to support career formation.

The Bank develops and offers human resources systems and programs that support individuals in building fulfilling lives and back up employees' growth aspirations, grounded in career paths in the era of century-long lifespans and diversifying people's values.

With "supporting growth and challenge" and "from promotion to appointment" as its keywords, the Human Resources Division provides "opportunities for insights," "opportunities for practical action," and "opportunities for activity" under the behavior change program "Career Ownership for Development and Opportunities (CODO)." The division engages in initiatives to encourage autonomous behavior change in all employees, and in 2023, launched the Mirushiru program that allows employees to experience workplaces of interest for a day. Over 100 people have already applied for the program, which anticipates that experiencing the work will let employees expand their horizons and more easily envision their careers. We will continue to work toward a virtuous cycle of enhancing corporate value through our company and employees uniting to tackle innovation and challenges.



A-Rank evaluation for turning out human resources in Keidanren's "Startup Friendly Scoring."

The Japan Business Federation, or Keidanren, has released its "Startup Friendly Scoring" scheme aimed at changing the behavior of large companies, which make up a vital part of the startup ecosystem. Startup Friendly Scoring is a mechanism for visualizing how friendly large companies are toward startups and whether the companies fill critical roles in the startup ecosystem. It conducts evaluation based on the three criteria of providing resources to startups, taking in startup businesses and human resources, and turning out businesses and human resources into the startup ecosystem.

In addition to its overall initiatives to support human resource development and autonomous career development, the Bank was recognized for its Open EX system that provides opportunities for temporary assignments at startup companies, leading to an A-Rank evaluation in turning out human resources under the scoring.

Human Capital

Nadeshiko Brand

MUFG has been selected for inclusion in Semi- Nadeshiko Brand, a recognition jointly conferred by Japan's Ministry of Economy, Trade and Industry(METI) and the Tokyo Stock Exchange(TSE).



Gold Rating and Best Practice selection on PRIDE Index

In November 2022, a number of initiatives in Japan were evaluated and received the top gold rating^(note1) on the "PRIDE Index^(note2)", gold rating for the third consecutive year and the fourth time.

(note1) Rating based on the evaluation of initiatives by each company of MUFG Bank, Mitsubishi UFJ Trust and Banking, Mitsubishi UFJ Morgan Stanley Securities, Mitsubishi UFJ NICOS, MUS Business Service, and MUSIS

(note2) Japan's first index that evaluates companies' LGBTQ-related initiatives operated by a private organization "work with Pride".



Kurumin and Platinum Kurumin Certification

Each Group company is Kurumin certified under the Act on Advancement of Measures to Support Raising Next-Generation Children. This certification by the Ministry of Health, Labour and Welfare (MHLW) recognizes a business as a childcare support company based on set requirements in support of balancing work and childcare. Companies that meet even higher standards receive a Platinum Kurumin certification. Additionally, we have also received a new certification “Plus”, which was established to recognize a company which supports employees in balancing work and fertility treatments.



< Kurumin certified companies >

- MUFG Bank
- Mitsubishi UFJ Trust and Banking
- Mitsubishi UFJ Morgan Stanley Securities
- Mitsubishi UFJ NICOS
- ACOM
- Mitsubishi UFJ Research and Consulting
- Master Trust Bank of Japan
- Mitsubishi Research Institute DCS
- Mitsubishi UFJ Information Technology
- Mitsubishi UFJ Trust Systems
- Mitsubishi UFJ Kokusai Asset Management
- MU Communications
- JACCS
- Chukyo Bank
- Mitsubishi UFJ Factors
- MUS Information Systems
- Mitsubishi HC Capital

< Platinum Kurumin certified companies >

- MUFG Bank
- Mitsubishi UFJ Morgan Stanley Securities
- Master Trust Bank of Japan
- Mitsubishi Research Institute DCS
- Mitsubishi UFJ Information Technology
- Mitsubishi UFJ Trust Systems
- MU Communications
- MUS Information Systems
- MUS Business Service
- Mitsubishi HC Capital

< Platinum Kurumin Plus certified companies >

- MUFG Bank

(As of April 2023)

Eruboshi Certification

Each Group company is Eruboshi certified under the Act on the Promotion of Women's Participation and Advancement in the Workplace. Eruboshi certification is awarded by MHLW in Japan to companies that demonstrate excellence in promoting women's advancement. It is a three-level certification based on certain criterion.

< Eruboshi certified companies >

- JACCS (1st-level)
- Mitsubishi UFJ Information Technology (2nd-level)
- Mitsubishi UFJ Trust Systems (2nd-level)
- Mitsubishi HC Capital (2nd-level)
- Mitsubishi UFJ Research & Consulting (3rd-level)
- Master Trust Bank of Japan (3rd-level)
- MUS Business Service (3rd-level)
- Mitsubishi Research Institute DCS (3rd-level)

(As of July 2023)

< Platinum Eruboshi certified companies >

- Master Trust Bank of Japan

In January 2023, the Master Trust Bank of Japan received MUFG's first Platinum Eruboshi certification from the Minister of Health, Labour and Welfare under the Act on the Promotion of Women's Participation and Advancement in the Workplace. The certification recognized the bank's fulfillment of all five requirements (ratio of women employed, number of years of continuous employment for women, working hours, ratio of female managers, and availability of varied career courses), while also evaluating its efforts to improve the work environment and to develop female managers as particularly excellent.

(As of July 2023)

Tomonin

MUFG is certified to display the "Tomonin" symbol, a mark granted by the Ministry of Health, Labour and Welfare to companies that support balancing work and nursing care.



仕事と介護の両立支援

Assessment by ESG Rating Agencies

Entities	FY2020	FY2021	FY2022
MSCI ^(note)	BBB	A	A
FTSE ^(note)	3.4	3.3	3.9
Sustainalytics ^(note) (smaller figure stands for higher evaluation)	20.6	19.3	18.0
S&P Dow Jones ^(note)	56	53	62
CDP ^(note)	B-	B	A-
Nikkei SDGs	★4.5	★5.0	★5.0
Toyo Keizai	372.3	390.6	389.9

(note) Subject for the evaluation of executive remuneration

Various Reports/Data/Index

Various Reports

Sustainability Report

Progress Report
Moving towards Carbon
Neutrality

TCFD Report

Human Capital Report

Human Rights Report

MUFG Reports

Corporate Governance Report

Transition Whitepaper

Other Reports

Data

ESG Data

Third Party Assurance/Third Party Verification

Index

GRI

SASB/SCM/PRB

Policies and Guidelines

▼ Environment ▼ Social ▼ Governance

Environment

MUFG Environmental Policy Statement

1. Our Approach to Addressing Environmental Issues

Mitsubishi UFJ Financial Group (hereinafter referred to as MUFG) recognizes that the protection and preservation of the global environment is the shared responsibility of all of humanity. Based on this recognition, MUFG will act to respond to climate change and protect the environment in order to create a world in which human society and the natural environment can co-exist in harmony and to pass this world on to future generations.

2. Positioning of MUFG Environmental Policy Statement

Under the "MUFG Way", which articulates the values that guide all we do, "Committed to empowering a brighter future." is our Purpose set forth, and we are working to provide solutions for our respective customers, the society, and all other stakeholders. This MUFG Environmental Policy Statement, which is approved by the Board of Directors, describes the recognition of environmental issues that forms the foundation for our activities, and provides specific action guidelines to implement the "Commitment to the Environment" stipulated in the "MUFG Group Code of Conduct" under the MUFG Way.

