



**Committed to empowering  
a brighter future.**

MUFG  
Sustainability Report  
2021

Mitsubishi UFJ Financial Group



# Editorial Policy

MUFG published the MUFG Sustainability Report 2021 to improve understanding on the company's commitment to sustainability, in order to achieve a sustainable environment and society and to help the group achieve sustainable growth. For all of our stakeholders, we explain the sustainability initiatives we implement throughout our operations based on "MUFG Way" and Code of

Conduct. In publishing the report, we consider both the importance to society and the importance to MUFG, with reference to the GRI Standards and the UN Global Compact. Please refer to our website, along with the MUFG Report 2021 (JGAAP) for more information on our sustainable value creation mechanism and financial data.

▶ MUFG report 2021 are available on our website. ([https://www.mufg.jp/english/ir/report/annual\\_report/](https://www.mufg.jp/english/ir/report/annual_report/))

## Scope of Reporting

In principle, this report covers major 6 companies.

### ● Major 6 companies

- Mitsubishi UFJ Financial Group
- MUFG Bank
- Mitsubishi UFJ Trust and Banking
- Mitsubishi UFJ Morgan Stanley Securities
- Mitsubishi UFJ NICOS
- ACOM

### ● Definitions of Specific Terms Used in This Report

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

## Period Subject to Reporting

FY2020 (April 1, 2020 to March 31, 2021)  
(Includes some information from FY2021)

## Reference Guidelines

- GRI Standard
- UN Global Compact
- ISO 26000: Guidance on social responsibility
- SASB (Sustainability Accounting Standards Board)
- Environmental Reporting Guidelines (2018), Ministry of the Environment
- SDGs Compass
- Recommendations of TCFD

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# MUFG's Approach to Sustainability

## MUFG's 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.

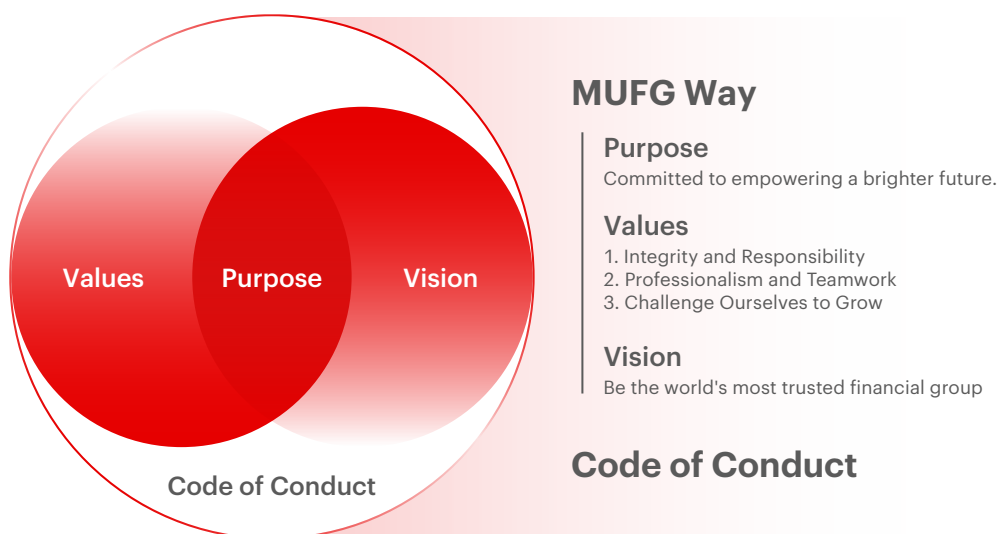
## MUFG Way and Code of Conduct

### 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.



### 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.

► Details on our code of conduct are available on our websites. (<https://www.mufg.jp/english/profile/governance/ethics/>)

- 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

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 this fiscal year, 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.

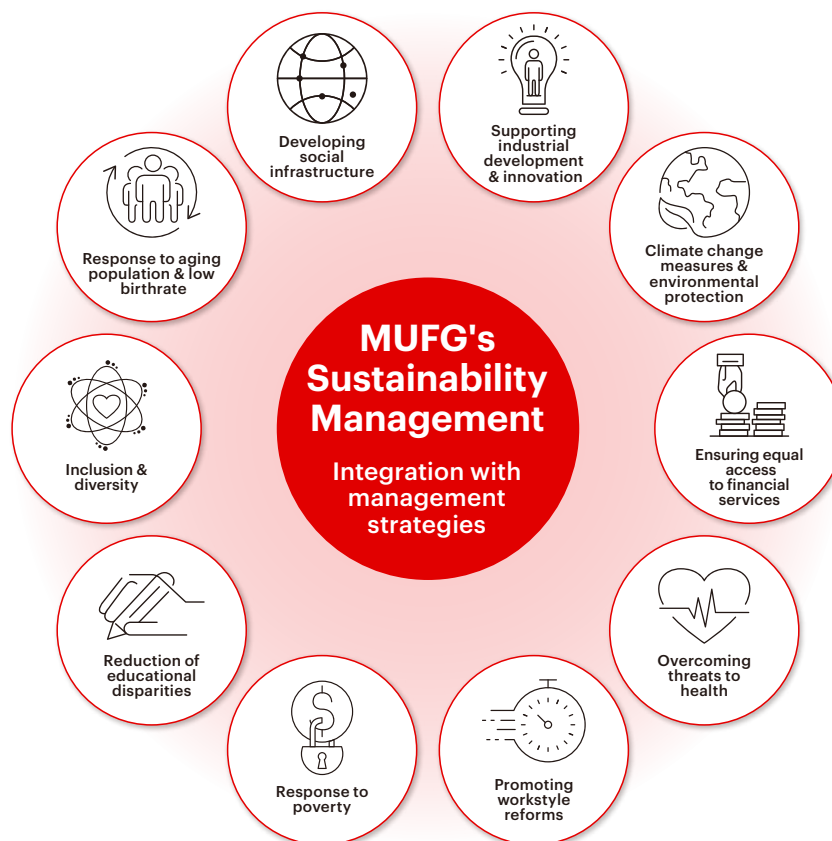
▶ Please refer to "Promotion of Sustainability (P.11)" and "Approach to Priority Issues (P.17)" for details.

## Overall of MUFG's Sustainability Management



### MUFG's 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.



## Message from the CEO



Hello, I am Kamezawa, the Group CEO.

First and foremost, I want to express my heartfelt sympathies to everyone affected by the COVID-19 pandemic, and my grateful respect to all the healthcare professionals and frontline workers working to care for individuals and protect society.

In April 2021, MUFG defined our purpose - crystallizing our thinking on why we exist - as being "Committed to empowering a brighter future." We launched a new Medium-term business plan with that purpose as a driving force, and with an invigorated emphasis on resolving environmental and social issues.

This stance recognizes that MUFG can grow only if society is sustainable, and pledges our utmost to help all MUFG stakeholders move forward - including our customers and partners, local communities and society, future generations, and MUFG employees.

Concerns such as climate change, the aging population and low birthrate, and ripple effects of the digital shift in society, are forcing major shifts in the lives of people and activities of companies around the world. As trends including the green shift and digitalization continue

to accelerate, stakeholders have high expectations for MUFG's ability to provide safe and reliable next-generation financial services to society. By wisely interpreting societal shifts and viewing environmental and social solutions as an opportunity to grow, MUFG aims to lead the way in sustainability initiatives.

We announced the MUFG Carbon Neutrality Declaration with the intent of helping address climate change, one of humanity's most-important challenges; and we have reinvigorated various existing MUFG efforts and placed them within the purview of this declaration, alongside any new initiatives we launch in the future. We have also expressed our strong commitment to help achieve the goals of the Paris Agreement, through both internal and external efforts. To achieve net-zero greenhouse gas emissions from our investment and loan portfolio by 2050 and net-zero greenhouse gas emissions from our own operations by 2030, we support transition and green-innovation initiatives that drive toward a carbon-free society - initiatives that also lead to our own growth.

Through sustainability management, we will grow recognition among our colleagues that their work is supporting the planet and society at large, and provide genuine initiative to attack their daily work with pride.

We urge each and every one of our colleagues to embody MUFG's purpose, "Committed to empowering a brighter future." and to share thoughts on this with their colleagues and managers, while asking how they can help our customers and support society's health.

By systematically encouraging this dialogue, we wish

to imbue a shared sense of devotion to customers and society throughout our organization, and provide a pure motivating force for all our strategies.

While fostering a culture where employees of diverse generations, genders, nationalities, cultures, and values can freely express their opinions, we wish to contribute to building a sustainable environment and a healthy society, on a Group and global basis.

We ask for your continued understanding and support.

### Thoughts reflected in "Adventures of a Red Ball"

The red ball pops out from the MUFG logo rolls vigorously forward, activating various resources and prompting actions. A bridge is built where there was none. Windmills start to spin and solar panels spring up, generating natural energy. Greenery flourishes as trees are planted, attracting a variety of organisms, including insects and animals.

These scenes are all part of "Adventures of a Red Ball - MUFG Soul Movie" released in June 2021.

In this video, the "red ball" of MUFG continues to roll forward with resolve, choosing "change" over "stay" even when it's the difficult choice - all the while representing the "soul" of our company.

We created this video because we believe it is also

important to communicate our thoughts and values on sustainability to society in an easy-to-appreciate manner.

"Adventures of a Red Ball" will continue to roll on toward a sustainable environment for all of society.



► "Adventures of a Red Ball" can be viewed at: ([https://youtu.be/i8NveZd5\\_WA](https://youtu.be/i8NveZd5_WA))

# Sustainability Update

## Purpose

The purpose was set with the determination to empower all stakeholders to advance to the next stage.

**Committed to Empowering  
a Brighter Future.**

► Details: P.3

## Review of Priority Issues

Ten issues to be prioritized by MUFG are identified.

**10 issues**

► Details: P.18

## Contribution to the Realization of a Decarbonized Society

Net-zero GHG emissions from the investment and loan portfolio by 2050, and net-zero GHG emissions from MUFG itself by 2030

**MUFG Carbon  
Neutrality Declaration**

► Details: P.9, P.50

## Participation in Initiatives

Enhancement of our response to climate change and proactive dissemination of information and opinions as a financial institution mainly based in Japan and Asia

**NZBA, PCAF**

► Details: P.22, P.133

## Switching 100% of the Electricity Consumed by MUFG to Renewable Energies

Stimulation of the trading market by purchasing the Non-Fossil Fuel Certificate, and promotion of the use of renewable energy

**100%**

(For the electricity contracted to be used at bank branches in Japan)

► Details: P.21

## Raising the Target of Sustainable Financing

Reinforcement of support for solving environmental and social issues and for economic development

**35 trillion yen**

► Details: P.37

## Cumulative Execution Amount of Sustainable Finance

Proactive support for resolving environmental and social issues

**7.9 trillion yen**  
(Cumulative from FY 2019)

► Details: P.37



**Cumulative Origination  
Volume of Renewable  
Energy Project Finance**

Active promotion of  
renewable energy as a  
prioritized support area

**46 billion USD**  
(Cumulative from FY 2010)

▶ Details: P.60

**CO<sub>2</sub> Reduction Target**

Establishment of a CO<sub>2</sub>  
reduction target to  
be achieved through  
financing renewable  
energy projects

**70 million tons**

▶ Details: P.60, P.73

**Industry-Academia Collaboration  
with The University of Tokyo**

Research on decarbonization  
pathways and the role of finance in  
their realization

**Collaborating with the  
University of Tokyo**

▶ Details: P.22, P.111

**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.

**Stricter reviewing**

(Coal-fired power generation, forest and palm oil sectors)

▶ Details: P.70

**Promotion of Responsible Investment**

Minister of the Environment Award 2020, which recognize  
the year's best practice in sustainable investment, hosted  
by Principles for Financial Action for the 21st Century.

**Received the  
Minister of the  
Environment Award**

▶ Details: P.140

**Target Ratio of Female  
Management in Japan**

Reflecting diverse  
perspectives and  
values in areas closer to  
management

**18.0%**

▶ Details: P.25, P.87

**Executive Compensation  
Evaluation Index**

Revision of the executive compensation  
system to achieve the new medium-  
term business plan and carry out  
sustainability management

**Reflecting  
ESG factors**

▶ Details: P.55, P.116

**Social Contribution  
Activity Expenses**

Donations and volunteering  
in areas where it is difficult to  
contribute through financial  
services and where there is a  
real need for society

**9.16 billion yen**

▶ Details: P.106





# MUFG Carbon Neutrality Declaration

To achieve net zero emissions in our finance portfolio  
by 2050 and in our own operations by 2030

## Commit to Achieve Decarbonization through Financial Services

- Set and disclose a milestone for 2030 by FY 2022, which progress will be reported on annual basis.
- Demonstrate appropriate engagement functions
- Actively support innovation technologies and transition measures

- ☑ Actively support financing for transition
- ☑ Support renewable energy, hydrogen, nextgeneration energy, etc.
- ☑ Set target for sustainable finance
- ☑ Participate in the UN-led Net Zero Banking Alliance

- ☑ Continuous review of the MUFG Environmental and Social Policy Framework
- ☑ Disclose future credit portfolio reduction targets related to coal-fired power generation
- ☑ Reflect climate change risk into credit process

## Promote Decarbonization via MUFG's Own Efforts

- Reduce MUFG's impact on the environment
- Leverage on a framework which contributes a certain percentage of profit to CSR activities

- ☑ Shift to 100% renewable energy for procured electricity
- ☑ Launch renewable energy fund
- ☑ Generate demand for next generation energy
- ☑ Work on carbon offsets (afforestation, etc.)

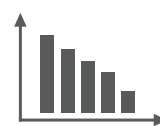
## Set targets to align with the goals of Paris Agreement, and expand and improve transparency of information disclosure

Scientific approach  
(SBT, etc.)



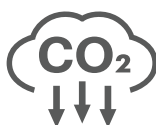
Credit portfolio reduction  
target for coal-fired power  
generation projects (PF)

▶ Please refer to P.74 for details.



CO<sub>2</sub> reduction targets  
(Renewable energy PF)

▶ Please refer to P.73 for details.



Enhance communication tools  
(Sustainability Reports,  
booklets)

▶ <https://www.mufg.jp/english/csr/report/>



## Enhance the Organization to Achieve Carbon Neutrality

Reflect ESG  
elements to the  
executive  
compensation

Govern policy  
statements by  
the Board of  
Directors

Group global  
project teams

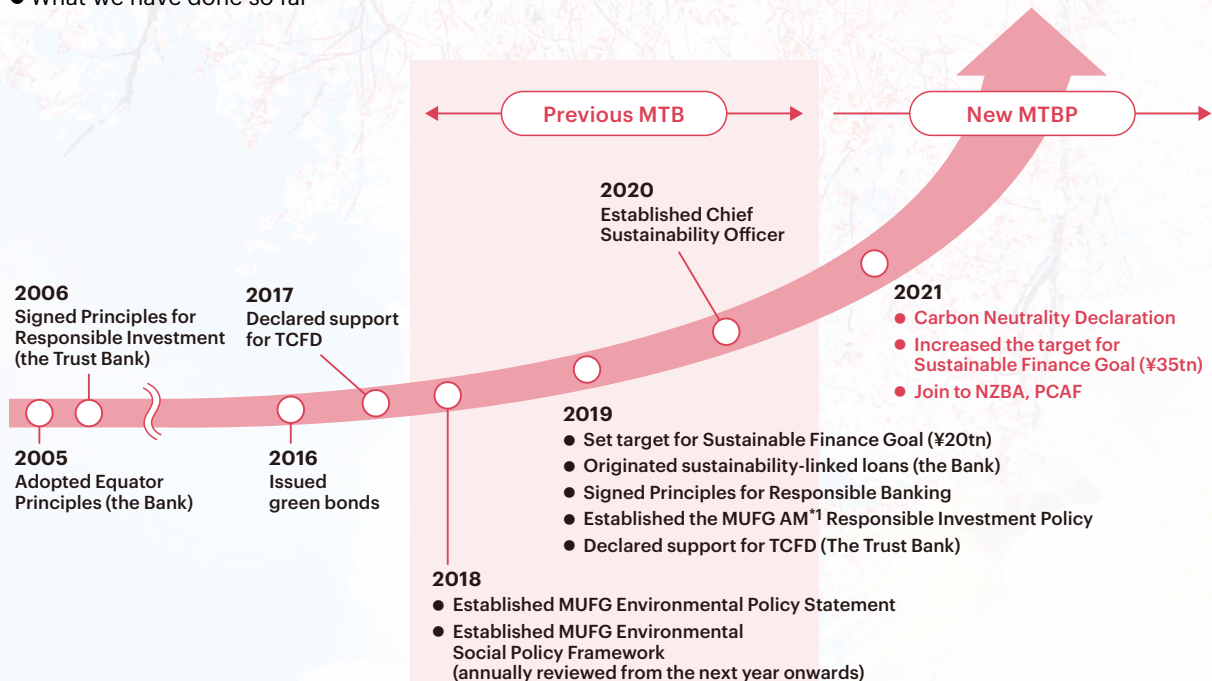
Enhance external  
relationships and  
promote the  
usage of external  
knowledge

Strengthen and  
developing  
professional  
talents

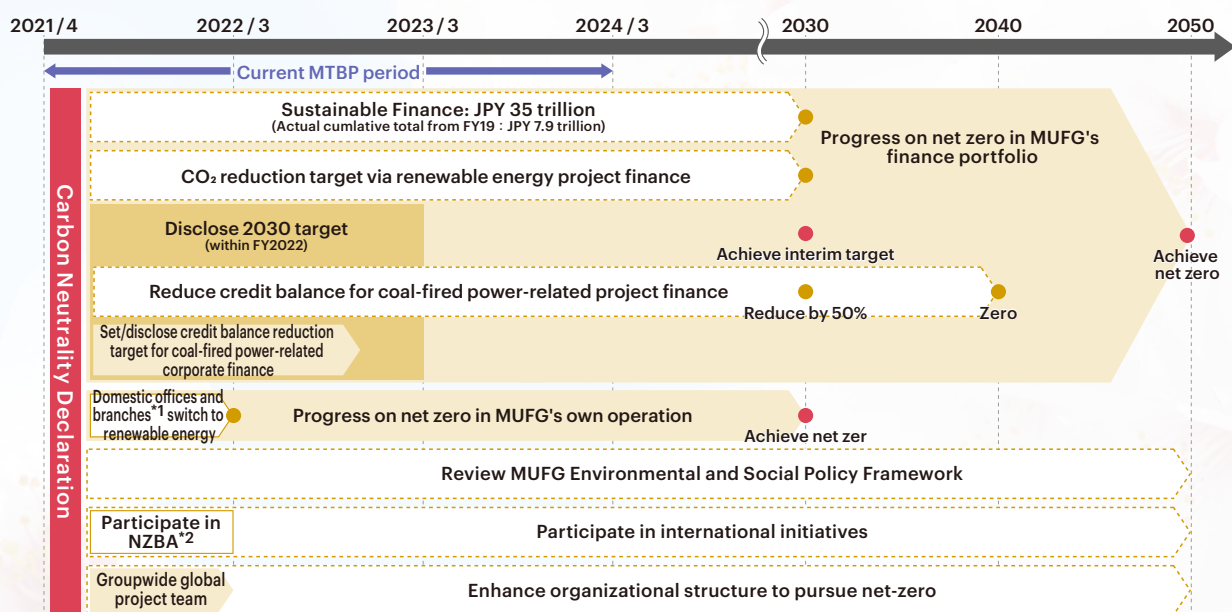


MUFG is committed to tackling climate change, one of the most serious issues facing the world, and will therefore develop specific action plans based on its purpose, which is being "Committed to empowering a brighter future." In order to align with the goals of the Paris Agreement, MUFG will support the smooth transition to a decarbonized society through its financial services and proactively contribute to creating a sustainable society by fostering a virtuous cycle between the environment and economy.