3. Environmental Actions through Business Activities

(1) Actions through business activities

MUFG supports clients that actively seek to contribute to create a sustainable society by fostering a virtuous cycle between the environment and economy, by providing the various products and services of each group company, while at the same time using this as a growth opportunity for MUFG itself. MUFG takes into consideration the environmental impacts associated with our products and services. In the case that potential environmental impacts associated with our products and services are identified, MUFG responds, in an appropriate manner. MUFG actively promotes the appropriate management of environmental risks, including climate change.

Through this approach, MUFG aims to contribute to the realization of a sustainable society and increase corporate value through the sustainable growth of our business.

■Climate Change

MUFG recognizes climate change as a critical issue for the global environment and believes that climate change issues must be addressed to achieve a sustainable society and support the continued operation of each group company and our clients. At the same time, MUFG recognizes that, as a global financial institution, we play an important role in the transition to a decarbonized society and other global actions aimed at combatting climate change. Based on such recognition, MUFG promotes the transition to a decarbonized society through actions associated with both our own operations and through the products and services we provide to clients through the following initiatives:

- Promote efforts to reduce greenhouse gas emissions through our support for businesses involved in solar and wind power and other forms of renewable energy and by providing funding for companies that pay due attention to environmental risks.
- Consideration of the potential climate change impacts associated with the products and services provided by each group company and responding in an appropriate manner based on thorough consideration of such impacts
- Research into the potential future impacts of climate change on our business to support management of climate change risk.

In addition, MUFG supports the climate change related international agreements and initiatives in Reference.

■Biodiversity

Maintenance and protection of the biodiversity which supports our society is the foundation for the realization of a sustainable society.

MUFG supports businesses that protect biodiversity through the provision of products and services. Each group company also takes appropriate measures to prevent negative impacts on biodiversity associated with our products and services.

(2) Actions to Reduce Our Environmental Impacts

Through initiatives such as those shown below, each group company works towards reducing our environmental impacts, environmental improvement and pollution prevention across all of our operations.

- Reduction of Environmental Impact at Our Offices
Recognizing the environmental impact associated with resource consumption and waste generation from our business activities, we work to minimize environmental impacts through resource recycling efforts and the efficient use of energy and resources.
- Environmental Improvement and Pollution Prevention
Monitoring the impacts of our activities on the environment on a continuous basis and working towards environmental improvement and prevention of pollution.
- Awareness Raising Across the Group
MUFG Environmental Policy Statement is shared across the entire group and supported by initiatives to raise awareness of environmental issues among our employees. In-

house environmental education and support is provided to encourage environmental protection activities of our executives and employees.

4. Governance and Management System

This MUFG Environmental Policy Statement is approved by the Board of Directors. The need to update this MUFG Environmental Policy Statement will be reviewed regularly and amendments will be made as necessary to reflect the changes in our business activities and business environment.

Our environmental initiatives will be regularly deliberated at the Sustainability Committee, the outcomes of which will be further deliberated at the Executive Committee and ultimately reported to the Board of Directors.

We will make every effort to ensure transparency by disclosing our environment-related activities appropriately and proactively.

5. Stakeholder Engagement

MUFG works to progress and improve our environmental initiatives as well as raise awareness of environmental issues through engagement with external stakeholders on MUFG's publicly disclosed Environmental Policy Statement.

Reference

- Paris Agreement
- Recommendations of Task Force on Climate-related Financial Disclosures (TCFD)
- Principles for Responsible Banking (PRB)
- Principles for Responsible Investment (PRI)
- Equator Principles
- United Nations Environment Programme Finance Initiative (UNEP FI)
- Principles for Financial Action for the 21st Century
- CDP (formerly the Carbon Disclosure Project)
- Stakeholder Capitalism Metrics

MUFG Environmental and Social Policy Framework



1. Introduction

The international community, aiming at achieving the Sustainable Development Goals (SDGs) and Paris Agreement on climate change, is working towards the protection of the global environment, which is fundamental to the existence of humanity and all living creatures, and the realization of a sustainable society.

Mitsubishi UFJ Financial Group (hereinafter, MUFG) defines its purpose as “Committed to

empowering a brighter future.” in its MUFG Way, and we implement various initiatives that contribute to the protection of the global environment and human rights.

In addition, through the financial services we provide we are actively working towards finding solutions to environmental and social issues which also contribute to our sustainable business growth and enhancement of our corporate value.

MUFG recognizes that the environmental and social risks arising from the business activities of each group company are important to our business and require managing appropriately. This Environmental and Social Policy Framework (hereinafter, Framework) has been developed based on the “MUFG Environmental Policy Statement” and “MUFG Human Rights Policy Statement” which establish the basis for our policies for management of environmental and human rights issues respectively. The opinions and perspectives of various stakeholders were taken into consideration in the development of the Framework.

The Framework outlines the approach that MUFG takes in responding appropriately to environmental and social issues in our business activities and contributing to sustainable environmental and social development. Through the adoption of this approach, we expect to contribute to the realization of a sustainable environment and society.

To promote understanding and cooperation regarding our approach, the contents of this Framework is communicated to clients in all of our group companies.

2. Governance

The MUFG Way guides the way in which we carry out our business activities. To realize our MUFG Way, the MUFG Group Code of Conduct have been established which apply to executives and employees of all group companies and guide their everyday decisions and actions. The Framework is based on our MUFG Way and Code of Conduct.

(1) Positioning of the Environmental and Social Policy Framework

The Framework is based on the “MUFG Environmental Policy Statement” and “MUFG Human Rights Policy Statement” and is structured to enable the appropriate identification and management of environmental and social risks associated with our business operations. The Framework is aligned with the MUFG reputational risk management framework to avoid negative impacts to MUFG corporate value.

(2) Governance and Management System

The Sustainability committee, which reports to the Executive Committee, is responsible for developing appropriate responses to the environmental and social issues relevant to our business.

Individual transactions with significant environmental and social risks or impacts that have the potential to negative impact on the corporate value of MUFG are assessed for reputational risk, as necessary. Transactions are evaluated with the involvement of executive management, taking into consideration the potential transaction related reputational risks.

(3) Role of Business Group

Business Groups are responsible for performing environmental and social due diligence to assess the potential environmental and social issues associated with the products and services to be provided. The assessment includes information collected from approaches such as interviews with clients. In implementing environmental and social due diligence, Business Groups consult with the relevant department responsible for management of environmental and social risks.

(4) Management of the Environmental and Social Policy Framework

The Framework was discussed by the Sustainability Committee and approved by the Executive Committee. The Sustainability Committee regularly reviews the need to update the

Framework and makes amendments as necessary to reflect changes in our business activities and the business environment.

3. Applicable Products and Services

Products and services provided to clients by each group company include the extension of credit and the underwriting of bonds and stocks (hereinafter, financing). We recognize that the provision of financing may potentially contribute to environmental and social impacts as well as an increase in associated risks.

The Framework applies to new finance in all countries / regions for corporate clients of MUFG's core subsidiaries; MUFG Bank, Mitsubishi UFJ Trust and Banking, and Mitsubishi UFJ Securities Holdings (hereinafter referred to as "Core Subsidiaries"). The Framework is integrated into the internal procedures and standards of each Core Subsidiary.

MUFG Bank also conducts environmental and social due diligence of large-scale projects based on the Equator Principles adopted in 2005.

We also acknowledge the importance of considering environmental and social impacts in our asset management business. At the same time, we recognize the importance of preserving and fulfilling our independent fiduciary duties in line with interests of our clients. For this reason, we have established a separate responsible investment policy for this business.

4. Applicable Transactions

The Framework provides a guideline allowing us to confirm whether corporate clients receiving financing from each Core Subsidiary are fulfilling their social responsibility by demonstrating appropriate consideration of environmental and social issues based on applicable legislation and international best practice.

Taking into consideration the nature and severity of associated environmental and social risks or impacts, MUFG has identified transactions which are "Prohibited Transactions" and "Transactions of High Caution".

(1) Prohibited Transactions

The transactions listed below are considered as having significant environmental and social risks or impacts. In cases where each Core Subsidiary is aware of the environmental and social risks or impacts, financing is not provided.

- A) Illegal transactions and transactions for illegal purposes
- B) Transactions which violate public order and good morals
- C) Transactions that negatively impact wetlands designated under the Ramsar Convention
- D) Transactions that negatively impact UNESCO designated World Heritage Sites
- E) Transactions violating the Convention on International Trade in Endangered Species of Wild Fauna and Flora (Washington Convention)^(note1)

(note1) Taking into consideration country specific considerations

- F) Transactions involving the use of child labor, forced labor or human trafficking
- G) Cluster Munitions and Inhumane Weapons Manufacturing

Civilian populations have been greatly affected by cluster munitions as they release many bomblets over a wide area and because of their indiscriminate effect. As a result, their use has generated significant humanitarian concerns internationally. In light of the inhumane nature of cluster munitions, Core Subsidiaries prohibit the provision of financing to any company that manufactures cluster munitions.

Nuclear weapons, biological and chemical weapons, and anti-personnel mines, which are produced for use in wars and conflicts and have indiscriminate and serious effects on people, including civilians, are, along with cluster munitions, internationally recognized as being of great humanitarian concern. In light of the inhumane nature of nuclear weapons, biological

and chemical weapons, and anti-personnel mines, Core Subsidiaries prohibit the provision of financing for the production of these weapons.

(2) Transactions of High Caution

Transactions of High Caution consist of cross-sector guidelines and sector specific guidelines. For transactions where the conditions listed below may exist, the potential that environmental and social risks or impacts may exist is considered to be high and clients are expected to implement the appropriate environmental and social measures. When each Core Subsidiary is considering providing financing for these transactions, the identification and assessment process for environmental and social risks or impacts will be used to confirm the client's approach to managing environmental and social issues.

If the environmental and social management approach of client's is not considered sufficient relative to the level of the potential risks or impacts, financing will not be provided.

(i) Cross-sector guidelines

- A) Impact on Indigenous Peoples Communities
- B) Land expropriation leading to involuntary resettlement
- C) Impact on High Conservation Value areas
- D) Cause of or contribution to, or direct linkage with, violation of human rights in conflict areas

(ii) Sector specific guidelines

A) Coal Fired Power Generation

Protection of the environment, in particular actions which contribute towards combatting climate change and supporting development of more sustainable sources of power, is one of the most important issues for MUFG in fulfilling its social mission.

In order to achieve the goals agreed upon in the Paris Agreement, we will support the smooth transition to a decarbonized society through our business activities and contribute to the realization of a sustainable society via the virtuous cycle of the environment and the economy.

MUFG will not provide financing to new coal fired power generation projects or expansion of existing facilities.

However, coal-fired power generations equipped with CCUS^(note2), Mixed combustion, and other technologies necessary to achieve the Paris Agreement target may be considered on an individual basis.

[note2 Carbon dioxide Capture, Utilization and Storage]

B) Mining (Coal)

MUFG recognizes that coal mining operations, if not managed responsibly, can have negative social and environmental impacts, including death and injuries from mine collapse, human rights abuse, and impacts on local biodiversity from toxic mine waste. Moreover, coal burning in power generation emits relatively large amounts of greenhouse gases compared to other energy sources. We recognize that the development of new coal mines to supply thermal coal for power generation projects could result in an increase in greenhouse gas emissions in the future.

When considering whether to provide finance to the development of coal mines we assess the status of such client's consideration for environmental and social impacts. The assessment includes how the client addresses the impacts of the development on local ecosystems, relationships with local residents, and occupational safety and health issues.

We will not provide any financing to:

- Coal mining projects using the mountaintop removal (MTR) method which has severe and negative impacts on the natural environment.
- New thermal coal mining projects, or expansion of existing thermal coal mining projects, for power generation.

- New development of, or expansion of, infrastructure linked with thermal coal mining projects for power generation.
- Companies with no existing financing transactions with MUFG whose primary business is thermal coal mining for power generation or infrastructure services linked therewith. However, transactions such as those where it is confirmed that greenhouse gas emissions at the time of use are to be captured or which are necessary for the protection of the environment may be considered on an individual basis.

C) Oil and Gas

Oil and gas are essential to our society and daily lives as energy sources for social infrastructure including electricity, but we must be aware of the effect of their production and use on the global environment, including climate change, through greenhouse gas emissions.

a) Oil Sand

MUFG recognizes that oil sands developments require consideration of their environmental and social impacts.

When we consider providing financing for new projects for the extraction of oil sands, we conduct an assessment of clients to ensure that developments are conducted in an environmentally and socially responsible manner, including impacts on ecosystems and indigenous peoples' communities affected by the developments.

b) Development of the Arctic

MUFG recognizes that oil and gas developments in the Arctic require consideration of the impacts on indigenous peoples and the habitats of rare species.

When we consider providing financing for the extraction of new oil and gas in the Arctic Region (north of latitude 66°33 minutes north), we conduct an assessment of clients to ensure that developments are conducted in an environmentally and socially responsible manner, including impacts on ecosystems and indigenous peoples' communities affected by the developments.

c) Shale oil and gas

MUFG recognizes that development of shale oil and gas requires consideration of the impacts on ecosystems, including depletion of freshwater resources, water pollution, and triggering earthquakes.

When we consider providing financing for new projects for extraction of shale oil and gas, we conduct an assessment of clients to ensure that developments are conducted in an environmentally and socially responsible manner, including impacts on ecosystems and communities affected by the developments.

d) Oil and Gas Pipelines

MUFG recognizes that pipeline construction and operation require consideration of the impact of oil leaks on the ecosystem, the impact of logging and other activities on the environment, and local indigenous peoples' communities. When we consider providing financing for new projects for construction and operation of oil and gas pipelines, we conduct an assessment of clients to ensure that developments are conducted in an environmentally and socially responsible manner, including impacts on ecosystems and indigenous peoples' communities affected by the development.

D) Large Hydropower

While large-scale dams contribute to flood control, agricultural production and the supply of clean energy, MUFG recognizes that dams can cause wide-ranging changes in river basin ecosystems and the living environment and livelihoods of residents.

When we consider providing financing for new large-scale hydropower plants, we conduct an assessment of clients to ensure that developments are conducted in an environmentally and socially responsible manner, such as the impact of dam construction on the ecosystem, local communities, and the living environment and livelihoods of residents.^(note3)

[note3 New development of a hydroelectric generation dam which exceeds 15 meters in height and can generate over 30WM electricity]

E) Forestry

Forests provide habitats for various wildlife species. Therefore, they have significant value for biodiversity conservation and protection, as well as serving as important sources of timber for paper, pulp, and other products that support regional economies. Forests additionally play a significant role in mitigating climate change by absorbing and storing carbon dioxide. MUFG recognizes that uncontrolled, large-scale deforestation has severe and negative impacts on the global environment, especially climate change.

When we consider providing financing for logging businesses in the forestry, pulp or other sectors, including management of forest plantations, we conduct an assessment of clients to ensure that developments and management are conducted in an environmentally and socially responsible manner.