● What we have done so far



● Roadmap for achieving carbon neutrality



\*1 The Bank, the Trust bank and the Securities HD

\*2 Net-Zero Banking Alliance

# Promotion of Sustainability

## Policies and Guidelines Related to Sustainability

Details on our policies and guidelines are available on our websites. (<https://www.mufg.jp/english/csr/policy/>)

### Environmental

- MUFG Environmental Policy Statement
- MUFG Environmental and Social Policy Framework
- MUFG AM Responsible Investment Policy

### Society

- MUFG Human Rights Policy Statement
- MUFG Environmental and Social Policy Framework
- MUFG AM Responsible Investment Policy
- MUFG Human Resources Principles
- Approach to Purchasing Activity
- Modern Slavery Act 2015
- Activities against Cluster Bombs
- Personal Information Protection Policy
- MUFG's Thinking on Inclusion & Diversity  
Details are available on our website.  
(<https://www.mufg.jp/english/csr/employee/worklifebalance/>)

### Governance

- MUFG Group Code of Conduct  
Details are available on our website.  
(<https://www.mufg.jp/english/profile/governance/ethics/>)
- MUFG Group Disclosure Policy
- Policy for Conflicts of Interest Management
- Basic Policy regarding Anti-Social Elements
- Efforts to Prevent Bribery
- MUFG Basic Policy for Fiduciary Duties  
Details are available on our website.  
(<https://www.mufg.jp/english/profile/governance/fd/>)
- MUFG Corporate Governance Policies  
Details are available on our website.  
(<https://www.mufg.jp/english/profile/governance/policy/>)
- Risk Management Basic Policy  
Details are available on our website.  
(<https://www.mufg.jp/english/profile/governance/risk/>)
- Compliance Basic Policy  
Details are available on our website.  
(<https://www.mufg.jp/english/profile/governance/compliance/>)
- Global Financial Crimes Policy Statement

### Group Company Policies

- MUFG Bank  
Details are available on our website.  
(<https://www.bk.mufg.jp/global/aboutus/>)
- Mitsubishi UFJ Trust and Banking  
Details are available on our website.  
(<https://www.tr.mufg.jp/english/aboutmutb/aboutmutb.html>)
- Mitsubishi UFJ Securities Holding  
Details are available on our website.  
(<https://www.hd.sc.mufg.jp/english/sustainability/>)

## Sustainability Promotion Structure

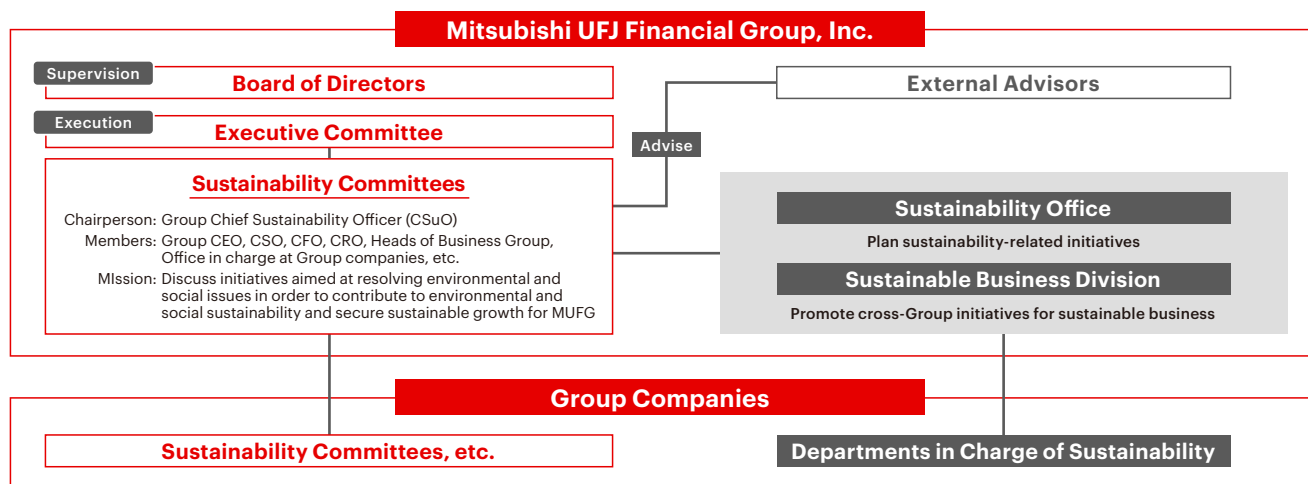
Under the supervision of the Board of Directors, MUFG has established a system to promote sustainability centered on the Sustainability Committee.

This committee is chaired by the Group Chief Sustainability Officer (CSuO), who is a member of the Board of Directors and is responsible for all sustainability initiatives. The CSuO also serves as the Group Chief Strategy Officer (CSO) in charge of corporate planning and strategy.

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, two 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.

### Sustainability Promotion Structure



## Roles of Each Position and Department

### ● Group Chief Sustainability Officer (CSuO)

Promotes the realization of sustainability and is responsible for its initiatives. The Group CSO, a member of the Board of Directors, becomes the CSuO.

### ● 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 the planning and development of sustainability management and accelerating sustainability management throughout the company.

### ● Sustainable Business Division

The Sustainable Business Division is an organization dedicated to the promotion of sustainable finance. As a portal-hub for MUFG, this team accumulates information related to sustainable business globally and support customers' sustainable growth through providing information and solutions.

# Stakeholder Engagement

## -Empower All Stakeholders to Move to the Next Step Forward-

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.

Through new services that utilize digital technology, we will help everyone realize a prosperous life that is uniquely their own.

### [FY 2020 achievements]

- Customer feedback volume:  
Approximately 180,000 instances\*, including 249 inputs utilized to improve services

\*The Bank, the Trust Bank, MUMSS, NICOS and ACOM

For the sake of future generations, we aim to create a world in which people and the Earth coexist in harmony. We will proactively take action for the empowerment of future generations.

### [FY 2020 achievements]

- Promotion of sustainable financing
- Response to climate change
- Support for future generations through donations
- Participation in various initiatives

Being an active member of local communities and strengthening ties with them give us the ability to solve a wide variety of social issues.

### [FY 2020 achievements]

- Number of dialogues held with NPO/NGO 23
- Social Contribution Activities

While respecting the individuality of each employee, we will help the colleagues of MUFG by creating a workplace where diverse human resources can demonstrate their abilities and grow.

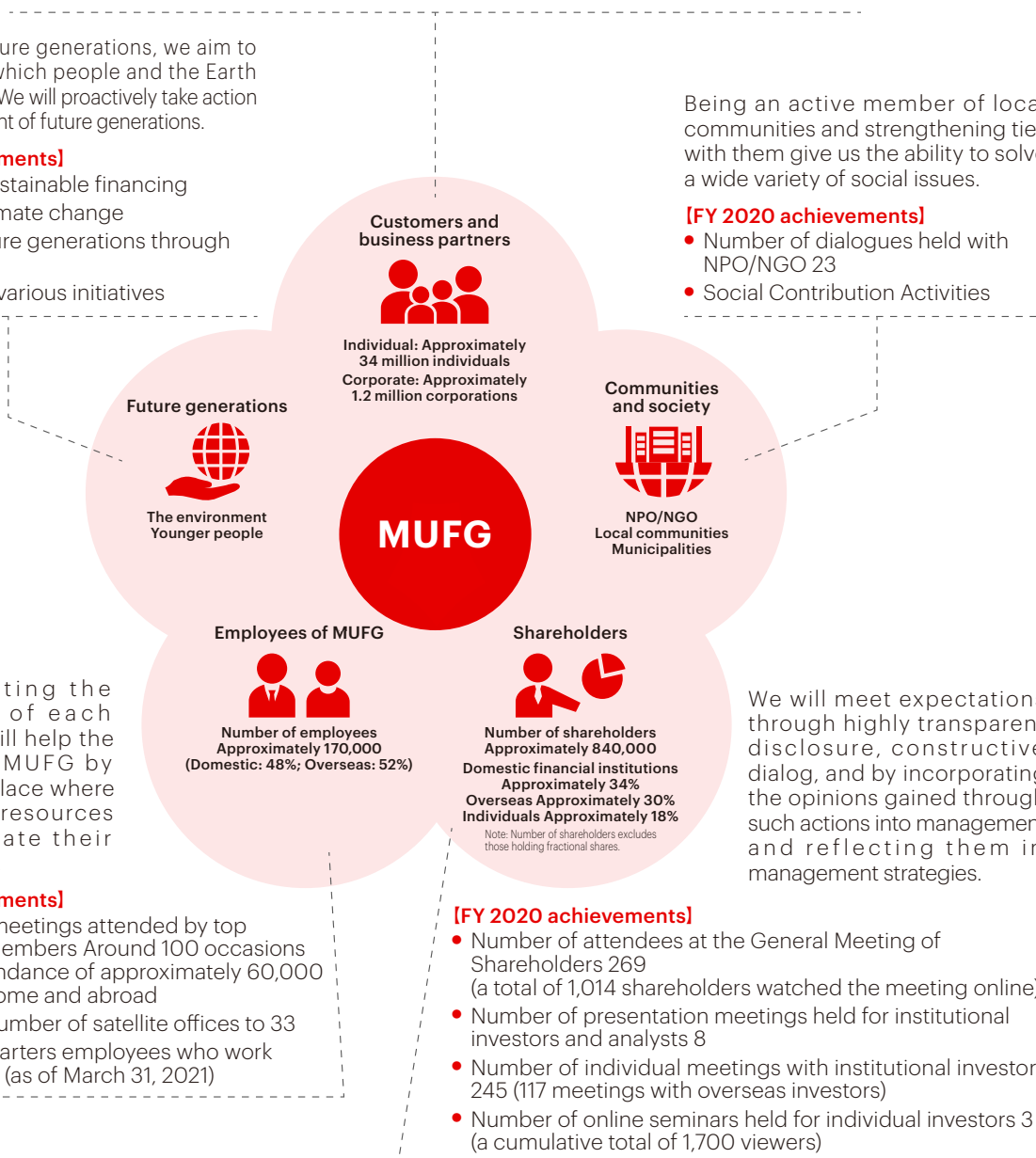
### [FY 2020 achievements]

- Hold town hall meetings attended by top management members Around 100 occasions with a total attendance of approximately 60,000 employees at home and abroad
- Increased the number of satellite offices to 33
- Ratio of headquarters employees who work from home 55% (as of March 31, 2021)

We will meet expectations through highly transparent disclosure, constructive dialog, and by incorporating the opinions gained through such actions into management and reflecting them in management strategies.

### [FY 2020 achievements]

- Number of attendees at the General Meeting of Shareholders 269 (a total of 1,014 shareholders watched the meeting online)
- Number of presentation meetings held for institutional investors and analysts 8
- Number of individual meetings with institutional investors 245 (117 meetings with overseas investors)
- Number of online seminars held for individual investors 3 (a cumulative total of 1,700 viewers)





## Distributing Information and Having Dialogues with Stakeholders

### MUFG's Business Strategy Seminar, "MUFG's Sustainability Management: Initiatives for Climate Change" was Held!

A climate change seminar for investors was held online on June 3, 2021.

At the seminar, CSuO Miyashita gave a presentation on "MUFG's Sustainability Management" and "MUFG Carbon Neutrality Declaration", and General Manager Kato of the Sustainable Business Division gave a presentation on "Sustainable Business", followed by a Q&A session.

During the Q&A session, participants engaged in a lively discussion on such topics as the MUFG Environmental and Social Policy Framework, setting targets for net-zero greenhouse gas emissions, and the profitability of

► The presentation materials and key Q&As from the event are available on our websites.  
(<https://www.mufg.jp/english/ir/presentation/2021/>)

sustainable business.

The participants gave positive feedback, "The seminar was highly satisfactory as the speakers provided thorough and sincere answers", "I was able to understand well about the efforts against climate change", and "I felt the strong commitment to achieve carbon neutrality".



### MUFG Sustainable Business Day was Held!

On February 12, 2021, Sustainable Business Day,\* an event for our customers, was held online.

The event was a great success with the participation of more than 600 customers, mainly from business corporations, investors, local governments, and financial institutions, as the event introduced global trends and advanced examples with ESG finance and transitions as keywords.

Through this event, we recognized the importance of supporting our customers' efforts towards

\* This event was held in conjunction with Tokyo Sustainable Finance Week, an event organized by the Tokyo metropolitan government to contribute to the promotion of financial services that contribute to the development of sustainable cities and to increase the presence of Tokyo in the field of sustainable finance.

decarbonization. MUFG is committed to support our customers' sustainability transitions and innovation through engagements, and to provide financial support for business development.



### ESG Seminar was Held in Singapore

The theme of the seminar was "ESG Trends of Investors and Corporations - Supporting a Sustainable Society Through Finance". Over 130 customers of the Corporate Sales Division in Singapore participated in the seminar.

The seminar introduced the latest trends in ESG management and sustainable finance, MUFG's support system, ESG trends in Asia and Oceania, and MUFG's initiatives. We received comments, such as "I was able to understand how financial institutions and investors view ESG management", and "It was helpful that I was able to learn the specific framework of sustainable finance".

As a financial institution, we will continue to contribute to the ESG management of our customers in Singapore, which as a nation is aiming to become the hub of green finance.



## Dialogue with Employees of MUFG

MUFG aims to be an organization in which each employee thinks autonomously and spontaneously, takes ownership of his or her role in the team, and takes action and challenges.

To this end, we deem it essential to foster an open-minded and speed-oriented corporate culture. We consider such a culture a key component supporting a management approach focused on enabling employees to earn tangible successes in the course of their daily operations and take pride in their duties while pursuing personal happiness and their dreams for the future.

Putting this approach into practice, we promote various engagement initiatives, such as online town hall meetings aimed at facilitating interaction between top management members and employees of Group companies and dialogue sessions between external business leaders and the Group CEO, with employees

participating. We also support voluntary social contribution activities planned and undertaken by employees.

Moreover, we implement measures aimed at facilitating workplace communications while providing training to help enhance employees' sense of ownership about the MUFG Way, which has been newly established, as well as MUFG Group Code of Conduct, which we update annually.

The outcomes of these measures are confirmed via the annual Group Awareness and Engagement Survey and other feedback and reported to the Board of Directors. The fiscal 2020 round of such survey targeted approximately 103,000 employees, with the ratio of respondents totaling 93%. We also implement improvement measures to address issues identified in the course of this survey.

### Town Hall Meetings with Top Management

For us to enhance employees' sense of engagement, it is essential to win their empathy toward management. Accordingly, we proactively hold town hall meetings to directly communicate management visions to employees, a practice that also helps our corporate leaders acquire new insights from the open exchange of ideas with employees.

In fiscal 2020, our town hall meetings were attended by a cumulative total of approximately 60,000 employees at home and abroad. We also host special town hall meetings for female employees to address such subjects as how to strike a balance between career development and family duties.

► Please refer to "Inclusion & Diversity (P.88)" for details on special town hall meetings for female employees.

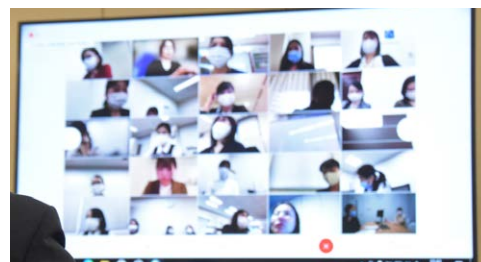
Number of attendees	(cumulative total) 60,000
Domestic employees	(cumulative total) 50,000
For line managers or higher	1,700
For female employees	500
Overseas employees	(cumulative total) 9,200

### Over 30,000 participants! All Employees x All Executives Town Hall Meeting

From January to February 2021, an online town hall meeting was held for the bank's approximately 30,000 domestic employees.

Seventy-six executives from all over Japan directly communicated "what management is thinking now", as well as shared their perceptions and thoughts on daily issues faced by employees. By using a real-time questionnaire, participants were able to ask questions and express their opinions on the spot, and executives were able to check participants' responses to their own answers, resulting in a lively two-way communication. Participants said, "Knowing what the executives are

thinking at the moment brought us closer together", and "The online approach made it easy to participate, and the questions and opinions of other employees were stimulating".



## Dialogue Sessions between External Business Leaders and Group CEO

We hold dialogue sessions to which external business leaders are invited to exchange opinions with the Group CEO in the presence of MUFG employees. These sessions provide employees with opportunities to learn about external corporations' management philosophies, their recognition of issues lying ahead and their business initiatives. In this way, we help employees acquire new perspectives regarding the possibility of MUFG while motivating them to change their mindsets and their modes of behavior.

Each session is attended by approximately 500 employees, and question & answer sessions held following dialogues involve active exchanges between external business leaders and employees.