In addition to confirming that illegal logging and deforestation in high conservation value areas are not involved, we request our clients to certify^(note4) the relevant operations according to internationally recognized certification organizations such as Forest Stewardship Council (“FSC”) and Programme for the Endorsement of Forest Certification Schemes (“PEFC”), when providing finance to the subject business activities mentioned above, in countries other than High Income OECD countries. We will request our clients to submit action plans to achieve certification when relevant operations are not certified.

When we consider providing financing for Large-scale industrial farm^(note5) development and operation projects involving logging, we will urge our clients in these sectors to respect Free, Prior, and Informed Consent (FPIC) in relation to indigenous people and to formulate a sustainable environmental and human rights policy, such as No Deforestation, No Peat, and No Exploitation (NDPE).

We will request our clients to enhance supply chain management and traceability to encourage that similar initiatives will also apply to their supply chain.

In the event that the client has not taken appropriate measures to address social issues during the term of a transaction, we will request the client to promote remedial measures and, if the client’s remedial measures are unsatisfactory, we will not provide new financing.

(note4) Certification, such as Forest Stewardship Council (“FSC”) and Programme for the Endorsement of Forest Certification Schemes (“PEFC”), requires the respect of Free, Prior, and Informed Consent (FPIC).

(note5) Large-scale industrial farm means a farm with an area covering 10,000 ha or more, which is cultivating soy, natural rubber, cocoa, coffee, etc. or used for grazing.

F) Palm Oil

Palm oil is used to make products which are essential for everyday life, such as cooking oils, detergents, paints, etc. Increases in palm oil consumption have facilitated economic growth in many countries. On the other hand, development of palm oil plantations may entail deforestation of natural forests and slash-and-burn agriculture in peatlands, etc. which could lead to impacts on biodiversity and climate change as well as conflicts with local communities. As a result, MUFG recognizes that the palm oil plantation business can have severe and negative impacts on the global environment if not managed responsibly.

When we consider providing financing for business activities developing and managing palm oil plantations, we conduct an assessment of clients to ensure that developments and management are conducted in an environmentally and socially responsible manner.

We encourage clients to become members of the Roundtable on Sustainable Palm Oil (“RSPO”), and request them to have relevant operations certified by RSPO^(note6) as well as to publicly commit to No Deforestation, No Peat and No Exploitation (“NDPE”), when providing financing to the subject business activities mentioned above. When relevant operations are not certified by RSPO or clients have not made their commitment to NDPE public, we will

request clients to submit action plans to satisfy the conditions.

We will request our clients to enhance supply chain management and traceability to encourage that similar initiatives will also apply to their supply chain.

In the event that the client has not taken appropriate measures to address social issues during the term of a transaction, we will request the client to promote remedial measures and, if the client's remedial measures are unsatisfactory, we will not provide new financing.

(note6) RSPO certification requires the respect of Free, Prior, and Informed Consent (FPIC) in relation to indigenous people, and to formulate a sustainable environmental and human rights policy, such as No Deforestation, No Peat, and No Exploitation (NDPE).

5. Identification and assessment process for environmental and social risks or impacts

A due diligence process to identify and assess the environmental and social risks or impacts associated with transactions has been introduced.

(1) Standard Due Diligence

Standard due diligence is implemented by the department in the relevant business division of each Core Subsidiary responsible for communications with the client.

The decision regarding categorization of the transaction as "Prohibited Transactions" or "Transactions of High Caution" is made based on available public information and information provided by the client.

(2) Enhanced Due Diligence

Transactions categorized as "Transactions of High Caution" are subject to enhanced due diligence in addition to standard due diligence, if necessary. This is implemented by the department responsible for management of environmental and social risks in each Core Subsidiary. Decisions on financing are made following assessment of the findings of the enhanced due diligence.

(3) Financing Reputational Risk Management Approach

Transactions assessed as having the potential to have significant negative impacts on the corporate value of MUFG are evaluated with the involvement of executive management.

6. Training

(1) Corporate Training and Education

Training on environmental and social issues is provided to relevant employees of each Core Subsidiary. The objective of the training is to enhance the understanding of global initiatives to environmental and social issues, as well as the process of confirming the client's approach towards management of environment and social issues. The training also aims at the spread of ideas supporting the Framework, and the environmental and social due diligence process. Specialized training, with the objective of advancing the implementation of the Framework, is provided in divisions responsible for management of environmental and social risks.

(2) Stakeholder Engagement

Implementation of the Framework includes constructive dialogue with various stakeholders. This dialogue is intended to help identify appropriately environmental and social risks or impacts to which MUFG is to respond and provides information relevant to discussions on revisions to the Framework to increase its effectiveness.

[Disclaimer]

No agency or contractual relationships between MUFG or each of the other group companies and

other parties arise from the disclosure and implementation of the Framework. MUFG and other group companies assume no legal obligation, liability or responsibility as a result of such disclosure and implementation.

(Announced on September 1, 2023/ Effective on October 1, 2023)

MUFG AM Sustainable Investing Policy



MUFG Asset Management (MUFG AM) is the global brand of Mitsubishi UFJ Trust and Banking Corporation and its subsidiaries, Mitsubishi UFJ Kokusai Asset Management Co., Ltd., MU Investments Co., Ltd., Mitsubishi UFJ Asset Management (UK) Ltd., and Mitsubishi UFJ Alternative Investments Co., Ltd..

MUFG AM has established the MUFG AM Sustainable Investing Policy (the Policy) as an approach to lay a solid foundation for the promotion of sustainable investing.

1. Fundamental approach to sustainable investing

MUFG AM believes that sustainable investing will bring long- term financial returns and solutions to environmental and social challenges that will result in creating a better future for us . With our shared vision, "Investing for our Sustainable Future", we will promote sustainable investing through ongoing dialogues with investee companies, asset owners and stakeholders to fulfill our fiduciary duty.

2. Our actions for a sustainable future

MUFG AM believes that delivering a sustainable future requires an approach of sustainability transformation. Our investment approach and processes will therefore incorporate the following actions.

(1) ESG integration

MUFG AM believes that investments that take into account risks and opportunities stemming from environmental (E), social (S) and governance (G) factors will improve long -term risk-adjusted returns and contribute to solving ESG issues. Accordingly, MUFG AM will promote the incorporation of ESG information alongside financial information into the investing process (ESG integration).

(2) Stewardship (engagement and proxy voting)

Stewardship is undertaken by highly-qualified experts in ESG, fund managers and analysts who will perform company engagement and proxy voting activities. MUFG AM is committed to improving the risk and return profiles of the assets under management by identifying and reducing risks that could materialize over the long term, and enhancing sustainable growth and corporate performance. We will promote solutions to sustainability challenges to realize a sustainable future.

(3) Exclusion and divestment

MUFG AM believes that engaging with investee companies can empower them to make

positive changes towards a sustainable future. For companies involved in businesses considered contrary to the realization of a sustainable future, MUFG AM will, in principle, implement negative screening for all the assets under management that we are entrusted with; however, this does not apply to investments based on customer guidelines, outsourced investment, and passive investment.

- (4) **Development and provision of products and services that transform society**
 MUFG AM recognizes the importance of providing transformative investment products and services that capture the actual needs of customers and markets in order to achieve a transformation to sustainability. To this end, we will develop and strengthen our investment strategies and approaches, and seek to provide solutions.

- (5) **Identification of issues to be resolved**
 MUFG AM will prioritize the issues for urgent resolution that prevent the realization of a sustainable future, and that make a negative impact on assets under management over the long term. We believe that addressing climate change issues is essential for the realization of a sustainable future. In this connection, MUFG AM joined the "Net Zero Asset Managers initiative", and expressed its commitment to the realization of carbon neutrality with the promotion of transition^(note) through sustainable investment. Aiming for carbon neutrality by 2050, we are committed to promote the transition that enables high Greenhouse Gas (GHG) emitting industries to contribute to decarbonizing society.
(note) a transition approach in which industries with high GHG emissions are empowered and enabled to contribute to carbon-neutrality with such initiatives as renewable energy for decarbonization and low-carbonization

- (6) **Definitions of sustainable investing funds**
 Definitions of sustainable investing funds of each MUFG AM company are defined based on this Policy to further promote sustainable investment.

3. Scope of application

Sustainable investing activities set forth in this Policy are in principle applicable to all classes of entrusted assets under management by MUFG AM.

The Policy will be revised on a regular basis, and subject to changes in the business activities and environment of each MUFG AM company.

[Disclaimer]

The Policy is established by the entities listed as comprising MUFG AM above. For the avoidance of doubt, no contractual or agency relationships arise between any MUFG AM entity and any other MUFG group entity as a result of or in connection with the disclosure or implementation of the Policy. Further, neither any MUFG AM entity nor any other MUFG group entity assumes any legal obligation, liability or responsibility as a result of its disclosure and implementation.

(Established in March 2023)

Social

MUFG Human Rights Policy Statement

1. Commitment to Respect Human Rights

Mitsubishi UFJ Financial Group (hereinafter referred to as MUFG) recognizes respect for human rights as an important issue to be addressed in the management of our business for the realization of our Purpose of "Committed to empowering a brighter future." defined under the MUFG Way. We are committed to endeavor to fulfill our responsibility to respect human rights across all of our operations.

2. Human Rights Principles

MUFG is guided by the following international principles for human rights:

- Universal Declaration of Human Rights
- Declaration on Fundamental Principles and Rights at Work (International Labour Organization (ILO))
- Guiding Principles on Business and Human Rights

In addition, MUFG supports and promotes the international initiatives in Reference.

While national governments are primarily responsible for protecting the human rights of their citizens, MUFG supports and respects internationally recognized human rights standards, regardless of whether the national legislation of the relevant country contains such protections or not.

In countries where local legislation conflicts with internationally recognized human rights standards, MUFG seeks to respect international standards.

3. Positioning of the Human Rights Policy Statement

Under the "MUFG Way", which articulates the values that guide all we do, "Committed to empowering a brighter future." is our Purpose set forth, and we are working to provide solutions for our respective customers, the society, and all other stakeholders.

With this Human Rights Policy Statement, which is approved by the Board of Directors, we pledge to respect human rights throughout our business activities on the basis of the "MUFG Group Code of Conduct" under the MUFG Way.

4. Applicability & Scope

In compliance with this MUFG Human Rights Policy Statement, executives and employees of each group company strive to respect human rights.

Additionally, MUFG urges clients and suppliers of each group company to respect human rights. MUFG also works to respond in an appropriate manner to known cases of human rights violation by our clients or suppliers

5. Executives and Employees

MUFG is committed to eliminating all kinds of employment and workplace discrimination from our business operations. We will not tolerate any type of human rights violation including, but not limited to, discrimination on the basis of race, national origin, belief, religion, disabilities, family origin, gender, sexual orientation, gender identity, age or health status as well as sexual, power and other types of harassment, forced labor, and child labor. All MUFG executives and employees are required to comply with this commitment. MUFG also respects the freedom of association and collective bargaining rights.

In addition, each group company provides consultation or support services for human rights infringements in the workplace. We show no tolerance for human rights infringements and have established this system to prevent such incidents.

Human rights awareness-raising trainings are also provided for executives and employees at all levels of our business as part of MUFG's efforts to promote the correct understanding and appreciation of human rights issues among all executives and employees.

6. Clients

MUFG expects its clients to respect human rights and avoid any human rights violations. MUFG promotes the respect of human rights by responding in an appropriate manner in situations where our products and services are directly connected to violations of human rights and urging clients to implement the appropriate responses.

MUFG has introduced an Environmental Social Policy Framework, which incorporates environmental and social due diligence requirements, to assess and manage transaction related environmental and social impacts associated with the business conducted with our clients.

7. Suppliers

MUFG expects suppliers to respect human rights and avoid human rights violations. MUFG promotes the respect for human rights by responding in an appropriate manner to known cases where human rights are negatively affected by our suppliers.

8. Remedial Actions

In cases when executives or employees of each group company, or financial products or services provided by them, are confirmed as conducting or being involved in activities which adversely affects human rights, MUFG responds in an appropriate manner and implements remedial actions.

9. Governance and Management System

This MUFG Human Rights Policy Statement is approved by the Board of Directors. The need to update this MUFG Human Rights Policy Statement will be reviewed regularly and amendments will be made as necessary.

Our human rights-related initiatives will be regularly deliberated at the Sustainability Committee, the outcomes of which will be further deliberated at the Executive Committee and ultimately reported to the Board of Directors.

We will make every effort to ensure transparency by disclosing our human rights-related activities appropriately and proactively.

10. Stakeholder Engagement

MUFG is committed to progressing and improving actions to ensure human rights are respected through dialog and consultations on our Human Rights Policy Statement with relevant stakeholders.

Reference

- The OECD Guidelines for Multinational Enterprises
- The United Nations Global Compact
- Children’s Rights and Business Principles
- Principles for Responsible Banking (PRB)
- Principles for Responsible Investment (PRI)
- Equator Principles
- United Nations Environment Programme Finance Initiative (UNEP FI)
- Principles for Financial Action for the 21st Century
- Stakeholder Capitalism Metrics

MUFG Environmental and Social Policy Framework



MUFG AM Sustainable Investing Policy



MUFG Human Resources Principles



The MUFG Human Resources Principles serve as the basic policy to enable the Mitsubishi UFJ Financial Group (MUFG) to build a human resources management platform that aligns with the MUFG Way.

As we work to create one MUFG globally, the MUFG Human Resources Division has developed these Principles to provide the framework for delivering consistent, industry-leading Human Resources management practices across our entities around the globe.

The goal is for every colleague to experience employment with MUFG in the same way, no matter where they may be located in the world. The MUFG Human Resources Principles provide the foundation for establishing an inclusive, global team.

Shared Values

The MUFG Human Resources Principles will be implemented globally across MUFG in alignment with our shared organizational VALUES:

- Integrity and Responsibility;
- Professionalism and Teamwork; and
- Challenge Ourselves to Grow

HR Mission

The MUFG Human Resources Principles support the achievement of the following HR mission:

- Create a corporate culture that provides colleagues with opportunities for career growth, challenging them to perform well in a professional environment, where the highest standards of integrity are expected.
- Appointing the right person to the right job, in the right place to allow each colleague to maximize his/her career potential.
- Develop talent capable of contributing to the long-term and sustainable growth of our global society.

HR Vision

Be the industry leader in HR management to help realize the MUFG Way: Be the world's most trusted financial group.

HR Philosophy

Leverage the following HR philosophies to create consistent HR management practices across all MUFG entities:

Talent Acquisition

Globally attract and recruit diverse talent that share and live OUR VALUES as members of MUFG. Create a strong Employer Brand that fosters recognition of MUFG as an Employer of Choice.

Performance Evaluation

Evaluate performance fairly and objectively, considering not only the goals achieved, but also the competencies demonstrated to get the job done. Recognize the importance of factors, such as customer-centric focus, global mindset, and teamwork, to balancing short-term results with sustained long-term performance. Provide feedback and coaching on an ongoing basis to each colleague to foster ongoing development.