Mr. Anthony Tan,  
CEO of Grab



Mr. Makoto Takahashi,  
President of KDDI



Mr. Hiroshi Aoi,  
President of Marui Group

## "Finance of Tomorrow" Initiative

Amid the COVID-19 pandemic, our society is undergoing everfaster changes in work styles, lifestyles and educational methods. Given these changes, banks are being called upon to update their modes of financial services with regard to government subsidies and grants in addition to being expected to extend loans to an even broader range of borrowers, including SMEs and freelance workers. With this in mind, we launched the "Finance of Tomorrow" initiative in which the Group CEO and young employees pay visits to and engage in dialogue with external individuals who are successful in various fields to encourage each employee to think about the future of finance from their own standpoints. These interactions are helping them reflect on for whom financial services exist, what is required of MUFG now and what they can do to support it.

► The digest version can be viewed on YouTube!  
(<https://youtube.com/playlist?list=PLIP9DsBjlgps8RcKZxbelAv77n3xzQgs>)

### List of dialogue themes

- 1st round Discovering a new mode of finance in Africa
- 2nd round Music surely knows what finance is
- 3rd round Ethical financing sprouting buds in farmland
- 4th round More freedom for people who have little access to loans
- 5th round An organization heeding external voices, a company where women shine
- 6th round What it takes to help the underbanked break free from homelessness
- 7th round Look to the frontline to find out why we promote DX

## "Straight-Talking" Roundtable with Group CEO

We hold "Straight-Talking" roundtable events in which employees engage in discussion with the Group CEO. 10 individuals have been selected from business units across the Group to join in such discussions and exchange ideas with the Group CEO. The events were held over the course of four months and focused on deliberating on the business model the Group must create, the value it must deliver via financial services and other themes proposed by these individuals with a sense of ownership about the future of MUFG. In these ways, all attendees took an in-depth look into what MUFG must evolve into in the future and how it should effect change. We have thus helped individuals with diverse

backgrounds acquire a shared understanding of and fresh insights into issues they are currently confronting regardless of their age, Group entity they belong to or type of operations they handle.

Furthermore, all these employees were able to refresh their understanding of the need to take autonomous and spontaneous action to change the organization. In addition, the final round of these events closed with the presentation of a collective recommendation from the 10 employees to the Group CEO. Looking ahead, all 10 of these employees will spearhead projects they themselves have proposed in an effort to create an even more attractive company.

► Other related pages: "Human Resources Strategy. (P.81)"  
"Inclusion & Diversity (P.86)"  
"Social Contribution Activities (P.105)"

# Approach to Priority Issues

- P.18 Priority Environmental and Social Issues MUFG Must Address
- P.19 Climate Change Measures & Environmental Protection
- P.23 Response to Aging Population & Low Birthrate
- P.25 Inclusion & Diversity
- P.27 Developing Social Infrastructure
- P.29 Supporting Industrial Development & Innovation
- P.31 Response to Poverty
- P.32 Reduction of Educational Disparities
- P.33 Ensuring Equal Access to Financial Services
- P.34 Promoting Workstyle Reforms
- P.35 Overcoming Threats to Health
- P.37 Contribution to Sustainability as a Financial Institution

# Priority Environmental and Social Issues MUFG Must Address

## 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.

### STEP.1

218  
issues

#### Assessing a broad range of environmental and social 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, The previous 7 priority issues specified by MUFG, etc.

### STEP.2

123  
issues

#### Integrating and narrowing-down

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

### STEP.3

12  
issues

#### Extracting

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 citizens

### STEP.4

10  
issues

#### Deliberation and determination

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



Climate change  
measures &  
environmental  
protection



Response to aging  
population &  
low birthrate



Developing  
social  
infrastructure



Supporting  
industrial  
development  
& innovation



Ensuring equal  
access  
to financial  
services



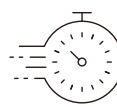
Response to  
poverty



Reduction of  
educational  
disparities



Inclusion &  
diversity



Promoting  
workstyle reforms



Overcoming  
threats to health



# Climate Change Measures & Environmental Protection

## -Toward a Carbon Neutrality-



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. In order to support economic development through a virtuous cycle between the environment and the economy, we are promoting renewable energy, hydrogen and next-generation energy, and carbon recycling as priority fields.

Cumulative execution amount  
of sustainable finance  
(environment)

**3.5 trillion yen**  
(Cumulative from FY 2019)

► Details: P.37, P.72

Origination volume of renewable  
energy project finance

**46 billion USD**  
(Cumulative from FY 2010)

► Details: P.60

CO<sub>2</sub> reduction effect  
in renewable energy  
project finance

**14.55 million tons**

► Details: P.73

Promotion of responsible investment

Received the Minister of  
**the Environment Award**  
(General Department)

Minister of the Environment Award 2020, which recognize the year's best practice in sustainable investment, hosted by Principles for Financial Action for the 21st Century

► Details: P.140

Green bond underwriting

Volume/Market share  
**No.1** in the  
Japanese domestic  
market

► Details: P.61

Amount of CO<sub>2</sub> emissions from MUFG's own operations

**Net zero in 2030**

► Details: P.9, P.50

Electricity contracted by MUFG to be used in offices in Japan

**100% renewable energy**

► Details: P.21

### MUFG's recognition

- 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 decarbonized society and a virtuous cycle of environmental and economic improvement in order to realize a sustainable society.
- The scope of across-the-board environmental protection initiatives is likely to expand to include not only climate change measures but also the protection of biodiversity, etc.

### Main initiatives

- Carry out investment and financing to support climate transition and innovation aimed at realizing a decarbonized society (focus on financing renewable energy, hydrogen and next-generation energy and carbon recycling technologies)
- Provide ESG-related investment products while promoting proprietary ESG investment
- Classify climate change-related risks as Top Risks in the course of integrated risk management
- Regularly review the MUFG Environmental and Social Policy Framework and tighten its policy for financing
- Aim to raise renewable energy to 100% of total purchased energy via the use of a renewable energy options offered by power companies and the purchase of non-fossil certificates
- Create renewable energy via the launch of a renewable energy fund and purchase such energy

□ Opportunities ■ Risks ▣ Opportunities and risks



## Pick Up

### Support for Renewable Energy Projects

#### Dogger Bank Offshore Wind Power Project

- Supplying approximately 5% of the UK's electricity demand

- Total finance amount **Approx. 766.3 billion yen** (5.5 billion GBP)
- Supplying approximately **5%** of the total electricity demand in UK (equivalent of approximately 160,000 households)
- Awarded in Project Finance International, the world's leading trade magazine



#### Contribution to offshore wind farm projects

- Involved in structuring the world's first project finance for an offshore wind farm in 2005
- Provided financing for 41 projects in Japan and overseas as a leading bank

#### Al Dhafra Solar Project, United Arab Emirates

- Construction of a solar power plant with the world's largest-capacity

- Total finance amount **Approximately 98.1 billion yen** (approx. 880 million dollars)
- A construction period bridge finance for a project with a premise of issuing a project bond **for the first time in the Middle East**
- **The world's largest-capacity solar power plant**
- Awarded in Project Finance International, the world's leading trade magazine



#### Supported Funds for the Construction of Hydrogen Stations in California, USA

- The world's largest market for fuel cell vehicles
- Bank's first loan provided specifically for hydrogen-related businesses
- Financial contribution to the expansion of the hydrogen supply infrastructure



#### Funding for Japanese Biotech Venture Aiming to Commercialize Oil-Free / Animal-Free Sustainable Material

- Provided finance for a biotech venture Spiber
- Developer and manufacturer of Brewed Protein™, a next-generation protein material
- Arrangement of financing through **market value securitization scheme**

### Supporting Clients' Transition Strategies

#### Underwriting Inaugural Transition Bonds in Japan

- The Nippon Yusen Kaisya (NYK) issued the first Transition Bonds and will allocate net proceeds to increase low-carbon solutions and to develop & implement decarbonization solutions
- First model example selected by the Ministry of Economy, Trade and Industry for FY 2021 Climate Transition Finance Model Project

#### Transition bonds are ...

Bonds used to invest in projects that are consistent with a company's long-term transition strategy to reduce greenhouse gas emissions



## Investment in a Fund for Climate Change Mitigation Infrastructure in Emerging Countries

- The Fund has Public and Private Sector Partners and is Managed by BlackRock

- **Energy demand to grow** in emerging countries
- **Construction of infrastructure for climate change mitigation** to reduce CO<sub>2</sub> emissions is critically needed
- **Creation of positive environmental and social impact** through public-private collaboration
- Involved in monitoring and evaluation of environmental and social impact

▶ Related: P.40



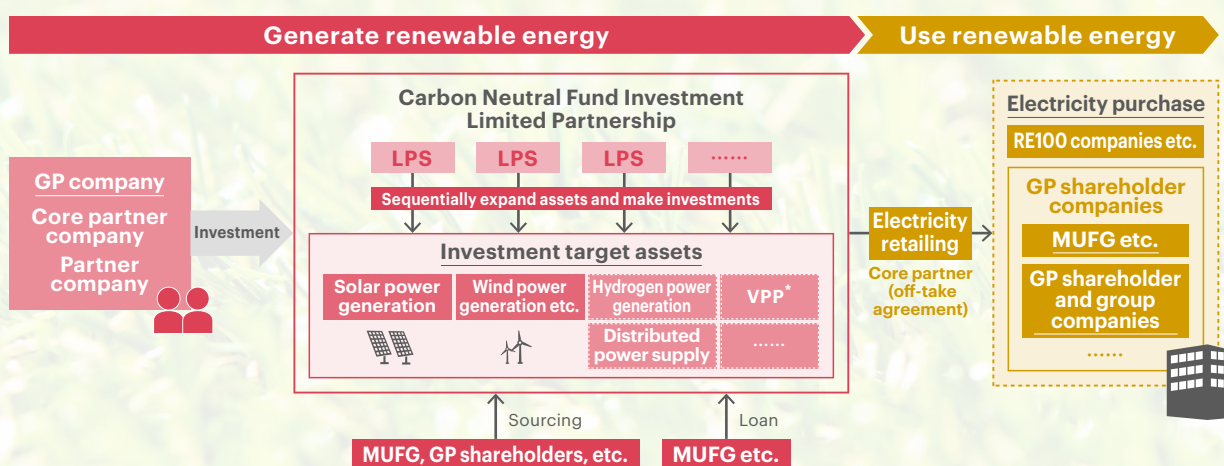
## Switching 100% of the Electricity Consumed by MUFG to Renewable Energies Initiatives of the Bank, the Trust Bank and the Securities (offices in Japan)

- Taking the initiative in **switching 100% of the electricity consumed by MUFG to renewable energies**
- Stimulation of the trading market by using Non-Fossil Certificate\* and promotion of the use of renewable energy
- The bank **has already switched to 100% renewable energy** in practical terms in June 2021  
➡ **Reduction of approximately 100,000 tons of CO<sub>2</sub> annually**

\* A system that extracts the non-fossil value of electricity generated from non-fossil power sources and makes it possible to buy and sell it using certificates

## Launch of a Renewable Energy Fund

- Realization of **switching 100% of electricity consumed by MUFG to renewable energy, revitalization of the Japanese renewable energy market** and creation of business opportunities
- **An integrated approach of not only generating renewable energy, but also using generated energy for procurement of renewable energy by participating companies**
- Utilize expertise in project finance, including asset sourcing and financing arrangements, as well as the know-how of partners in electricity retailing and other businesses
- **Expand the scale and investment target assets to provide renewable energy for companies other than MUFG**



\* Abbreviation for "virtual power plant". The act of controlling a large number of small power plants and electricity demand control systems together as if they are a single power plant



## Participation in Various Initiatives

### First Company in Japan! Joined the Net-Zero Banking Alliance (NZBA)

- Selected as a bank to join the steering members of the Asian National Bank

- Initiative of banks **committed to achieving net-zero GHG emissions in their investment portfolios** by 2050 (established by UNEP-FI in April 2021)
- Contribution to efforts to achieve net-zero GHG emissions on a global basis
- **Active dissemination of information and opinions** as a financial institution with its main base in Japan and Asia
- The only Japanese bank to participate in the Glasgow Financial Alliance for Net Zero (GFANZ) working group

▶ Related: Participation in initiatives (P.133)

### Partnership for Carbon Accounting Financials (PCAF)

- PCAF is a global initiative with the aspiration to **standardize the measurement and disclosure of financed emissions**
- MUFG will leverage the knowledge and database available in PCAF
- MUFG will also contribute to the **worldwide adoption of the measurement and disclosure of GHG emissions in collaboration** with financial institutions participating in PCAF

▶ Related: Participation in initiatives (P.133)

### Industry-Academia Partnership with the University of Tokyo

- Research on Decarbonization Pathways and the Role of Finance in their Realization

- **Donation of 300 million yen in total** for the research activities of the Global Commons Center established by the University of Tokyo, which aims **to establish a stable management framework for the Earth system**, a common foundation for human prosperity
- **Implementation of joint research** to be conducted between MUFG and the University of Tokyo on pathways to decarbonization in Japan and the role of finance in their realization

▶ Details: Social contribution activity (P.111)



### Support for the First Project in Osaka to Promote the Use of Fuel Cell Buses that Use Hydrogen as Fuel

- Supporting the Osaka prefectural government's subsidy project for the hosting of the Osaka-Kansai World Expo scheduled for 2025 by utilizing the **corporate version of the Hometown Tax Donation** system
- **Donated a total of 53.25 million yen**
- Contributed to the purchase of two fuel cell buses and **the construction of a hydrogen supply chain**

▶ Details: Social contribution activity (P.111)



# Response to Aging Population & Low Birthrate

## - Supporting the 100-Year Life Span Era -



MUFG uses our outstanding consulting capabilities to respond to diverse needs, such as asset formation and smooth business succession, in preparation for the 100-year life span era. MUFG also supports the healthy growth of children, who will be the leaders of the next generation, through a variety of social contribution activities, including financial and economic education to improve financial literacy, donations to child support groups, and volunteer activities.

Assets held by individual customers

**100** trillion yen

Total assets under management by individuals

**25.6** trillion yen

Amount of business and asset succession initiatives

**1.2** trillion yen

Number of times financial and economic education was provided

**3,285** times  
(Cumulative from FY 2012)

▶ Details: P.109

Private Banking & Wealth Management Survey 2021  
"Private Banking Services in Japan" (The Securities)

Ranked **No. 1** in the  
overall ranking for nine consecutive years

Widely disseminated knowledge and information on longevity and the aging society in the financial industry

### Financial gerontology\* initiatives

\* A field of study that examines the effects of age-related changes in physical and cognitive abilities on economic activity and financial behavior. In April 2019, the Trust Bank established the Japan Financial Gerontology Institute with Keio University and Nomura Holdings.

▶ Details: [https://www.tr.mufg.jp/english/pressreleases/pdf/20190424\\_1.pdf](https://www.tr.mufg.jp/english/pressreleases/pdf/20190424_1.pdf)

Balance of contracted probate trusts with executions

**10**  
trillion yen

#### MUFG's recognition

- 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.
- 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

- Offer support for customer efforts to prepare for the coming era of centenarians via, for example, the provision of asset building solutions and investment education
- Assist in the smooth succession of businesses and assets by taking advantage of functions offered by Group companies and a network afforded via external partners
- Develop products and services finely tuned to the needs of an aging society while providing digital-driven services
- Via donations and other measures, proactively assist the next generation of leaders by supporting students and other young people

□ Opportunities ■ Risks ▣ Opportunities and risks



## Pick Up

### Support for the 100-year Life Span Era

#### Providing Services that Meet the Needs of Diverse Lifestyles

- Consultations on **how to prepare for many years of life as seniors** and **security support for nursing care etc.** and **optimal asset formation and management**
- Offering a wide range of services, such as time deposits, foreign currency deposits, bonds, investment trusts, life insurance, and tax incentive programs

#### Supporting Smooth Business Succession

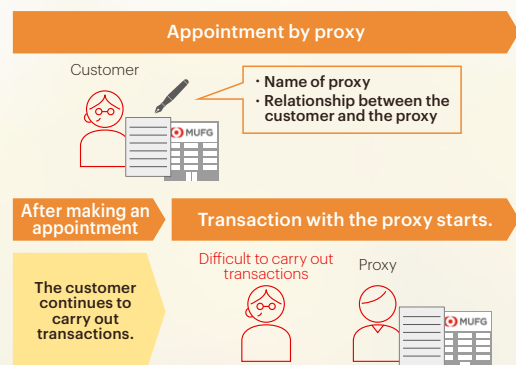
- **Respond to a wide range of needs** using the network of our partners
- **Providing solutions as a Group as a whole**
- Providing M&A proposals, inheritance and real estate proposals using trusts, and asset management proposals using securities
- **Support the succession of businesses and assets worth more than 1 trillion yen in total** through business succession lending etc.



### Launch of a Free Appointment-Based Proxy Services at the Bank, the Trust Bank and the Securities

- **Support for smooth financial transactions** after the loss of cognitive ability and/or ability to make decisions
- Designation of a proxy is possible prior to the transactions
- The designation of **a proxy for a partner** is also possible\*.
- Deposit transactions and the sale of investable products are possible.

\* A certificate of partnership issued by a local government must be submitted.



### Expanding Services to Connect Customers with the Next Generation Online

#### "Tsukaete Anshin" to Manage Assets with Family Members

- **Management of funds by the customer and a family member** is possible using a special app.
- **Reduces anxiety about cognitive decline** concerning asset management and withdrawal procedures as the aged population increases
- A pre-designated **proxy can make withdrawals and account statement inquiries on behalf of the customer.**
- Additional functions have been added for convenience, such as the Tsukaete Wrap Special Contract.\*
- Since the start of the service in March 2019, **more than 5,000** contracts have been made.

\* A function that allows a proxy to cancel the funds managed in the MUFG Fund Wrap and deposit them into the "Tsukaete Anshin".

#### "Family Note -app- by MUFG", an App for Creating One's Own Magazine to Be Delivered to Family Members

- **Preparation for inheritance using digital content** for the future
- **Creating an ending notebook** to be ready for death just in case
- **Photos can be shared, and messages can be sent** easily using the album function.
- **Support daily healthy habits** (walking, brain training, diet management)
- Family members watch over the health records and provide support **by sending "Nice!"**

# Inclusion & Diversity

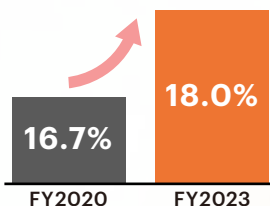


Diversity is an important value that gives us the resilience we need to cope with times of change. At MUFG, we are working to create a workplace where diverse employees can work with vitality and fulfillment. We are also contributing to the promotion of gender diversity in the world through our financial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

## Ration of Women in Management in Japan\*

**16.7%**

We aim to increase it to 18.0% by FY 2023.



\* Ratio of women in line manager or higher positions

▶ Details: P.87

## Composition of the Board of Directors

**4 females out of 16 members**

**2 foreign nationals out of 16 members**

We support the Keidanren's "Challenge Initiatives for 30% of Executives to be Women by 2030", which aims to achieve the ratio of female executives to at least 30% by 2030.

## Ratio of overseas employees

**52%**

We are conducting business in more than 50 countries around the world.

▶ Details: P.84

## Number of employees taking childcare leave

**4,300 employees**

MUFG supports employees who are engaged in childcare and housework regardless of gender.

▶ Details: P.91

## Target rate of male employees taking childcare leave

**100%**

Ratio of male employees who take childcare leave among those who are due to take the leave within the applicable fiscal year.

▶ Details: P.93

## MUFG's recognition

- Empowering diverse human resources to inspire one another will facilitate the creation of new concepts and ideas and the transformation of employee modes of behavior, enabling MUFG to foster an open-minded corporate culture and deliver new value that surpasses the expectations of customers and society as a whole.
- Developing a resilient organization capability of empowering diverse human resources with differing sense of values is essential to flexibly adapt to a time of rapid changes.

## Main initiatives

- Promote gender diversity through issuance of gender bonds, etc.
- Contribute to the resolution of issues minorities are now confronting by inviting a U.S.-based securities firm that specializes in financing for veterans, women, African Americans, Hispanics and other minorities to act as an underwriter in the course of issuance of corporate bonds
- Improve gender diversity among our workforce by, for example, increasing the ratio of women in management in Japan
- Help diverse human resources thrive by encouraging eligible male employees to take childcare leave, introducing a same-sex partnership recognition program, hiring people with disabilities and otherwise upgrading our human resources related programs

□ Opportunities ■ Risks ▣ Opportunities and risks



## Pick Up

### MUFG Earned Recognition for Promoting Inclusion & Diversity Selected as the Nadeshiko Brand

- The Nadeshiko Brand consists of listed companies selected by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange **for excelling in promoting the careers of female employees.**
- MUFG, the Bank, the Trust Bank, and the Securities are recognized for **increasing the number of female employees and promoting steady career development.**



### Receive the PRIDE Index Gold Rating

- The PRIDE Index is Japan's first index that **evaluates a company's efforts to support LGBTQ.**
- MUFG and six Group companies\* received the Gold rating, the highest award in recognition of their initiatives, including **the introduction of the same-sex partnership certification program.**

work with Pride



\* The Bank, the Trust Bank, the Securities, NICOS, MUS Business Service, and MUS Information Systems

▶ Related: P.138

### Supporting Inclusion & Diversity through Financial Services The First Asian Bank to Issue a Gender Bond

- Our partner bank, Krungsri (Bank of Ayudhya) in Thailand, issued a social bond (gender bond) **to support the financial needs of women entrepreneurs.**
- Proceeds from the bond issuance are used to finance women-led small and medium-sized enterprises Thailand.
- Through the issuance of this bond, the bank **provided opportunities to access financial services** and contributed to the development of the fast-growing **social bond market in Asia.**

▶ Related: Initiatives of Krungsri (Bank of Ayudhya) (P.128)



### Initiatives to Resolve Minority Issues through the Issuance of Bonds

- MUFG issued U.S. dollar-denominated corporate bonds by inviting financial institutions that have strengths in minorities to act as underwriting securities companies.
- MUFG clearly expressed its attitude to actively contribute to **improving the understanding and promotion of the diversity.**

### Implementation of a Variety of Universal Support

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).

#### ● Penetration of universal manner

We are learning how to provide guidance and information in the store according to physical characteristics as we strive to improve our ability to respond to the elderly and people with disabilities.

#### ● Creating universal stores

We have posted barrier-free information on the store guide on our website so that customers can check the store facilities.

#### ● Provision of universal services

We provide services that take into consideration customers with disabilities, such as the application of ATM transfer fees and accepting substitute writing by family members.

# Developing Social Infrastructure

## - Building a Foundation for Safe and Secure Lifelines -



### MUFG's recognition

- 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.
- 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

- Undertake investment in and financing for infrastructure supporting a sustainable society (e.g., basic infrastructure, including public transportation and water supply systems, and essential public service infrastructure, including schools and hospitals)
- Provide a safe and secure financial infrastructure via the use of a groupwide and cross-regional approach to the prevention of financial crimes and the upgrading of cyber security measures

□ Opportunities ■ Risks ▣ Opportunities and risks

## Pick Up

### Supporting the Fight Against COVID-19 in Africa

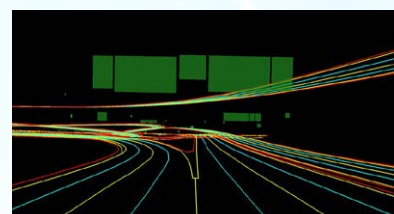
- Contribution to the Sustainable Development of African Countries in Collaboration with NEXI

- **Provided JPY 54 billion (USD 520 million in total) in loans** to the African Export - Import Bank as a **support to weather the impact of the crisis caused by COVID-19 pandemic**.
- Nippon Export and Investment Insurance (NEXI) insured loans, whilst MUFG distributed them to Japanese institutional investors.
- **Contributed to the sustainable development of socioeconomics, health, manufacturing, environmental, agri and agri-related sectors in Africa.**
- Won the **Deal of the Year award** in the Debt category of the **African Banker Awards 2021**.



### Solving Social Issues Using Social Loans

- Social loans' use of proceeds are limited to **projects aimed at solving specific social issues**
- Targeted at securing essential services, such as maintaining functions in the event of a disaster, measures to reduce traffic congestion, and measures to repair aging infrastructure
- In FY 2020, such loans supported the new construction and the maintenance of expressways, urban renewal, rental housing, earthquake reconstruction, and stabilization of regional medical care.



Dynamic Map Platform  
Company Limited  
Image of high-precision  
3D map data (HD map)

#### [Activities of FY 2020]

- Closed a Social Loan deal with Hanshin Expressway Company Limited
- Closed a Social Loan deal with Urban Renaissance Agency
- Closed a Social Loan deal with Seikoukai, a social medical care corporation
- Closed a Social Loan deal with Nagoya Expressway Public Corporation
- Closed a Social Loan deal with Dynamic Map Platform Company Limited (FY 2021)



## Evolving into a Financial and Digital Platform Operator

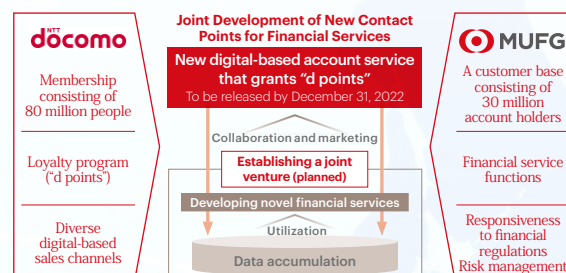
### - Taking on the Challenge of Creating Next-Generation Financial Services and Businesses

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.

#### [Business Alliance with NTT DOCOMO]

- Business alliance to create innovative financial services and deliver new customer value
- Provide a new digital-based account service through which customers of the both companies are granted "d points" based on transactions.
- **Bring customer convenience, benefits and robust security.**

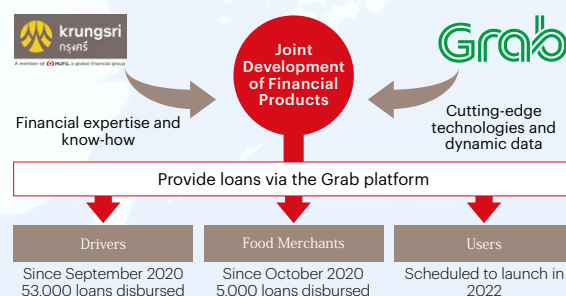


#### [Development of GO-NET (next-generation platform)]

- Develop a secure platform which enables to process large volume of transactions in high-speed
- Solving critical business issues such as system capacity and costs by processing enormous volumes of data transactions

#### [Partnership with Grab]

- Launch new digital loan products through the Grab platform by collaboration between Krungsri and Grab in Thailand
- Utilize expertise for MUFG's next-generation digital financial services.



## Opened MUIC Kansai, a Center for the Creation of Innovation

### - Contribution to Regional Revitalization

- **Promotion of open innovation** through co-creation among member companies, industry, academia, and government
- **Contribution to the development of the economy in the Kansai region** by solving problems in the tourism industry
- **Currently implementing programs that stem from problems**, such as a remote tourism demonstration experiment



## Prevent, Detect, and Deter Financial Crimes

### - Promote a Consistent and Integrated Approach across the Group Globally

- Implementing a number of initiatives for Anti-Money Laundering ("AML"), Counter-Terrorist Financing ("CFT"), Sanctions Compliance, and Anti-Bribery and Corruption
- **Established GFCD's headquarters in New York**, where the excellence for financial crimes risk management is centralized
- **Accumulation and exchange of knowledge and skills through a global staff rotation program**



# Supporting Industrial Development & Innovation



## MUFG's recognition

- 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.

## Main initiatives

- Offer business matching and other services via the utilization of the Group's extensive customer base to help venture startups achieve business growth while assisting large corporations in their business creation efforts
- Utilize venture capital to undertake equity investment in businesses at the startup stage and otherwise extend business financing based on the verification of companies' growth potential

□ Opportunities ■ Risks ▣ Opportunities and risks

## Pick Up

### Start-up stage

Supporting growing companies by "Rise Up Festa"

**8 times**

Number of times MUFG's all-out support program for venture companies (once a year)

### Growth Stage

Smooth provision of business funds and creation of new business opportunities

**14,000 cases**

Total number of business matching cases held by each sales branches and through business meetings in Japan and overseas

### Maturity stage

Supporting Smooth Business Succession

**Approx. 3,250 companies**

Number of companies visited by the special team for business succession proposal\*.

\* Including online interviews

### Business restructuring

Supporting business restructuring by specialized departments and cooperation with external organizations

**Approx. 80 stuffs**

Dedicated stuffs involved in business restructuring

## Supporting Venture Businesses

### - Held the Rise Up Festa

- To provide medium to long-term support for venture companies that are working on new and unique businesses
- For the eighth Rise Up Festa in 2021, companies gathered to take on challenges in the following four fields in which issues are expected to be solved.
  - Acceleration of digital transformation (DX)
  - Realization of a healthy society and well-being in the post COVID-19 era and the 100-year life span era
  - Updating of urban and regional societies and realization of smart cities
  - Creation of key industries and technologies to support the next generation
- From a total of more than 180 companies that applied, four best companies and four excellent companies were selected.



A presentation (TOWING Co., Ltd.)

In April 2021, the Bank launched Startup Advisory Division, a sales team dedicated to venture companies. The team will continue to work side by side with venture companies and grow together.



## MUFG Digital Accelerator Program

- Growth of broad-based industries and creation of new industries and innovations

- The startup accelerator program established for the first time in a bank in Japan in 2015 has so far supported a total of 31 companies.
- Over a period of about three months, MUFG's full capabilities were used to brush up business plans, support the construction of prototypes, select partners that match the direction of the business plan, and form alliances to provide full support for the steps toward commercialization.
- In the fifth term, which started in January 2021, five companies were selected from more than 180 companies, and support was provided to them.



## New Industry Growth Support Program

- A program that actively supports new business fields that are difficult to deal with under conventional credit decisions
- For businesses that have high growth potential but have difficulty making credit decisions, credit department and sales department work together to evaluate business capabilities through interviews with clients and plant tours.
- Support for growth is provided, including financing, after identifying in detail the business strengths and management issues.

## Invested in "MPower Partners Fund L.P.", an ESG-Focused Global Venture Capital Fund

- A fund that supports venture companies providing solutions to social challenges through the power of technology.
- ESG assessment is incorporated into the growth strategies of a company to be invested in to support their implementation
- MUFG invested in the fund using the Sustainable Business Investment Strategy that takes into consideration economic efficiency and environmental and social impacts.

▶ Details: Sustainable Business Investment Strategy (P.40)

## Online Venture Business Meeting

- Business opportunities for venture companies
- Support for open innovation of large companies
- In FY 2020, the event was held with the themes of "AI" and "digital transformation"



## Released the "Everyday Business Link System -Bizry-"

- Online business matching service started from July 2021.
- AI-based candidate proposal system is scheduled to be added in 2022.
- The service provides an opportunity for our customers to connect directly with each other online, regardless of time or location.

## Supporting Customers' Sustainability Initiatives

- Provision of sustainability-linked loans and financing
- Provision of ESG management support loans/private placement bonds

▶ Details: Products and services to support customers' ESG initiatives (P.38)







# Response to Poverty

## MUFG's recognition

- 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).

## Main initiatives

- Extend investment and financing to make our stable funding functions available to people in emerging and developing countries and thereby support their household finance and business activities
- Support underprivileged children, including those in low income households, via donations and other social contribution activities

□ Opportunities ■ Risks ▣ Opportunities and risks

## Pick Up

### Supporting the Development of Power Distribution Facilities in Unelectrified Areas in Northeast Brazil

- Contributing to the Stabilization of the Supply of Electricity to Brazil's Poorest Regions

- Approximately 15 billion yen of co-financing was provided with the Japan International Cooperation Agency in order to supply electricity generated from renewable energy sources to unelectrified areas in the state of Bahia, Brazil.
- Loan funds are used to finance the construction of power distribution facilities to be implemented by local power companies.
- These projects contribute to mitigate the climate change and achieve the SDGs by (i) supplying electricity to the unelectrified and poorest areas, (ii) switching from diesel and other fossil fuels to renewable energy and (iii) saving energy by reducing power loss.

### Supporting Several Kodomo Shokudo, Dining Services for Disadvantaged Children, Based on Ideas from Employees

- MUFG SOUL -Turning passion into power for society

- Utilizing the MUFG SOUL framework, Kodomo Shokudo at more than 15 locations was supported through monetary and food donations.
- MUFG supported the Kodomo Shokudo as a company to respond to the wishes of employees to contribute to the healthy development of children who are impoverished because of the effect of the COVID-19 pandemics.

▶ Related: Social contribution (P.112)

#### MUFG SOUL -Turning Passion into Power for Society-

This is a framework for gathering ideas for social contribution activities from employees and supporting them with up to 500,000 yen per idea to fund the activities, with the aim of encouraging 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 executives and employees.

### Supporting the Healthy Growth of Children

- Contribution to the sustainable development of society by giving dreams and hopes to children who will be the leaders of the future
- Donations totaling 180 million yen over three years are being provided continuously to three organizations\* that work for impoverished families and children fighting illnesses.

\* NPO CliniClowns Japan, NPO Learning for All, and All (NPO), and Public Interest Incorporated Association Chance for Children

▶ Related: Social contribution (P.109)

# Reduction of Educational Disparities

## MUFG's recognition

- 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.
- 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

- Engage in social contribution activities such as donations to assist students confronting economic and social hardships in their pursuit of higher education and the maintenance of their livelihoods

□ Opportunities ■ Risks ▣ Opportunities and risks

## Pick Up

### A Total of 1.6 Billion Yen Has Been Donated to Support Students Who Want to Learn - Supporting the Fight against the COVID-19 Pandemic

- Support for children who are forced to give up higher education for financial reasons or who have lost parents due to illness or disaster.  
Donation to the Japan Student Services Organization (JASSO) and the nonprofit student support organization Ashinaga.  
➡ **One billion yen in total**
- Students who are in financial need due to the loss of part-time job opportunities are recruited to be survey respondents, and rewards are paid for completing online surveys.  
➡ **200 million yen in total**
- In collaboration with our four partner banks\* in ASEAN, support international students in Japan so they may continuously receive education and spend their everyday lives without change.  
➡ **400 million yen in total**

\* Krungsri (Bank of Ayudhya) in Thailand, Bank Danamon in Indonesia, Security Bank in the Philippines and VietinBank in Vietnam.

► Details: P.108



The nonprofit student support organization Ashinaga  
(Ceremony of Presentation)



Embassy of the Republic of Indonesia in Tokyo Japan  
(Ceremony of Presentation)



Thai Student Association in Japan  
(Ceremony of Presentation)

### Support from the MUFG-UNESCO Association Great East Japan Earthquake Reconstruction Scholarship Fund

- In April 2011, the MUFG-UNESCO Association Great East Japan Earthquake Recovery and Scholarship Fund was established.
- **This fund provides continuous support through a scholarship system** for children and students who lost parents in natural disasters.
- The total amount of the fund is going to be approximately **three billion yen**.

► Details: P.112





# Ensuring Equal Access to Financial Services

## MUFG's recognition

- 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.

## Main initiatives

- Supporting industrial development and employment opportunity creation in emerging and developing countries through microfinance
- Provide low and middle income households with housing loans, including loans subsidized by the government, to expand their opportunities for house ownership
- Diversify our lineup of trust products incorporating digital security backed by blockchain technologies

□ Opportunities ■ Risks ▣ Opportunities and risks

## Pick Up

### Provision of Microfinance

- 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.**

\* The name was changed from Hattha Kaksekar Limited in August 2020.

#### Results of HTB Microfinance in 2020

Number of transactions	184,490 (+9% year on year)
Outstanding loan balance	US\$1,323 million (+26% year on year)
Number of branches	177 (±0% year on year)

► Please refer to page 128 for details on the initiatives of Krungsri (Bank of Ayudhya).



### Providing Mortgages to Low-and Middle-Income Households

- Our partner bank, MUFG Union Bank in the United States, provides support to low- and middle-income households so that they can gain the opportunity to own a home through the provision of housing loans, including **subsidy support**.
- They also contributed to reducing the information gap through the provision of financial education.

► Please refer to page 131 for details on the initiatives of MUFG Union Bank.