Total Rewards

Reward colleagues competitively and appropriately in alignment with their contributions to MUFG's growth and success - in effect, pay for performance. In addition to colleague performance, rewards will be reflective of the overall stability of the company and the economy.

Talent Management

Assess the capabilities and career path of each colleague to place the right person in the right job, to maximize colleague and MUFG success. Develop strong succession plans and build a pipeline of inclusive leadership to appoint and promote our diverse colleagues from within.

Learning and Development

Provide ongoing learning and development opportunities to help each colleague enhance his/her

knowledge, skills and experience and improve his/her capability to impact achievement of the MUFG Way.

Approach to Purchasing Activity



MUFG conducts purchasing activities in accordance with the principles discussed below.

<Approach to Purchasing Activities>

1. Fair and Impartial Selection and Treatment of Suppliers
We determine suppliers fairly and impartially based on economic common sense and their efforts to address the matters described under . We do not give special treatment to specific suppliers without any appropriate reason, nor do we treat any suppliers unfairly.
2. Compliance with Laws and Social Norms
When conducting purchasing activities, we comply with all related laws, regulations, and social norms, and act based on high ethical standards.
3. Secure Management of Confidential Information
We securely manage all confidential information about suppliers that we obtain through purchasing activities.
4. Environmental Considerations and Respect for Human Rights
When making purchasing decisions, we emphasize environmental considerations, such as mitigation of global warming and protection of biodiversity, as well as respect for human rights.
5. Maintaining Partnerships with Suppliers
We respect all companies that we do business with as partners, and we strive to maintain relationships of trust and cooperation by treating them with honesty and as equals. We do not use a dominant bargaining position to demand or receive unfair benefits.

<Requesting Cooperation from Suppliers>

MUFG asks that our suppliers maintain fair and sound business practices by giving due consideration to the following matters.

(Respect for Human Rights)

- Due consideration to avoid involvement in any child labor, forced labor, or human trafficking in business activities or in the supply chain
- Provision to employees of a safe and adequate working environment and safe and adequate working conditions
- Compliance with laws and regulations applicable to wages and working hours
- Respect for the freedom of association and right to collective bargaining based on laws and regulations
- Prevention of discrimination and harassment

(Compliance with Laws, Regulations, and Social Norms)

- Fair and sound business practices conducted in compliance with laws, regulations, and social norms

(Elimination of Transactions with Anti-Social, Corrupt, or Criminal Elements)

- Severance of all relationships, including transactions, with anti-social, corrupt, or criminal elements

(Environmental Considerations)

- Reduction of the use of resources and energy
- Adoption of low-carbon or decarbonized energy and reduction of greenhouse gases
- Waste reduction and effective utilization of resources
- Reduction of use and emissions of substances with an adverse impact on the environment and the human body
- Sustainable utilization of natural resources such as forests
- Consideration of the impacts on biodiversity and ecosystems

(Information Management)

- Appropriate protection and management of information based on laws regarding the protection of personal information and related laws and regulations

(Revised in June 2023)

Modern Slavery Act 2015 and Commonwealth Modern Slavery Act 2018



In accordance with the United Kingdom's Modern Slavery Act 2015 and Australia's Commonwealth Modern Slavery Act 2018 legislation, relevant entities within MUFG have published statements about steps and measures they have taken to ensure there is no slavery or human trafficking in their business and supply chains.

[MUFG Bank \(UK and AUS\)](#)

[Mitsubishi UFJ Trust and Banking \(UK\)](#)

[MUFG Securities EMEA \(UK\)](#)

Activities against Cluster Bombs



Civilian population has been greatly affected by cluster munitions. They release many small bomblets over a wide area and because of their indiscriminate effect, international society express great humanitarian concern over their use. Japanese legislation prohibits the production and possession of cluster bombs in principle. Based on the enactment of the legislation and the spirit of its own Charter and Code of Conduct, the Japanese Bankers Association recognize the responsibility of the banking industry's public role, and agreed not to provide the credit that funds production of cluster munitions, regardless its taking outside of inside of Japan, in October 2010.

MUFG Bank and Mitsubishi UFJ Trust and Banking are full members of the Japanese Bankers Association. Both banks have previously prohibited the provision of credit for the purpose of funding the manufacturing of cluster bombs. Starting December 2017, in light of the inhumane nature of cluster bombs, these banks now prohibit the provision of credit to any company that manufactures cluster bombs, regardless of whether the purpose of the credit is related to cluster bomb manufacturing or not.

Personal Information Protection Policy



Mitsubishi UFJ Financial Group, Inc. has published Personal Information Protection Policy.

[Personal Information Protection Policy](#)

Cyber Security Management Declaration



1. Recognition as a management issue

Managers will work energetically to deepen their understanding of the current situation and proactively manage the positioning of and investment in cyber security. Managers will also squarely confront risk, recognizing serious management issues and exhibiting leadership as they take responsibility for the implementation of responses.

MUFG recognizes its corporate responsibility to protect customers' precious assets and provide safe and stable financial services, and considers risk associated with cyber attacks to be a top priority risk source. Based on discussions and investigations, including at the Executive

Committee and Board of Directors, MUFG will promote risk countermeasures at the management level.

2. Decision of management policy and declaration of intent

MUFG will decide management policy and BCPs (business continuity plans) for the earliest possible recovery from incidents with an emphasis on detection, response and recovery, as well as identification and defense. Managers will take the initiative to declare their intent to internal and external stakeholders, and will make efforts in disclosure, autonomously reporting on recognized risks and response initiatives in various reporting documents.

Specifically, based on management policy related to cyber security, MUFG will improve contingency plans by strengthening its ability to respond to incidents through the establishment of a specialist line to lead detection, response and recovery (MUFG-CERT), the improvement of procedures and manuals, and periodic training and drills, in addition to initiatives for the identification of and defense against risks. MUFG will also disclose initiatives to strengthen security through disclosure materials, etc.

3. Implementation of internal and external structures and countermeasures

In addition to securing sufficient budget, personnel and other resources, MUFG will improve its internal structure and take necessary measures in personnel, technology, logistics, and other areas, and train and educate employees at each level, including management, project management, engineers, and general staff. It will also make efforts on measures in the supply chain, including overseas, and with customers and service providers.

Specifically, MUFG will emplace a specialist organization in charge of cyber security and secure the necessary budget, personnel, and other resources. It will aim to educate staff by implementing a security training program, as well as share know-how broadly within the industry through collaborative activities, etc. with Financials ISAC^(note1). MUFG will also strive to implement security measures that leverage advanced technologies, and implement supply chain measures through status monitoring of cyber security measures, including cloud services providers and overseas.

4. Dissemination of countermeasures to systems and services companies

MUFG will strive to engage in cybersecurity countermeasure business activities including development, design, production and delivery.

For example, so that customers can safely and securely use services such as internet banking we will strengthen and enhance security countermeasures we provide, including one-time password cards and smartphone applications, while also monitoring unauthorized use. At the time of development of new systems and services we will implement security countermeasures to provide customers with easy-to-use, secure services.

5. Contribute to building of safe and secure systems

Based on collaboration with related government departments, organizations, groups and others we aim to build personal dialogue networks in Japan. Furthermore, by drawing attention to the range of countermeasures for different types of information we aim to contribute to a strengthening of cybersecurity nationwide.

Specifically, through appropriate and timely collaboration with related government and other bodies such as the Financial Service Agency, National center of Incident readiness and Strategy for Cybersecurity, Information-technology Promotion Agency, the Police and others, while also promoting the cross-sector sharing of information domestically and internationally including

Financial ISAC^(note1), FS-ISAC^(note1) and ICT-ISAC^(note2), we aim to contribute to the enhancement of the cybersecurity of society as a whole on a global basis.