# Promoting Workstyle Reforms

## MUFG's recognition

- On the back of Japan's declining population, businesses are expected to provide their employees with opportunities to embrace flexible workstyles aligned with evolving a 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.
- 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.

## Main initiatives

- Facilitate workstyle reforms among our own workforce and customers by updating operational processes through shifting to online procedures
- Help employees realize flexible workstyles via the use of satellite offices and the expansion of the scope of operations that can be done from home
- Implement measures to improve employee engagement in a way that heeds such input as the results of the Group Awareness and Engagement Survey

□ Opportunities ■ Risks ▣ Opportunities and risks

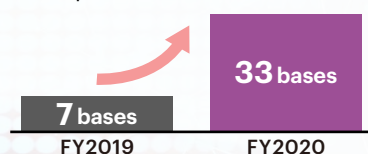
## Pick Up

### Select Your Own Working Environment

#### - Promotion of Smart Work

- MUFG promotes the active use of **remote work and flexible work hours** and other systems.
- Through the realization of a flexible work style that is not bound by location or time, **improvements in employee motivation and work efficiency** are promoted.

#### ● Expansion of satellite offices



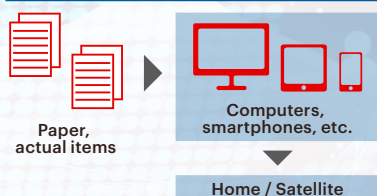
The number of satellite offices has been increased using vacant spaces of offices in Japan to accommodate the increased use of remote work systems.

#### ● Online meeting of employees



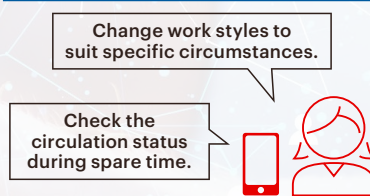
#### "Anywhere"

##### Freedom from things and places



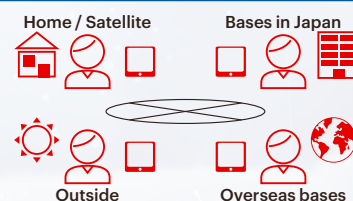
#### "Anytime"

##### Flexibility in how to use time



#### "With anyone"

##### Communication enhancement



### Contribution to the Improvement of Productivity of the Society by Expanding Online Procedures

- Contribution to the improvement of productivity of the society as a whole by improving the efficiency of financial procedures, which are part of the social infrastructure
- To enable customers to undertake procedures from anywhere, we enhanced the functions offered by the "MUFG Biz" portal site for corporate clients, making it possible to confirm various notifications online and request the shipping of forms necessary for paper-based procedures.

# Overcoming Threats to Health

## MUFG's recognition

- Innovation in the healthcare sector will contribute to improvement in social and economic resilience.
- 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

- Assist in the development of healthcare-related technologies via the use of a fund and other frameworks for supporting growing businesses (including collaboration with large corporations)
- Support healthcare-related organizations and the R&D of vaccines by engaging in donations and other social contribution activities

□ Opportunities ■ Risks ▣ Opportunities and risks

## Pick Up

### Support for the Development of New Industries in the Life Science Field

- Invested in Orizuru Therapeutics Inc\* as a major shareholder to **support the commercialization and social application of iPS cell technology** and **the development of new industries**.
- **Contributed to the development of the life science field**, which is an important theme in dealing with the aging population and low birthrate, and in realizing a healthy and long-lived society.

\* An R&D-oriented company specializing in the development of regenerative medicine products derived from iPS cells and the utilization of iPS cell technology, which were established in April 2021 as a joint venture of Kyoto University Innovation Capital Limited and Takeda Pharmaceutical Company Limited.

### Response to Prevent the COVID-19 Pandemic

#### Support in Medical Field

- Donation to the Japanese Red Cross Society to support medical professionals who continue to provide medical care at hospitals designated as medical institutions for infectious diseases around Japan  
➡ **500 million yen in total**
- Donations to the University of Tokyo's Institute of Medical Science and Osaka University, which are leading the way in vaccine development in Japan, to further address the spread of infection and support the development of healthcare in Japan over the medium to long term ➡ **500 million yen in total**
- Implemented #MUFG as a framework for donations and support to be provided together with customers: Donations are made to the Japanese Red Cross Society and the All Japan Hospital Association  
➡ **500 million yen in total**

#### Support for the Arts

- Donation to the Association of Japanese Symphony Orchestras to support the continuation of musical and artistic activities that enrich people's hearts and lives ➡ **300 million yen in total**

#### Support for Students

- Support for the livelihood and education of students who have the motivation to learn ➡ **1.6 billion yen in total**

#### Other Support

- Support for venture companies involved in drug discovery and regenerative medicine: Establishment of the MUFG Medical Fund in collaboration with Mitsubishi UFJ Capital ➡ **10 billion yen in total**

▶ Details: P.107





## Bank Danamon's Response to the COVID-19 Pandemic

Bank Danamon, our partner bank in Indonesia, have been providing support for medical professionals and volunteers who are working on the frontlines to prevent the spread of COVID-19, as well as for ride-hailing drivers who have been affected by the spread of this infectious disease.

- **Provided 1.5 trillion rupiah through Islamic finance** for construction of facilities to produce coronavirus vaccines (approx. 10.9 billion yen)
- **Donated 4,000 pieces of personal protective equipment (PPE)** to medical professionals.
- **Provided insurance to 10,000** medical and nonmedical volunteers.
- **Donated 1 billion rupiah** (approximately 7.3 million yen) to ride-hailing drivers who are a critical part of the transportation infrastructure.

► Please refer to page 130 for details on the initiatives of Bank Danamon.



Donation to ride-hailing drivers



Donation of personal protective equipment



Provision of insurance

## The MUFG Park will open in 2023

### Refresh the Mind and Body in a Lush Green Area

As part of the efforts to realize a sustainable environment and society, MUFG is going to open the Musashino Sports Ground, a sport facility that MUFG owns in Nishitokyo City, Tokyo, **to the public as MUFG Park** (tentative name) (scheduled to open in June 2023).



MUFG Park, which will cover a total area of approximately six hectares, will consist of three concept areas.

- **Nature:** A precious green environment in the heart of the large city
- **Sports:** Sports and health promotion environment consists of tennis courts and grounds etc.
- **Communication:** Community library, lawn, and other social and recreational environments

### To Empower Our Communities and Society

- **Preservation and inheritance of precious natural values** in the heart of a large city
- **Creation of resilient communities and societies**
- **Support for the construction of communities** that are compatible with an era of living with COVID-19 and after

MUFG is committed to resolving the diverse issues of communities and society that need to be addressed for the future. When we transmit the experience and value we have cultivated to society, it will be **power for the community and society to take the next step forward.**

# Contribution to Sustainability as a Financial Institution

## Sustainable Finance

### Sustainable Finance Target and Progress

We have set our accumulated sustainable finance amount as of fiscal year 2030 as a sustainable finance target for solving environmental and social issues. Our accumulated sustainable finance amount as of

fiscal year 2020 was ¥7.9 trillion (of which, ¥3.6 trillion is environmental area), and was proceeding steadily towards this target. In April 2021, we raised our target from ¥20 trillion to ¥35 trillion.

#### ● Progress in Sustainable Finance Goals

[Unit: trillion yen]

Category		FY2019 results	FY2020 results	FY2030 goals
Environmental	Arrangement of loans and project finance for renewable energy projects, etc.	0.9	0.5	<b>18</b> (previous 8)
	Underwriting and sales of Green Bonds.	0.5	0.5	
	Others	0.8	0.4	
Social	Finance for social infrastructure development and regional vitalization, etc.	0.9	1.4	<b>17</b> (previous 12)
Others	Finance for solutions of various environmental and social issues.	0.6	1.4	
Total		3.7	4.2	<b>35</b> (previous 20)

\* Totals may not add up due to rounding.

### 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).



## Products and Services to Support Customers' ESG Efforts

### Sustainability Linked Loan

The Sustainability Linked Loan (SLL) is a loan product that sets sustainability performance targets (SPT)\* based on a customer's ESG strategy, and the terms of the loan change according to the achievement of the targets. The Bank is using this product to support its customers' ESG efforts.

MUFG is the second in the Global League Tables for sustainable finance, including SLL. We are promoting Group-wide initiatives, including a large-scale offshore wind farm and solar power generation, and the establishment of the Sustainability Link Loan in cooperation with Krungsri (Ayutthaya Bank).

\* Examples of SPT:

Medium- to long-term greenhouse gas reduction targets etc.

#### ● Global Sustainable Finance (Loans\*) League Table 2020

Rank	Financial Institution Name (Country)	# of deals	Amount (USD mm)	Share (%)
1	BNP Paribas (France)	97	11,667	5.9
2	MUFG (Japan)	84	9,642	4.8
3	SMBC (Japan)	90	9,016	4.5
4	Mizuho Bank (Japan)	60	8,277	4.2
5	Société Générale (France)	73	7,292	3.7
6	Credit Agricole (France)	68	7,222	3.6
7	HSBC (UK)	56	6,774	3.4
8	Santander (Spain)	61	6,496	3.3
9	ING (Netherlands)	53	5,865	2.9
10	Citi (USA)	33	5,522	2.8

\* Source: Refinitiv Sustainable Finance Review

#### Main Activities in FY 2020 (Sustainable Finance)

- Closed a Sustainability Linked Loan with Ricoh Company Limited.
- Closed a Sustainability Linked Finance based on the Islamic Finance scheme with Ajinomoto (Malaysia) Berhad.
- Closed a Sustainability Loan for the development of Tokyo Port City Takeshiba.
- Closed a Sustainability Linked Samurai Loan and Sustainability Linked Syndicated Loan with Thai Union.
- Closed a Sustainability Linked Loan with SCREEN Holdings Company Limited.
- Closed a Sustainability Linked Loan with Nippon Yusen Kabushiki Kaisha (NYK).

## ESG Management Support Loan/Private Placement Bonds

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.

### Main Activities of FY 2020

- Closed an ESG management support loan deal with Meitetsu Transportation Co.,Ltd
- Closed an ESG management support loan deal with Nissin Corporation
- Closed an ESG management support private placement bonds deal with Marujun Co.,Ltd.
- Closed an ESG management support loan deal with Hitachi, Ltd.
- Closed an ESG management support private placement bonds deal with Sanwa Screen Co.,Ltd
- Closed an ESG management support private placement bonds deal with Nippon Dry-Chemical Co., Ltd
- Closed an ESG management support loan deal with Daicel Corporation
- Closed ESG management support private placement bonds deal with Kumon Institute of Education Co., Ltd
- Closed an ESG management support loan deal with Casio Computer Co.,Ltd.
- Closed an ESG management support private placement bonds deal with Sakata Inx Corporation

## Promoting Sustainable Investments

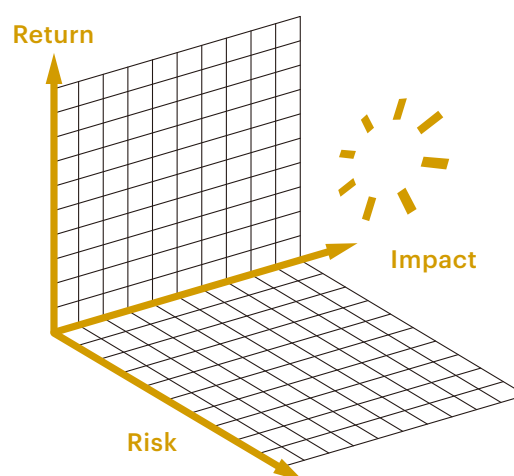
### Impact Investments based on the Sustainable Business Investment Strategy

There is an accelerating trend of "impact investing", which secures an appropriate financial return while generating environmental and social impact.

In order to maximize the positive impact on environmental and social issues and to discover business opportunities for MUFG in the field of sustainability, the Bank and the Trust Bank are promoting a new investment strategy that uses environmental and social impact in addition to economic factors in investment decisions, and is expanding impact investing.

In March 2021, the Bank became the first Japanese private financial institution to sign the "Operating Principles for Impact Management" which was developed mainly by the International Finance Corporation (IFC).

In July, the Bank decided to invest in the Climate Finance Partnership, and is actively pursuing impact investment opportunities.



\* Source: GSG Japan National Advisory Board  
(Proposal for the Expansion of Impact Investing 2019)

### Collaboration between the Trust Bank and First Sentier Investors (FSI)

The Trust Bank established the First Sentier MUFG Sustainable Investment Institute in collaboration with its subsidiary First Sentier Investors, an asset management company, to provide high quality and practical research on sustainable investment. (May 2021)

The knowledge accumulated through these efforts will be utilized in future sustainable businesses.

Initiatives of Mitsubishi UFJ Trust and Banking Corporation and First Sentier Investors	
November 2020	Established a global collaborative engagement between investors to prevent plastic microfibers from entering marine ecosystems
February 2021	The Trust Bank joined the Investors Against Slavery and Trafficking APAC, a collaborative engagement against modern slavery and human trafficking in the Asia-Pacific region led by FSI.
May 2021	Collaboratively established the First Sentier MUFG Sustainable Investment Institute to provide neutral and practical research on sustainable investment.

### 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.



## 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 private issuer in Japan.

### Green, Social and Sustainability Bond Framework

MUFG has established a Green, Social, and Sustainability Bond Framework in line with the Green Bond Principles\*, the Social Bond Principles\*, and the Sustainability Bond Guidelines\* issued by the International Capital Market Association (ICMA), and has obtained a second party opinion from Sustainalytics, an internationally recognized external verifier.

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

- Green bond: **Seven bond**
- Social bond: **One bond**
- Sustainability bond: **Three bond**
- Total amount issued\*: **4,900 million USD**

\* Cumulative amount issued since FY 2016  
(including overseas issuance)

(as of March 2021)

#### ● Green bond

The net proceeds are allocated to projects which address environmental issues, such as renewable energy or energy efficiency projects

#### ● Social bond



The net proceeds are allocated to projects that tackle important social issues such as affordable housing, health and education



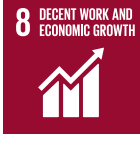

#### ● Sustainability bond

The net proceeds are allocated to a combination of both environmental and social projects.

#### ● Use of Proceeds

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

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

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

### ● Process for Project Evaluation and Selection

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

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

### ● Management of Proceeds

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

## ● Reporting

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

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

Eligible Green Projects	
<b>Green Building</b> <ul style="list-style-type: none"> <li>● CO<sub>2</sub> emission reduction</li> </ul>	<b>Renewable Energy</b> <ul style="list-style-type: none"> <li>● kWh of power generated from renewable energy projects</li> <li>● CO<sub>2</sub> emission reduction</li> </ul>

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

## Detail Information on the Bond

Details on our information on the bond is available on our websites.  
([https://www.mufig.jp/english/ir/fixed\\_income/greenbond/](https://www.mufig.jp/english/ir/fixed_income/greenbond/))



# Climate Change Measures & Environmental Protection

## – TCFD Report –

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## Highlights

In order to contribute to the achievement of a sustainable society, MUFG has identified climate change measures & environmental protection as one of its priority environmental and social issues.

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.

### Status of Recent Initiatives

Recommended disclosure items	Status of progress
<b>Governance</b>	<ul style="list-style-type: none"> <li>● Revised the MUFG Environmental Policy (May 2021) <b>《P.54》</b> <ul style="list-style-type: none"> <li>- Decided at the meeting of the Board of Directors to clearly state the proactive disclosure of environment-related information in the policy</li> </ul> </li> <li>● Reflected ESG factors in the executive compensation system (effective from fiscal 2021) <b>《P.55》</b> <ul style="list-style-type: none"> <li>- Reviewed the performance-linked indicators for executive compensation and reflected the degree of improvement recognized in external evaluations by ESG rating organizations in executive compensation</li> </ul> </li> </ul>
<b>Strategy</b>	<ul style="list-style-type: none"> <li>● Released the MUFG Carbon Neutrality Declaration <b>《P.50-52》</b> <ul style="list-style-type: none"> <li>- Committed to achieve net-zero greenhouse gas (GHG<sup>*1</sup>) emissions from the investment and loan portfolio by 2050 and net-zero GHG emissions from MUFG itself by 2030</li> </ul> </li> <li>● Raised the target of sustainable financing <b>《P.72》</b> <ul style="list-style-type: none"> <li>- Upwardly revised the target from 20 trillion yen (including 8 trillion yen for the environment) to 35 trillion yen (including 18 trillion yen for the environment) as the cumulative amount during the period from FY 2019 to FY 2030</li> </ul> </li> <li>● Expanded the identification and disclosure of examples of risks related to climate change <b>《P.62-63》</b></li> <li>● Expanded the target sectors for scenario analysis and scenario assumptions <b>《P.64-66》</b> <ul style="list-style-type: none"> <li>- Added the automotive sector to the analysis of transition risk, expanded to three sectors that included the energy and utilities sector, and added the NGFS<sup>*2</sup> scenario to scenario assumptions</li> </ul> </li> </ul>
<b>Risk management</b>	<ul style="list-style-type: none"> <li>● Added risks related to climate change to the Risk Appetite Statement <b>《P.67》</b></li> <li>● Established a management framework to address risks related to climate change on a Group and global basis <b>《P.68》</b></li> <li>● MUFG revised the environmental and social policy framework <b>《P.69-70》</b> <ul style="list-style-type: none"> <li>- Tightened the policy on climate change-related sectors (coal-fired power generation, forests, and palm oil)</li> </ul> </li> </ul>
<b>Metrics and targets</b>	<ul style="list-style-type: none"> <li>● <b>[New establishment]</b> Target to reduce CO<sub>2</sub> emissions through the renewable energy project finance <b>《P.73》</b></li> <li>● <b>[Newly disclosed]</b> Status of carbon related assets (credit balance) <b>《P.74》</b></li> <li>● <b>[Committed to disclose by the end of FY 2022]</b> Balance reduction target for credits related to coal-fired power generation (corporate finance) <b>《P.75》</b></li> </ul>

\*1 Greenhouse Gas

\*2 Network for Greening the Financial System

## Status of Response to 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 – **《P.53》**
  - Opportunities and risks related to the environment and society, including climate change, are regularly discussed by the Sustainability Committee under the Management Committee. Depending on the theme, matters are also reviewed by the Investment and Loan Committee, Credit Committee, and Risk Management Committee also under the Management Committee. The contents of the review by the committees are reported to the Management Committee and then to the Board of Directors to be reviewed.
  - The contents of the review by the Investment and Loan 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, the action guideline for environmental considerations (May 2018) **《P.54》**
  - 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
- Installed the Chief Sustainability Officer (CSuO) of the Group to strengthen our efforts to address environmental and social issues, including climate change, and to clarify our responsibilities (May 2020) **《P.54》**
- Invited and utilized two external advisors for the environmental and social fields (2019) **《P.54》**
- Reflected ESG factors in the executive compensation system (after FY 2021) **《P.55》**
  - 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

### 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.

- Released the MUFG Carbon Neutrality Declaration **《P.50-52》**
  - Declared the achievement of net-zero GHG emissions from the investment and loan portfolio by 2050 and net-zero GHG emissions from MUFG itself by 2030 (May 2021)

#### **[Main initiatives to achieve carbon neutrality]**

1. A commitment to realize decarbonization through finance
  - Setting sustainable finance targets and continuously revising the MUFG environmental and social policy framework etc.
2. Decarbonization promoted as MUFG's own initiatives
  - Switching 100% of the electricity consumed in FY 2021 at offices of the Bank, the Trust Bank, and the Securities to renewable energy sources
3. Setting targets consistent with the Paris Agreement, expanding information disclosure, and improving transparency
  - Setting targets consistent with the Paris Agreement using scientific methods, such as SBT
4. Reinforcement of systems to support the realization of carbon neutrality
  - Reaching a decision on the MUFG Environmental Policy at a meeting of the Board of Directors, and reflecting ESG factors in the executive compensation system etc.