(note1) Financials ISAC Japan, FS-ISAC

An organization that provides cyber security related information and analysis to financial institution members. Financials ISAC Japan is aimed at financial institutions doing business in Japan, while FS-ISAC is targeted at financial institutions in America. MUFG is a member of both organizations.

(note2) ICT-ISAC

A corporation that collaborates with telecommunications carriers and broadcasters to help guarantee network security. MUFG engages in cross-sector cooperation with ICT-ISAC.

MUFG's Thinking on Inclusion & Diversity



[Inclusion & Diversity Initiatives](#)

Governance

MUFG Group Code of Conduct

[MUFG Group Code of Conduct](#)

Policy for Conflicts of Interest Management

Mitsubishi UFJ Financial Group ("MUFG") and its subsidiaries and affiliates (collectively, "MUFG Group") shall establish the following policy for conflicts of interest management and take all necessary actions to ensure all officers and employees to comply with the policy and not to falsely harm clients' interest and materialize customer-oriented business conduct based on MUFG Basic Policy for Fiduciary Duties.

Chapter 1 Conflicts of Interest

1. Conflicts of Interest

A conflict of interest means the situation where an MUFG Group's client's interest conflicts with MUFG Group's or one MUFG Group's client's interest conflicts with other MUFG Group's clients'.

While such conflicts of interest occur on a day-to-day basis as a result of conglomerations of financial institutions and diversification of financial trading, MUFG Group shall establish appropriate business management and compliance system to prevent adverse effects from conflicts of interest within the Group.

Chapter 2 Conflicts of Interest Management based on Banking Act, Financial Instruments and Exchange Act, and Others

1. Identifying Transactions with Potential Risk of Adverse Effects from Conflicts of Interest

MUFG Group shall identify in advance businesses, which require special management ("Managed Businesses"), from businesses in the following situations. MUFG Group shall intensively manage transactions with potential risk of adverse effects from conflicts of interest in performing the Managed Businesses, taking into consideration reputation risk.

- (1) Situations where a client reasonably expects MUFG Group to prioritize the client's best interest (e.g. advisory service)
- (2) Situations where MUFG Group could inappropriately benefit in the market using information obtained from transactions with clients
- (3) Situations where high reputation risk resulting from transactions between MUFG Group and clients could arise

Examples for Managed Businesses include:

M&A advisory, Securitization of Assets/Receivables, Loan Syndication, Principal Investment, Equity and Debt Underwriting, and Bond Management.

2. Companies with Requirement for Conflicts of Interest Management

MUFG Group companies conducting Managed Businesses shall be required to develop appropriate management system for conflicts of interest.

Examples of companies with requirement for conflicts of interest management include:

MUFG Bank, Ltd., Mitsubishi UFJ Trust and Banking Corporation, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., au Kabucom Securities Co., Ltd., and The Chukyo Bank, Ltd.

3. Management System for Conflicts of Interest

MUFG Group shall centralize the management of conflicts of interest by establishing divisions responsible for management and control of conflicts of interest at each company under a legal duty to establish management system for conflicts of interest.

MUFG Group shall comply with applicable laws and regulations related to conflicts of interest and maintain appropriate management for conflicts of interest.

4. Measures for Management of Conflicts of Interest

With the following measures MUFG Group shall prevent adverse effects from conflicts of interest issues and avoid falsely damaging clients' interest.

- (1) Separating a division/company conducting a transaction with potential risk of adverse effects by conflicts of interest from other divisions/companies
- (2) Changing the conditions/methods of either/both transactions with potential risk of adverse effects by conflicts of interest
- (3) Terminating either one of transactions with potential risk of adverse effects by conflicts of interest
- (4) Notifying clients of potential risk of adverse effects by conflicts of interest

Chapter 3 Conflicts of Interest Management based on MUFG Basic Policy for Fiduciary Duties

MUFG Group shall manage conflicts of interest properly with the following items under 4. Provision of line of products to meet customers' diverse needs and 5. Sophistication of investment for the improvement of customers' investment results from MUFG Basic Policy for Fiduciary Duties.

- (1) Selection of products that contribute to customers' asset building and provision of sales procedures
- (2) Ensuring independence and transparency of investment management

Examples for Managed Businesses include:

MUFG Bank, Ltd., Mitsubishi UFJ Trust and Banking Corporation, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., Mitsubishi UFJ Morgan Stanley PB Securities Co., Ltd., au Kabucom Securities Co., Ltd., Mitsubishi UFJ Kokusai Asset Management Co., Ltd., The Master Trust Bank of Japan, Ltd., and MU Investments Co., Ltd.

Basic Policy regarding Anti-Social Elements ⊖

MUFG has adopted the following Basic Policy regarding Anti-Social Elements, and our executives and employees are striving to ensure the propriety and safety of all business operations by observing this Basic Policy.

1. Response as an Organization

In relation to anti-social elements, the Company has established the foundation of express provisions in the MUFG Group Code of Conduct and Internal Rules, etc., and will respond as an entire organization, from the top management downward. In addition, the Company will guarantee the safety of employees who would respond to anti-social elements.

2. Cooperation with External Specialist Organizations

Under normal circumstances, the Company endeavors to establish a close cooperative relationship with external specialist organizations such as the police, the Centers for the Elimination of Boryokudan, and lawyers.

3. Blocking of Relationships, including Business Transactions

The Company shall block all relationships with anti-social elements, including business relationships.

4. Civil and Criminal Legal Responses in Times of Emergency

The Company shall reject improper demands from anti-social elements, and take legal actions on both a civil and criminal basis, as the need arises.

5. Prohibition of Secret Deals and Provision of Funds

The Company shall absolutely not engage in secret deals with anti-social elements.
The Company shall absolutely not provide funds to anti-social elements.

Efforts to Prevent Bribery



In response to the tighten control over anti-bribery in the international community, MUFG has made the development of the necessary rules regarding the support of overseas anti-bribery regulations as one of the important issues. In addition to enacting the "MUFG Anti-Bribery Policy" on a groupwide basis, we are putting in place anti-bribery rules, regulations and procedures for each Group company and stepping up management preparedness. We conduct training and education in an effort to ensure that these measures are well known and to entrench rules.

MUFG Basic Policy for Fiduciary Duties



[Fiduciary Duties](#)

MUFG Corporate Governance Policies



[MUFG Corporate Governance Policies](#)

Risk Management: Basic Policy



[Risk Management](#)

Compliance: Basic Policy



[Compliance](#)

Global Financial Crimes Policy Statement



MUFG has published Global Financial Crimes Policy Statement.

[MUFG Group Financial Crimes Policy Statement](#)

[MUFG Bank](#) 

MUFG Group Disclosure Policy



1. Purposes

The purpose of this policy is to ensure that Mitsubishi UFJ Financial Group, Inc. (hereinafter “MUFG” or the “Company”) and its subsidiaries (hereinafter collectively referred to as the “MUFG Group”), in the pursuit of corporate growth and greater corporate value, adhere to impartial, fair and appropriate disclosure practices aimed at best serving their depositors, business partners, customers, shareholders, investors and all other stakeholders as well as society as a whole. This policy is also intended to ensure that insights acquired through stakeholder dialogue are appropriately reflected in management activities. Accordingly, policy herein shall define underlying

concepts for the MUFG Group with regard to disclosure while specifying procedures and organizational structures for such disclosure.

2. Underlying Concepts

The MUFG Group's disclosure shall be governed by the following concepts.