\* Science Based Targets



- Reinforcement of sustainable businesses (P.57)
  - Established the Sustainable Business Department to further promote the provision of solutions for customers' decarbonization efforts (transitions) and innovations (July 2021)
- Promotion of support for transitions and innovations (P.58)
  - Promoting renewable energies, hydrogen and next-generation energy sources, and carbon recycling as a priority in order to support economic development through a virtuous cycle between the environment and the economy
- Promotion of support for transitions and innovations (P.59)
  - Promoting renewable energies, hydrogen and next-generation energy sources, and carbon recycling as a priority in order to support economic development through a virtuous cycle between the environment and the economy
- Initiatives to identify risks related to climate change and to expand the range of disclosure (P.62-63)
  - Expanding the classification of risks related to climate change (transition risks and physical risks), identifying examples of risks, and working to expand the range of disclosure
- Reinforcement of scenario analysis (P.64-66)

#### [Transition risk]

- The automotive sector was added to the two sectors, energy and utilities, and the NGFS scenario was included in the analysis, in addition to the International Energy Agency (IEA) scenario, which has been the premise of the previous analyses.

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, and automotive sectors
Target period	● Until 2050 using the end of March 2021 as the standard
Result of analysis	● Single-year basis: 1.5 billion yen to 23 billion yen

#### [Physical risk]

- 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"> <li>● 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.</li> <li>● 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.</li> </ul>
Target of analysis	● Flood
Target period	● Until 2050 using the end of March 2021 as the standard
Result of analysis	● Cumulative total: Approximately 38 billion yen

## 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.

- Reflection in the Risk Appetite Statement (P.67)
  - From FY 2021, risks related to climate change have been newly added to the Risk Appetite Statement.
- Reflection in the top risk management (P.67)
  - Risks from climate change 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 (P.68)
  - A project team has been established on a Group and global basis to strengthen the response to the risks related to climate change. A framework for identifying and sharing information, such as regulatory trends, and for management risks is constructed on a Group and global basis.
- Environmental and social considerations concerning finance have been practiced based on the MUFG Environmental and Social Policy (P.69-70)
  - The policy became stricter for coal-fired power generation, forest, and palm oil sectors, which are the sectors related to climate change (June 2021).

## 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 Scope 1, Scope 2 and, if appropriate, Scope 3 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.

- Sustainable finance (P.72)
  - The target amount of sustainable finance that was set to be 20 trillion yen in total (including 8 trillion yen in the environmental sector) from FY 2019 to FY 2030 is revised upward to a cumulative total of 35 trillion yen (including 18 trillion yen in the environmental sector).
- The CO<sub>2</sub> reduction target to be achieved through the renewable energy project finance is set (P.73)
  - A target to reduce CO<sub>2</sub> emissions to 70 million tons in total from FY 2019 to FY 2030 is newly set and disclosed (May 2021).
- Carbon-related assets (credit balance) (P.74)
  - The total amount of credits in the energy and utilities sector, excluding credits for renewable power generation etc., and the breakdown by sector are newly disclosed.
- Credits related to coal-fired thermal power generation (project finance) (P.75)
  - 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).

- Credits related to coal-fired thermal power generation (corporate finance) 《P.75》
  - The corporate credits to companies whose coal-fired thermal power generation business accounts for more than 30% of their business or EBITDA are approximately 880 billion yen (as of March 31, 2021).
  - Commitment to setting and disclosing targets by the end of FY 2022 (May 2021)
- CO<sub>2</sub> emission intensity of project financing for the power generation businesses 《P.75》
- CO<sub>2</sub> emissions from MUFG through its business activities 《P.76》



# MUFG Carbon Neutrality Declaration

In May 2021, we announced the MUFG Carbon Neutrality Declaration and became the first bank in Japan to publicize its commitment to achieving a net zero status in terms of GHG emissions from its investment and financing portfolio. Guided by our Purpose, "Committed to empowering a brighter future," we have also formulated detailed action plans and, in line with the MUFG Environmental Policy Statement, are determined to support a smooth transition to a decarbonized society through our business operations and help realize the goals of

the Paris Agreement. In these ways, we will remain an active contributor to a virtuous cycle of environmental and economic improvement, which should ultimately result in a sustainable society.

MUFG will strive to achieve net zero in terms of GHG emissions from its investment and financing portfolio by the end of 2050 and in its own operations by the end of 2030. Moreover, we will continue the timely and appropriate disclosure of information regarding progress in our initiatives to achieve these targets.

**Commitment to becoming the first bank in Japan to achieve a net zero status in terms of GHG emissions from its investment and financing portfolio with the determination of management to actively contribute to the realization of a sustainable society through a virtuous cycle of environment and economic improvement**

## MUFG Carbon Neutrality Declaration

**Net zero greenhouse gas (GHG) emissions from our financed portfolio\*<sup>1</sup> by 2050**  
**Net zero GHG emissions in our own operations\*<sup>2</sup> by 2030**

**The first bank in Japan**

**Becoming a part of the Net-Zero Banking Alliance\*<sup>3</sup>**

**Set and disclose interim targets for 2030 by the end of FY 2022**

**Annual report of progress**

## Main Approaches to Achieve Carbon Neutrality

### 1. Commit to achieve decarbonization through financial services

- Set target for sustainable finance: ¥35 trillion (of this, ¥18 trillion for environment)
- Regularly review the MUFG Environmental and Social Policy Framework
- Disclose future credit portfolio reduction targets for corporate finance related to coal-fired power generation
- Support renewable energy and hydrogen and next-generation energy projects

### 2. Promote decarbonization via MUFG's own efforts

- Raise the ratio of renewable energy to purchased energy used to 100% at the domestic offices and branches of the Bank, the Trust Bank and the Securities
- Support climate change countermeasure-related technological innovation while promoting the use of carbon offsets via such activities as afforestation

### 3. Set targets to align with the goals of the Paris Agreement and expand and improve transparency of information disclosure

- Set targets consistent with the Paris Agreement based on scientific approaches such as SBT\*<sup>4</sup>
- Enhance the content of information disclosure based on recommendations from the Task Force on Climate-related Financial Disclosures (TCFD)\*<sup>5</sup> (e.g., expand the scope of the sector subject to scenario analysis)

### 4. Enhance our organization to achieve carbon neutrality

- The Board of Directors was made responsible for any changes in the MUFG Environmental Policy Statement
- Reflect ESG elements in MUFG's executive compensation

\*1 Scope 3 of the GHG Protocol

\*2 Scope 1 and Scope 2 in the GHG Protocol

\*3 An initiative of banks committed to carbon neutrality, established by the United Nations Environment Programme Finance Initiative (UNEP FI) in April 2021  
 An initiative of banks committed to net-zero GHG emissions in their investment and lending portfolios by 2050

\*4 Science Based Targets

\*5 Task Force on Climate-related Financial Disclosures  
 Translated with www.DeepL.com/Translator (free version)

## MUFG Carbon Neutrality Declaration

MUFG is committed to tackling climate change, one of the most serious issues facing the world, and will therefore develop specific action plans based on its purpose, which is being "Committed to empowering a brighter future." In order to align with the goals of the Paris Agreement, MUFG will support the smooth transition to a decarbonized society through its financial services and proactively contribute to creating a sustainable society by fostering a virtuous cycle between the environment and economy.

MUFG commits to achieve net zero emissions in its finance portfolio by 2050 and its own operations by 2030. The following is our approach to achieve this goal; we will accelerate the implementation and promotion of specific measures, and progress will be duly disclosed throughout.

### 1. Commit to achieve decarbonization through financial services

- ① MUFG aims to achieve net zero greenhouse gas (GHG) emissions across its finance portfolio<sup>\*1</sup> by 2050 and will work to set and disclose an interim milestone for 2030 in FY2022, progress of which will be reported on an annual basis. As part of this commitment, following our participation in the Principles for Responsible Banking (PRB) in 2019, we will become the first Japanese bank to participate in the Net-Zero Banking Alliance (NZBA).
- ② MUFG integrates solutions for climate change issues with its management strategies and will demonstrate appropriate engagement functions via initiatives such as setting ambitious targets for sustainable finance<sup>\*2</sup>, enhancing financing policies<sup>\*3</sup>, disclosing future credit portfolio reduction targets related to coal-fired power generation<sup>\*4</sup><sup>\*5</sup>, and incorporating climate change risk into the credit process.
- ③ In order to create a sustainable energy mix, MUFG will provide strong support not only for renewable energy but also for the implementation of innovative technologies such as hydrogen/next-generation energy and carbon recycling.  
MUFG will also share issues related to decarbonization with customers while maximizing our expertise in sustainable business, and will actively support customers' efforts to decarbonize.

### 2. Promote decarbonization via MUFG's own efforts

- ① MUFG aims to achieve net-zero GHG emissions in its own operations<sup>\*6</sup> by 2030. By the end of FY2021 the domestic offices and branches of core subsidiaries, the Bank, the Trust Bank and the Securities will procure 100% of their electricity from renewable sources. MUFG will also establish a fund to stimulate the renewable energy market (¥100 billion in phase one) and develop the first scheme in Japan to deal with an "end to end solution from generation to purchase" for green power, thereby leading the way for the decarbonization of society.
- ② In order to support innovative technologies related to climate change and carbon offsetting efforts such as afforestation, MUFG will positively leverage its donation program framework, which contributes the equivalent of 1% of the group operating profit to CSR activities<sup>\*7</sup>.

<sup>\*1</sup> Categorized as Scope 3 under the GHG Protocol which is the standard to measure and report GHG emissions, developed by an international organization of the same name

<sup>\*2</sup> April 2021: Increased target from ¥20 trillion to ¥35 trillion (cumulative total from FY2019 to FY2030).

<sup>\*3</sup> April 2021: Revised policies for coal-fired power generation, forestry, and palm oil sectors.

<sup>\*4</sup> Progressing toward the project finance portfolio reduction target for coal-fired power generation (to halve the FY2019 balance by FY2030, and reduce to zero by FY2040).

<sup>\*5</sup> We aim to disclose the portfolio reduction target for corporate customers whose business largely involves coal-fired power generation.

<sup>\*6</sup> Categorized as Scope 1 and Scope 2 in the GHG Protocol

<sup>\*7</sup> Since January 2021, MUFG has been running a program to plant up to approx. 100,000 trees in accordance with the number of applications for new or replacement Eco Passbooks (paper bank books commonly used in Japan to keep track of transactions and account balance) and donate a total of ¥500 million over 10 years to foster these trees.

### 3. Set targets to align with the goals of the Paris Agreement and expand and improve transparency of information disclosure

- 1 MUFG will set targets to align with the goals of the Paris Agreement based on scientific approaches such as Science Based Targets, participate in global initiatives to enhance climate change solutions, and make every effort to ensure highly transparent disclosure that will benefit our stakeholders to improve their understanding and thereby make appropriate risk assessments<sup>\*8</sup>.
- 2 MUFG supports the TCFD Recommendations and will conduct scenario analyses and disclose their results on transition risks (in the energy and utility sectors) and physical risks (flooding). Going forward, we will work to further expand the scope of sectors subject to TCFD scenario analysis and improve methods for reflecting the impacts of such risk in our financials.

### 4. Enhance our organization to achieve carbon neutrality

- 1 Previously the MUFG Environmental Policy Statement was approved and set by the Executive Committee, but we have enhanced governance to be approved by the Board of Directors. In accordance with the MUFG Environmental Policy Statement we will proactively disclose information related to climate change and other environmental issues.
- 2 MUFG will reflect ESG elements in its executive compensation from FY2021 and enhance strategic business management and promotion functions<sup>\*9</sup> <sup>\*10</sup>, thereby accelerating our commitment to achieve carbon neutrality at the management level. Furthermore, we will establish a groupwide global project team including our overseas partner banks to support group entities and offices to lead the way for decarbonization in their respective regions based on their unique situations and circumstances.
- 3 MUFG will further utilize the knowledge of advisors<sup>\*11</sup> and other experts, collaborate with research institutions, and enhance and train professional staff.

<sup>\*8</sup> MUFG will set and disclose the reduction targets (previously only results were disclosed) for CO<sub>2</sub> emissions through its renewable energy project finance portfolio.

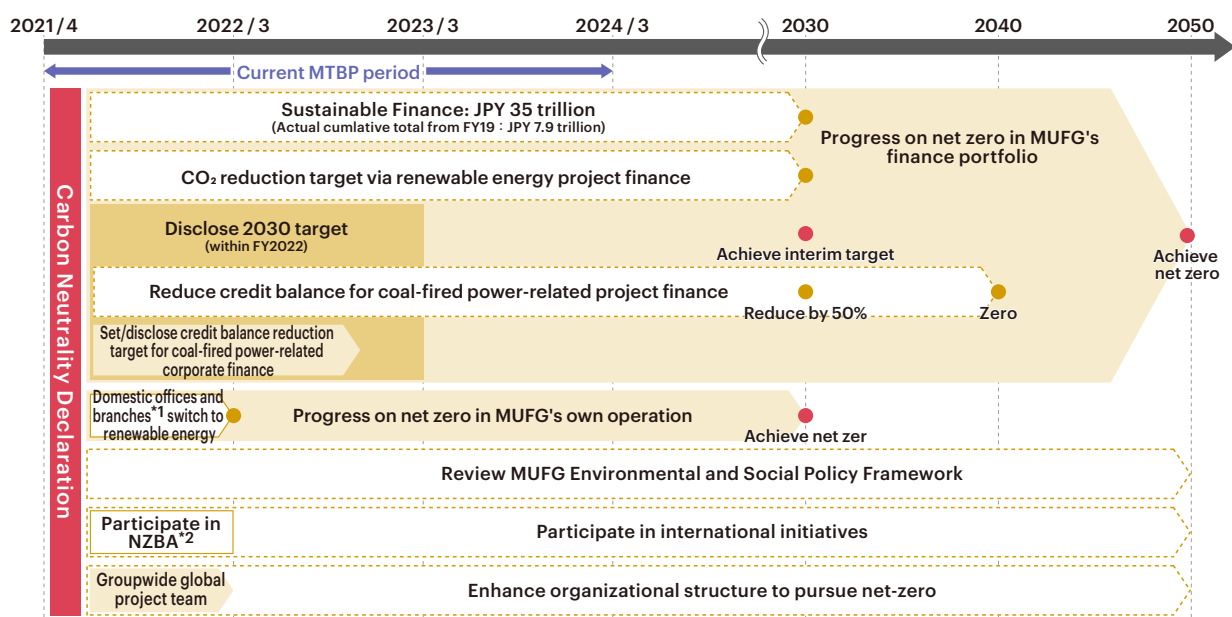
<sup>\*9</sup> Measures and initiatives to solve environmental and social issues are discussed regularly by the Sustainability Committee, and further deliberated on at/reported to the Executive Committee and the Board of Directors.

<sup>\*10</sup> The position of Chief Sustainability Officer (CSuO) was created in FY2020 to clarify responsibility for promoting sustainability.

<sup>\*11</sup> Joined by a permanent external advisor in FY2019, whose expert advice and recommendations are utilized for sustainability management.

## MUFG Carbon Neutrality Declaration Roadmap

Toward realization the MUFG Carbon Neutrality Declaration, we have set up a project team on a Group and global basis and have begun to consider.



<sup>\*1</sup> The Bank, the Trust bank and the Securities HD

<sup>\*2</sup> Net-Zero Banking Alliance



# Governance

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

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.