- (1) **Compliance with laws and regulations**
 To ensure timely, accurate and appropriate disclosure, the MUFG Group shall comply with Japan's Financial Instruments and Exchange Act, the Companies Act, the Banking Act and other relevant legal regulations as well as rules stipulated by domestic and overseas securities exchanges in which the Group's securities are listed and those formulated by related authorities (hereinafter collectively referred to as "regulations and rules").
- (2) **Transparent and easy-to-understand disclosure**
 The MUFG Group shall maintain transparency in its disclosure activities while securing the continuity and consistency of such disclosure. In doing so, the Group shall strive to ensure that information is disclosed in a manner easily understood by all stakeholders. Moreover, the Group will disclose not only that information specified by regulations and rules as being subject to mandatory disclosure but, on a voluntary basis, information deemed significant or beneficial in terms of facilitating stakeholders' understanding of the MUFG Group.
- (3) **Impartiality and fairness**
 The MUFG Group shall disclose important information^(note1) to all stakeholders in a timely, impartial, fair and appropriate manner.
- (4) **Constructive stakeholder dialogue**
 Striving to maintain constructive dialogue with its stakeholders, the MUFG Group shall facilitate their understanding of its operations while appropriately addressing matters of their concern. In these ways, the MUFG Group shall strive to incorporate insights acquired through such dialogue into management activities, thereby securing sustainable growth for the Group and enhancing its corporate value over the medium and long terms.

(note1)

"important information" refers to information that significantly affects the prices of securities issued by the Company and that is specified by regulations and rules as being subject to mandatory disclosure, including finalized, yet undisclosed, financial results for full-year or quarterly fiscal periods.

3. Methods and Media Used for Voluntary Disclosure

In addition to maintaining disclosure in accordance with regulations and rules, including the timely disclosure rules stipulated by securities exchanges, the MUFG Group shall voluntarily disclose information deemed significant or beneficial in terms of facilitating stakeholders' understanding of its Group operations. To this end, the Group shall utilize the following methods and media.

- (1) Issuing integrated reports, annual reports, consolidated summary reports and other disclosure publications
- (2) Engaging in dialogue at periodic presentation meetings for individual investors, analysts and institutional investors in Japan and overseas
- (3) Occasionally, holding one-on-one dialogue sessions with particular stakeholders (upon the request of such stakeholders)

4. In-House Structure and Procedures for Disclosing Important Information

MUFG aims to develop a robust organizational structure to secure the appropriate and accurate disclosure of its corporate information. To this end, the Company has in place “Timely Disclosure Rules,” a set of in-house rules formulated by the Executive Committee based on authorities delegated by the Board of Directors. Designed to govern the disclosure of important information, these rules stipulate the following:

- (1) Whenever a potential need for disclosing important information is identified, departments in charge of such information shall engage in discussions with the Corporate Administration Division, the Media Relations Office of the Corporate Communications Division and the Financial Planning Division to decide on whether or not to disclose said information. Should these bodies agree to disclose the information, they shall also determine the timing and the detailed content of such disclosure through due consultations.
- (2) In general, the Corporate Administration Division reports on a biannual basis to the Disclosure Committee, which operates directly under the Executive Committee, thereby ensuring that the Disclosure Committee is apprised of the latest content of the “Timely Disclosure Rules,” upcoming revisions to said rules, the actual status of disclosure based on these rules, including the content and timing of disclosure as well as methods used for such disclosure. These reports also contain information that has not been disclosed and reasons for such non-disclosure.
- (3) With regard to important information associated with Group subsidiaries, the Corporate Administration Division receives relevant reports from MUFG's direct subsidiaries via departments in charge of disclosure at these subsidiaries.
- (4) Notwithstanding the aforementioned procedures, information deemed particularly significant and worthy of being directly reported to the Executive Committee can be directly communicated to said committee prior to or in conjunction with reporting to the Disclosure Committee.

The Disclosure Committee discusses the content of official reports that require sworn declarations from the Group CEO or CFO as well as management reports on internal control systems associated with financial reporting. Throughout the course of these discussions, the committee determines the propriety of the information being disclosed in these publications and deliberates on the effectiveness of internal control systems and procedures associated with disclosure and financial reporting. The conclusions the Disclosure Committee reaches with regard to important matters are reported to the Board of Directors or the Executive Committee or relayed to these bodies for further approval.

5. Methods for Mandatory Disclosure under Particular Regulations and Rules

MUFG shall disclose certain information that is designated by the Financial Instruments and Exchange Act as being subject to mandatory disclosure through the Electronic Disclosure for Investors' NETwork (EDINET), which is run by Japan's Financial Services Agency. The Company shall also disclose information specified by the Tokyo Stock Exchange's timely disclosure rules through the exchange's Timely Disclosure network (TDnet). Similarly, the Company shall disclose information specified under applicable overseas regulations and rules through the methods designated by the relevant securities exchanges and authorities. In general, MUFG shall also post information disclosed via the aforementioned platforms on its corporate website. Furthermore, whenever MUFG issues a public notice as stipulated by the Banking Act, it shall also post the content of such notice on its corporate website as necessary.

In the course of executing the disclosure practices mentioned above, MUFG shall endeavor to maintain impartial and fair disclosure by, for example, preparing English-language versions of

disclosure materials as needed, with an eye to effectively conveying information to stakeholders in both domestic and overseas markets.

6. Disclosure for Capital Market Participants

In addition to the foregoing, MUFG shall disclose information with a particular focus on the interests of its shareholders, investors, securities analysts, rating agencies and other capital market participants. To ensure that such disclosure is impartial, fair and appropriate, the Company shall give due consideration to the following principles.

(1) Constructive dialogue

MUFG shall engage in constructive dialogue with capital market participants, utilizing such opportunities as presentation meetings and face-to-face dialogue sessions in addition to issuing integrated reports and other publications aimed at facilitating their understanding of the MUFG Group's strategies and corporate value. The Company shall also strive to secure uniformity of response when dealing with inquiries from capital market participants, especially with regard to frequently asked questions pertaining to financial and other key corporate information. To this end, the Company ensures that officers and employees in charge of holding dialogues will act upon shared policies with regard to responding to inquiries and providing requested explanations.

(2) MUFG's concept of selective disclosure

Although MUFG holds face-to-face dialogue sessions and small group meetings with particular investors to facilitate their deeper understanding of the Group's operations, the Company shall not perform selective disclosure in which only a specific group of investors is granted access to important information. Generally speaking, whenever MUFG provides transaction partners^(note2) and others with important information that has yet to be publicized, the Company shall post such important information on its corporate website in conjunction with the disclosure to said transaction partners.

Notwithstanding the foregoing, MUFG may occasionally refrain from publicizing such important information despite disclosure to specific transaction partners provided that said transaction partners are either bound by oaths of confidentiality, obliged to refrain from the sale or purchase of the Company's securities due to being under contract with MUFG, or under legal obligation to maintain confidentiality or refrain from engaging in such sale or purchase.

(note2)

Transaction partners are recipients of important information that fall into any of the following categories: (1) financial instruments business operators, registered financial institutions, credit rating agencies, investment corporations and other entities specified by cabinet office ordinances as well as officers and other key personnel who serve these entities or (2) individuals specified by cabinet office ordinances as being in specific positions at listed companies that enable them to acquire important information in the course of their duties associated with public relations activities for investors and having a significant probability of selling or purchasing securities issued by these listed companies based on investment decisions that take advantage of such important information.

MUFG Tax Policy



Mitsubishi UFJ Financial Group, Inc. has published MUFG Tax Policy Statement.

[Basic Stance toward Tax](#)