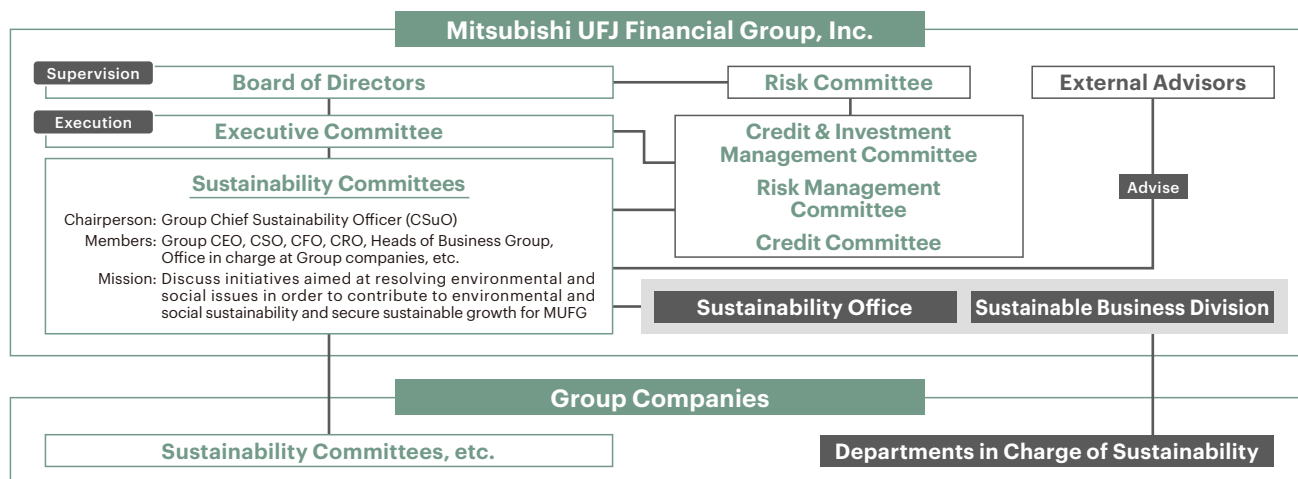
MUFG has positioned climate change-related risk as one of the Top Risks that it must pay close attention to. Accordingly, these risks are discussed by the Credit & Investment Management Committee, the Credit Committee and the Risk Management Committee, all of which are under the direct supervision of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

### ● MUFG's Governance Structure for Countering Climate Change



### ● Main Items Discussed by and Reported to the Board of Directors (FY 2020)

- MUFG's approach to sustainability management
- Promotion of sustainable businesses via financing for renewable energy projects, the underwriting of green, social and sustainability bonds and the pursuit of responsible investment
- Carbon neutrality initiatives
- MUFG's approach to transition finance and its in-house promotion structure
- Revision of the MUFG Environmental and Social Policy Framework
- Prioritization of various risks arising from climate change and future initiatives

## Installation of Chief Sustainability Officer

MUFG has installed the Chief Sustainability Officer (CSuO) to strengthen our sustainability initiatives and to clarify responsibilities.

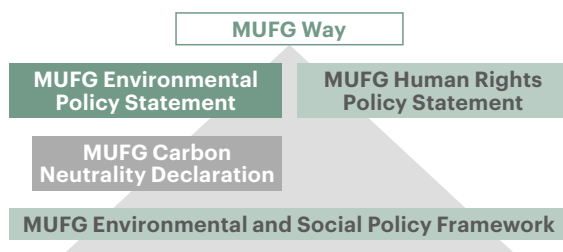
The Group's Chief Strategy Officer (CSO), who is in charge of corporate planning and strategy and is also a

member of the Board of Directors, concurrently serves as the Group CSuO and chairs the Sustainability Committee in order to integrate sustainability initiatives with the Group's core business and management strategy.

## Revision of the MUFG Environmental Policy Statement

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



### MUFG Environmental Policy Statement

- In order to put environmental considerations into practice under the MUFG Way, environmental awareness and specific action guidelines are presented as the basis of our actions.
- The FY 2021 revision clearly states that MUFG will actively disclose information related to the environment, including climate change.

## Engagement and Utilize of 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.

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

### ● Implementation of advisor opinion exchange meeting (November 2020)

At a meeting held in November 2020 to exchange opinions with external advisors, the participants actively exchanged opinions on the following points. Based on the opinions of external advisors gained through the opinion-exchange meeting and other events, MUFG will promote the integration of its sustainability initiatives with its core business and further promote the resolution of social issues.

- Change in social awareness concerning capitalism and the role of companies
- Global trends, such as the rapid rise in awareness toward sustainability brought about by the COVID-19 pandemic, and a mission as a financial institution under these circumstances

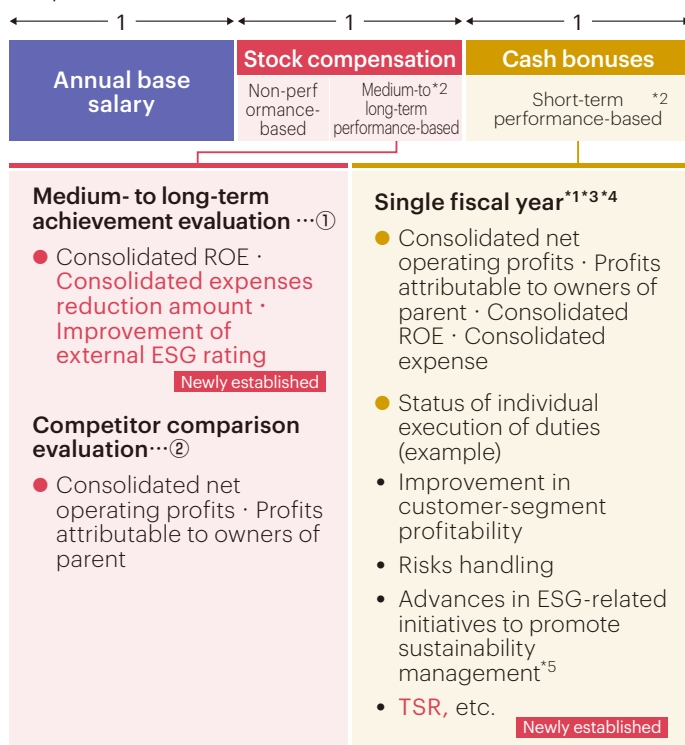
## A Heightened Metric for ESG-Related External Ratings is Newly Installed as an Evaluation Index of the Executive Compensation System

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\* for executive compensation. The intention is to align MUFG's corporate activities with the interests of its diverse stakeholders.

\* MSCI, FTSE Russell, Sustainalytics, S&P Dow Jones, CDP

Compensation Ratio\*<sup>1</sup>



### ① Medium- to long-term achievement evaluation part (Weight: 50%)

Target attainment rate of indices below in MTBP

- Consolidated ROE (Weight: 30%)
- Consolidated expenses reduction amount (excluding those linked to revenues) (Weight: 15%)
- Ratings granted by ESG rating agencies\* (Weight: 5%)

\*In addition to incentivizing recipients to advance sustainability management, this indicator is determined on an absolute evaluation basis in light of the degree of improvement in external ratings granted by major five ESG rating agencies (CDP, FTSE Russell, MSCI, S&P Dow Jones and Sustainalytics), with the aim of objectively assessing the recipient's contribution to MUFG's initiatives to address ESG issues in a variety of fields.

### ② Competitor comparison evaluation part (Weight: 50%)

Comparison of year-on-year growth rate of indices below with competitors

- Consolidated net operating profits (Weight: 25%)
- Profits attributable to owners of parent (Weight: 25%)

- Stock compensation
- Applicable to compensation systems for directors, executive officers, and corporate officers of MUFG and its major subsidiaries.
- Malus clawback provision are applicable.
- In principle, the acquired shares are held until the time of retirement.

\*<sup>1</sup> For the president of the holding company

\*<sup>2</sup> Variation range: 0 to 150%

\*<sup>3</sup> For executive officers, the Compensation Committee decides only by independent outside directors.

\*<sup>4</sup> Percentage of increase/decrease in indicators compared to the previous year and percentage of achievement compared to target

\*<sup>5</sup> Includes contribution to the resolution of environmental and social concerns, improvement in employee engagement and the strengthening and upgrading of MUFG's governance structure.



# Strategy

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

## Climate Change-Related Opportunities

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

MUFG announced a target of providing a cumulative 35 trillion yen in sustainable finance by 2030.

We intend to commit 18 trillion yen of finance in the environmental field, including initiatives to counter climate change that will lead to the reduction of

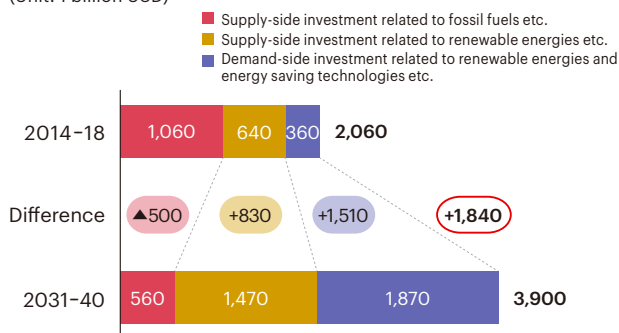
greenhouse gas emissions and the conservation of the global environment. We promote renewable energy through project finance, etc., issue MUFG Green Bonds, which ensure that the net proceeds are allocated to the Eligible Green Projects, provide commodities and services aimed at mitigating environmental loads, encourage the climate change countermeasure consulting business and so on. By doing so, we support the transition to a decarbonized society.

## Expansion of Capital Investment Related to Climate Change

**Demand for Capital Investment is Expected to Increase Because of the Promotion of Initiatives in Various Industries to Achieve Virtually Zero GHG Emissions**

**Net annual increase of 1.84 trillion USD (2031-2040)**

**Global average annual capital expenditure forecast<sup>\*1</sup>**  
(Unit: 1 billion USD)



<sup>\*1</sup> Prepared by MUFG based on the September 2020 IEA report, Making Mission Possible

## Green Finance Opportunities

- Major companies in the oil and gas sector have already announced plans to increase their capital expenditures related to renewable energies in order to achieve a decarbonized society.
- According to a CDP<sup>\*1</sup> survey, more than half of the 500 large Japanese companies have already set targets for decarbonization equivalent to the SBT<sup>\*2</sup> certification, or plan to do so within the next two years.
- Green bonds and green loans to support investment plans are a great business opportunity for financial institutions.

<sup>\*1</sup> CDP (formerly the Carbon Disclosure Project) is a project in which institutional investors around the world collaborate to require companies to disclose their climate change strategies and the specific amount of greenhouse gas emissions. MUFG has participated in the project since 2004.

<sup>\*2</sup> Science Based Targets

► Please refer to page 72 for details on the sustainable finance target.

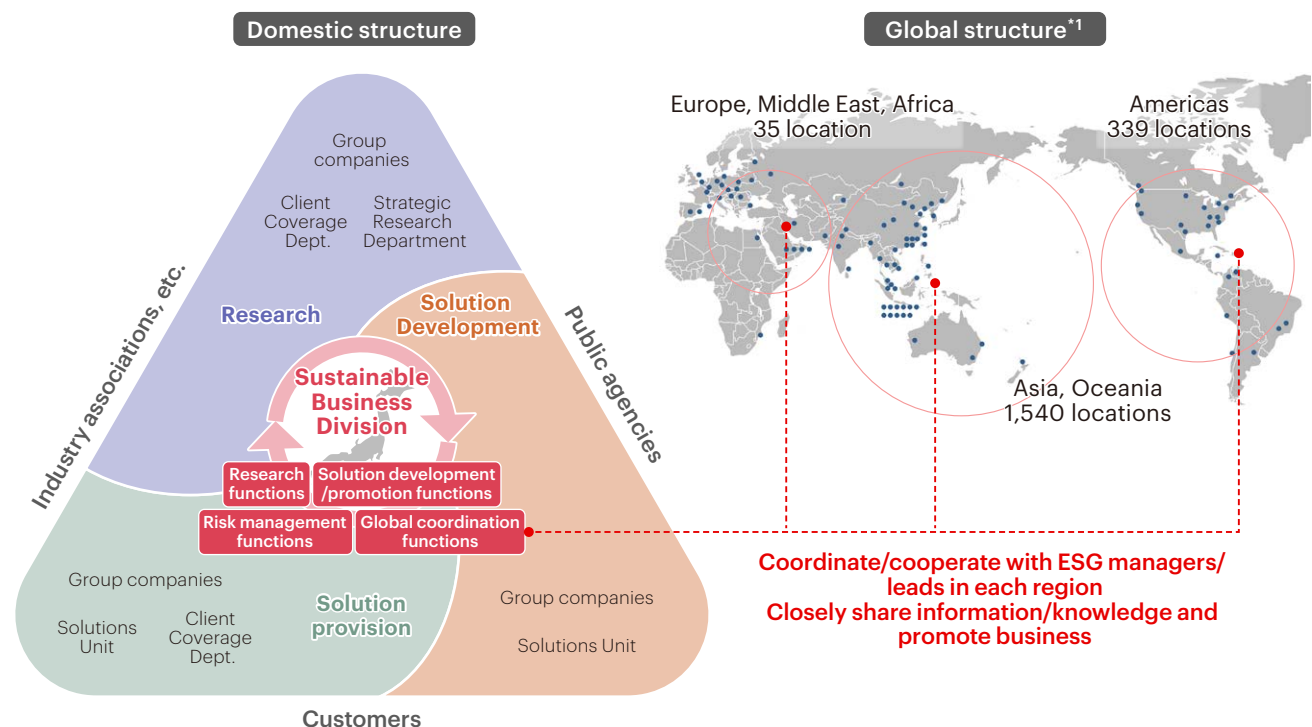
## Strengthening Sustainable Businesses Capabilities

Toward the realization of carbon neutrality, MUFG aims to support customer efforts to transform business models as well as the climate transition of whole industries. To this end, we provide solutions designed to assist customers in their pursuit of transition and innovation aimed at promoting decarbonization.

In July 2021, we established Sustainable Business Division by reorganizing and upgrading the Sustainable Business Office into an independent division, with the aim of further promoting solutions for sustainable businesses. This body is expected to play a central role

in MUFG's efforts to promote sustainable businesses and, to this end, will be tasked with engaging in dialogue with government agencies and industrial associations while handling missions ranging from research, strategic planning and solution development to business execution. In addition to addressing sustainability issues in Japan, the division will act in close collaboration with individuals in charge of ESG overseas, share information and insights with them and employ a cross-regional approach to promote sustainable businesses.

- Enhance business promotion domestically and globally, centered on the Sustainable Business Division



\*1 Number of locations as of the end of March 2021; multiple branches or a branch and branch office in the same location are counted as a single location (Including partner banks and Adira Finance locations)

## Pushing Ahead with Climate Transition and Innovation Support

With the aim of facilitating the realization of a sustainable society via a virtuous cycle of environmental and economic improvement, we intend to extend strong support to the pursuit of technological innovation in such fields as renewable energy, hydrogen and next-generation energy and carbon recycling.

In terms of supporting climate transition, we have been proactively engaged in dialogue mainly with customers in the energy and utility sectors. Looking ahead, we will also reach out to those in the transportation, steelmaking, non-ferrous metals, chemicals and

other sectors, with staff at the Sustainable Business Division and others in charge of sales at home and abroad playing a key role in upgrading MUFG's relevant initiatives.

With regard to innovation support, we will consider and implement a new financial service scheme in tandem with customers, with the aim of supporting new business endeavors, including R&D and verification testing, to contribute to the realization of carbon neutrality.

### Active Implementation of Activities to Support Energy Transformation

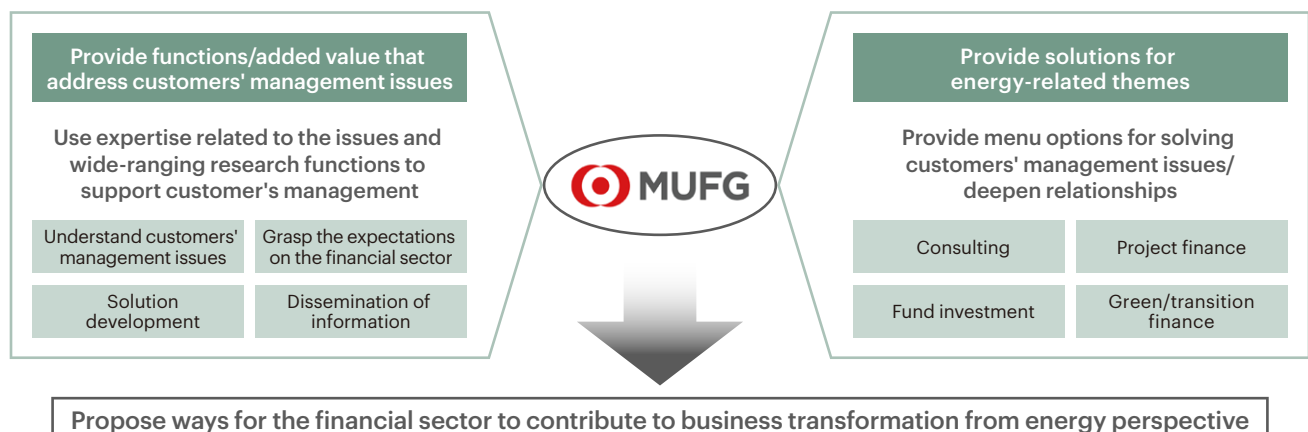
In December 2021, the Japanese Corporate & Investment Banking Business Group launched the Energy Transformation Strategy Project Team (EX Strategy PT).

In order to support the customers' energy transformation,

the team is exploring how the financial sector as a whole can contribute to customers, while engaging in dialogs with customers, industry associations, and government agencies.

- Hold dialogs with customers, industry associations, and government agencies while supporting carbon neutrality for Japan as a whole
- Provide added value across the entire value chain, from research functions to solution provision
- Investigate what and how transition support should be for realistic solutions in Japan and Asia
- Leverage group companies' and global expertise, and cooperate with related departments such as the client coverage dept., the Solutions Unit (including the Sustainable Business Office), the Sustainability Office, etc. to support customers' business transitions

### The goals of the EX Strategy PT





## Supporting Transitions through Engagement (Dialogue)

With the aim of facilitating the realization of a sustainable society via a virtuous cycle of environmental and economic improvement and a smooth transition to a decarbonized society, we conduct ongoing engagement (dialogue) with our customers on their transition initiatives.

In addition to connecting customers' issues in transition initiatives to our own business opportunities, we also discuss the risks associated with climate change responses, etc., to gain a deeper understanding of our customers and support their transitions.

### ● Example of engagement

Customer	Status of implementation
Company A (Domestic, Manufacturing equipment)	<ul style="list-style-type: none"> <li>● MUFG held several dialogues and discussions with the company's management in order to understand the company's approach to sustainable management, which aims to solve ESG issues through its business activities.</li> <li>● The company is focusing on sustainable management based on its long-term management plan for 2030 and its medium-term management plan to achieve the goal. In order to further promote the sustainable management, the Bank provided information on the approach to sustainable finance and specific examples.</li> <li>● The company has set ambitious targets for 2030 based on the Science Based Targets (SBT) initiative for CO<sub>2</sub> emission reduction, as a one of its environmental goals. To support its commitment to achieve these targets, the company provided a sustainability-linked loan with SPT as an intermediate milestone target.</li> </ul>
Company B (Domestic, Maritime)	<ul style="list-style-type: none"> <li>● By integrating ESG into its business strategy, the company aims to maximize profits and achieve social and environmental sustainability from a long-term perspective, and has formulated a long-term transition strategy to reduce GHG emissions.</li> <li>● Through continuous dialogue with the company, MUFG supported the issuance of bonds based on the Green Bond Principles 2021 (ICMA) and other frameworks to raise funds to realize the transition strategy.</li> <li>● As the first transition bond issued in Japan, the company aims to expand its funding sources and accelerate its efforts to reduce greenhouse gas emissions by expanding its low-carbon solutions and developing and introducing decarbonization solutions. The issuance of the bond will also contribute to the broad promotion of the company's growth strategy based on ESG management.</li> </ul>
Customers in the electric power and oil and gas sectors, etc. (Domestic)	<ul style="list-style-type: none"> <li>● MUFG will continue to work toward achieving carbon neutrality by 2050 for both MUFG and the company by deepening mutual understanding through regular updates on ESG and finance trends in Japan and overseas in cooperation with the MUFG Group, bridging the gap between stakeholders with different positions by providing opportunities for dialogue with the Ministry of Economy, Trade and Industry, the Agency for Natural Resources and Energy, and overseas investors, and sharing awareness of issues through regular dialogue among top management.</li> </ul>
Company C (Canada, O&G)	<ul style="list-style-type: none"> <li>● Top executives from MUFG Americas and the company met to discuss the company's business position and operations including integration within the North American energy supply chain, as well as company's ESG policies including Net-zero emission by 2050, Indigenous Engagement, Land Reclamation &amp; Wildlife Habitat Restoration, and Freshwater Stewardship.</li> <li>● MUFG participated in an ESG materiality assessment with the company and its third-party advisor, providing them with MUFG's perspective and inputs on environmental, social and governance items. The feedback from this assessment has helped the company further set meaningful ESG targets and establish/refine key sustainability priorities.</li> </ul>
Company D (Australia, Transportation)	<ul style="list-style-type: none"> <li>● Rail freight operator, who transports varied mix of freight cargo including thermal coal, was seeking investor engagement in relation to ESG. MUFG recommended the company to leverage the release of its inaugural ESG report as a way to get on the "front foot" from an ESG perspective and conduct an ESG-specific global investor update, providing investors with greater visibility into the company's sustainability strategy.</li> <li>● MUFG facilitated the investor marketing exercise, conducting a global investor update covering investors from Australia, Asia, UK and US. Through this exercise, MUFG supported the company in reconfirming the market expectations towards ESG integration into the company's strategy and establishment of appropriate targets, encouraging the company to accelerate setting its ESG strategy.</li> </ul>

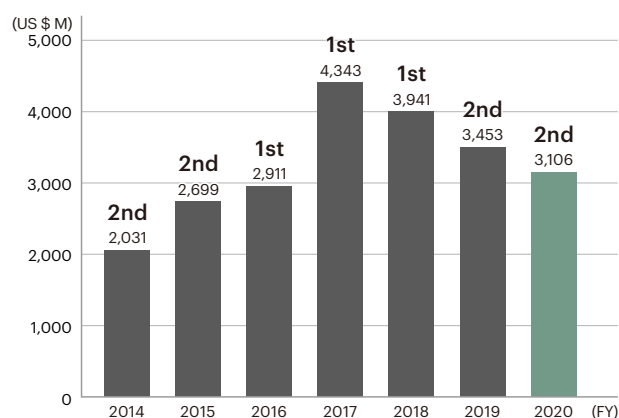
\* MUFG Americas Holdings Corporation

## Promotion and Expansion of Renewable Energies

### Renewable Energy Projects Finance

MUFG is one of the world's top performers in the private global finance sector in the Finance Lead Arranger league table related to renewable energy projects. In May 2021, MUFG set a target of reducing CO<sub>2</sub> 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 CO<sub>2</sub> emissions of about half of the households in Japan.

► Please refer to page 73 for details on our CO<sub>2</sub> reduction targets through project finance for renewable energy.



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

### Establishment of a Solar Fund (Ecology Trust)

The Trust Bank has been offering solar funds every year since FY 2018 as an investment product.

The project has been well received by investors, who say that now they now have a new investment option for solar power generation that produces a stable profit.

Cumulative amount of the fund

**17.9 billion yen**  
(cumulative since FY 2018)

Total amount of power generation

Electric energy usage of  
**13,000 households**

The Trust Bank has been actively investing in renewable energy with investment totaling 29 power plants, 288 MW, and 123 billion yen (excluding already established funds). The Trust Bank is also contributing to regional revitalization, by focusing on projects closely related to local businesses, governments, and residents.

## Execution of 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.

### Main activities of FY 2020

- Closed a green private placement bond deal with Looop Inc
- Closed a green loan deal with West Energy Solution Inc.
- Closed a green loan deal with Iino Kaiun Kaisha Ltd

## Support Environmentally Friendly Management

### ● Energy Conservation Support Loan (With 1% Interest Subsidy)

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

### ● Environmental Accounting-CO<sub>2</sub> Reductions and Economic Effect through Financing

Please refer to page 144 details on our environmental accounting.

## Products and Services for Reducing Environmental Impacts

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

### ● Evaluation Methodology and Loan-Related Product that Aligned with ESG Activities "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"\* 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.

\* 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.

## Green Bonds Underwriting

The Securities is a leading Green Bonds underwriter since the inception of the market and top-ranked house in terms of volume and number of transactions where they acted as Structuring Agent\*<sup>1</sup>.

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

They have joined the Climate Bonds Partners Programme of Climate Bonds Initiative\*<sup>2</sup> since 2019. Together with CBI, they aim to make a contribution to growing the Green Bonds market.

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

### ● Cumulative underwriting of public yen-denominated green bonds

Rank	Underwriter	Number of projects	Volume (hundred million yen)	Share(%)
1	Mitsubishi UFJ Morgan Stanley Securities	94	4,146.9	24.5
2	Mizuho Securities	96	3,720.7	22.0
3	SMBC Nikko Securities	98	3,204.3	18.9
4	Nomura Securities	73	3,003.1	17.7
5	Daiwa Securities	60	2,298.9	13.6

Source:  
Data from DealWatch by Thomson Reuters and compiled by Mitsubishi UFJ Morgan Stanley



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

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

## 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*
<b>Credit risk</b>	<ul style="list-style-type: none"> <li>Our corporate clients' business activities and financial positions may be negatively affected if they fail to live up to government policies, regulatory requirements, customer requests or evolving trends in technological development.</li> </ul>	<ul style="list-style-type: none"> <li>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</li> </ul>	Short- to long-term
<b>Market risk</b>	<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>The impact of extreme weather may induce market turmoil and make the value of securities held by MUFG highly volatile.</li> <li>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.</li> </ul>	Short- to long-term
<b>Liquidity risk</b>	<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Corporate clients suffering damage from extreme weather may choose to withdraw their deposits or heavily utilize commitment lines to secure funds for reconstruction, leading to a growing volume of cash outflows from MUFG.</li> </ul>	Short- to long-term
<b>Operational risk</b>	<ul style="list-style-type: none"> <li>Spending on capital investment may grow due to the need for measures aimed at reducing CO<sub>2</sub> emissions and enhancing business continuity capabilities.</li> </ul>	<ul style="list-style-type: none"> <li>Extreme weather may cause damage to MUFG's headquarters, branches and/or data centers and lead to the disruption of their operations.</li> </ul>	Short- to long-term
<b>Reputation risk</b>	<ul style="list-style-type: none"> <li>If MUFG's plans and efforts to realize carbon neutrality are deemed inappropriate or insufficient by external stakeholders, it may suffer from reputational damage.</li> <li>MUFG may suffer from reputational damage and/or deterioration in its status as an employer due to the continuation of relationships with business partners that fail to give due consideration to environmental concerns or delays in its transition to decarbonization.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>	Short- to long-term
<b>Strategic risk</b>	<ul style="list-style-type: none"> <li>If MUFG fails to live up to its public commitment to supporting the transition to a decarbonized society, its capabilities for strategic execution may be negatively affected by a deterioration in its reputation.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>	Medium- to long-term

\* 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 (UNEP FI) with the objective of discussing and developing methods for climate change-related financial

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

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

### Transition Risk

The automotive sector is added to the existing two sectors of energy and utilities. Also, the scenario analysis is conducted, including the NGFS scenario released by the Network for Greening the Financial

System (NGFS) in this June, in addition to the scenario of the International Energy Agency (IEA), which has been the premise of our analysis.

### Physical Risk

The analysis is based on the scenario released by the Intergovernmental Panel on Climate Change (IPCC) for floods, which have been particularly prominent in

recent years in terms of frequency of occurrence and damage level.

Last time		This time	
Transition risk	Target sector	Energy (Japan, overseas) Utilities (Japan, overseas)	Energy (Japan, overseas) Utilities (Japan, overseas) <u>Automobiles (Japan, overseas)</u>
	Scenario	IEA 2°C, 4°C scenarios	Various scenarios including IEA and <u>NGFS 1.5°C</u> scenarios
Physical risk	Target of analysis	Floods (Japan, overseas)	
	Scenario	IPCC 2°C, 4°C scenarios	



## Results of Scenario Analysis

Under the scenarios and assumptions analyzed and applied this time, the transition risk (for the energy, utilities, and automotive sectors combined) ranges from 1.5 to 23.0 billion yen on a single-year basis.

In addition, it is confirmed that the cumulative amount of physical risk (flood damage) is approximately 38

billion yen.

Both the transition risk and physical risk have a limited impact on the credit portfolio in this scenario analysis. MUFG will continue to work towards expanding the number of target sectors and improving the way in which risks are reflected in the financial impact.

### Transition Risk

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	<ul style="list-style-type: none"> <li>Various scenarios, including the sustainable development scenario (the [less than] 2°C scenario) of the IEA and the <u>1.5°C scenario that the NGFS has released</u></li> </ul>
Analytical method	<ul style="list-style-type: none"> <li>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.</li> </ul>
Target sector	<ul style="list-style-type: none"> <li>Energy, utilities, and <u>automotive sectors</u></li> </ul>
Target period	<ul style="list-style-type: none"> <li>Until 2050 using the end of March 2021 as the standard</li> </ul>
Result of analysis	<ul style="list-style-type: none"> <li><u>Single-year basis: 1.5 billion yen to 23 billion yen</u></li> </ul>

## Physical Risk

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\* 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.

\* 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"> <li>● RCP 2.6 (the 2°C scenario) and 8.5 (4°C scenario) published by the Intergovernmental Panel on Climate Change (IPCC)</li> </ul>
Analytical method	<ul style="list-style-type: none"> <li>● 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.</li> <li>● 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.</li> </ul>
Target of analysis	<ul style="list-style-type: none"> <li>● Flood</li> </ul>
Target period	<ul style="list-style-type: none"> <li>● Until 2050 using the end of March 2021 as the standard</li> </ul>
Result of analysis	<ul style="list-style-type: none"> <li>● Cumulative total: Approximately 38 billion yen</li> </ul>

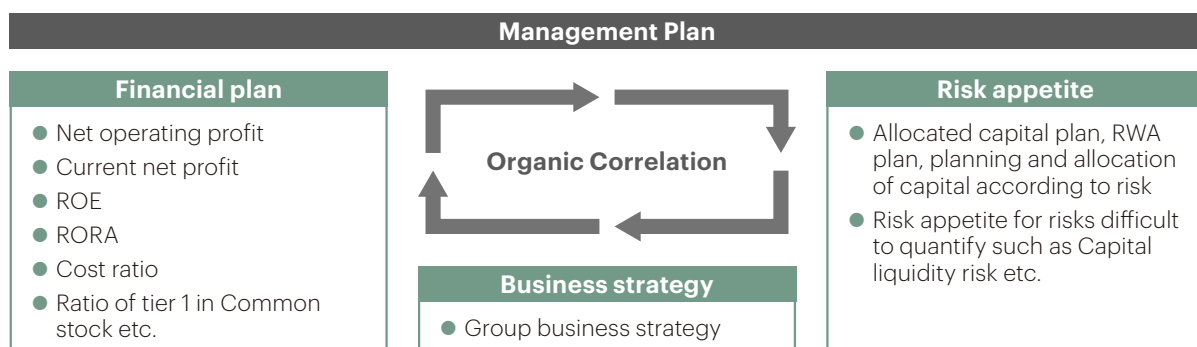
# Risk Management

## 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.



## 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.

## 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 Provided a Response

- Consideration of methods for classifying and analyzing risks related to climate change, setting risk appetites, and reflecting them in credit risk management (e.g., reflecting them in credit rating systems)
- Implementation of scenario analysis in the area of credit risk and considering scenario analysis methods in the area of market risk
- Organization of risk recognition related to transition risks and physical risks through case studies



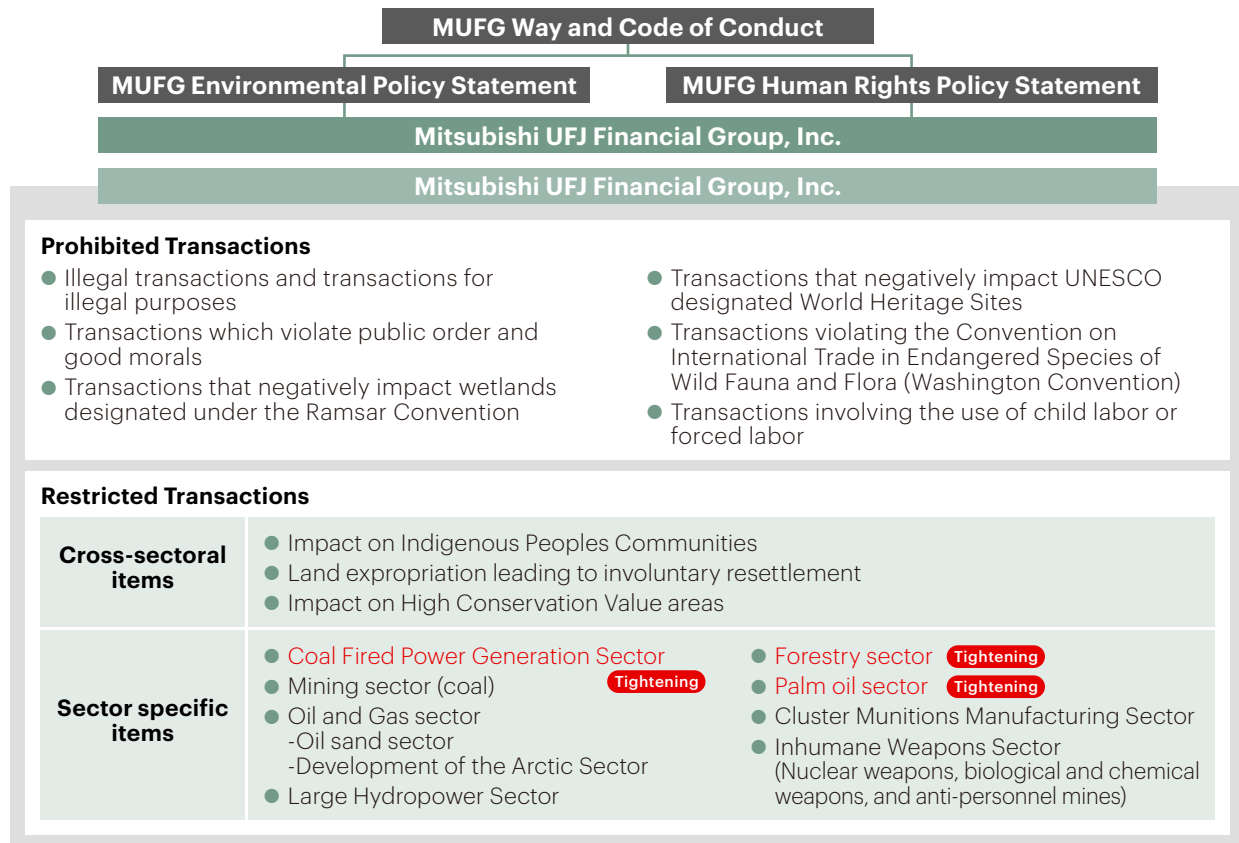
## Environmental and Social Risk Management in Finance

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

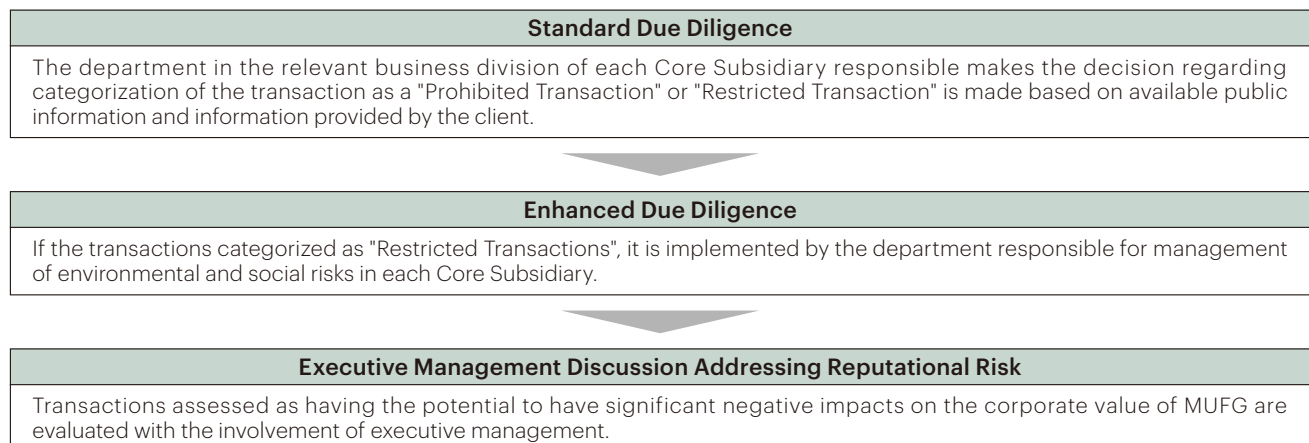
environmental and social impacts, including climate change, we have established our finance policy and a due diligence process to identify and assess the environmental and social risks or impacts associated with transactions has been introduced.

\*Credit, bond and equity underwriting for corporate clients of MUFG's main subsidiaries, the Bank, the Trust Bank and the Securities.

### ● MUFG Environmental and Social Policy Framework



### ● Due Diligence Process for Financing



## 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.

### ● Environment-related policies in the MUFG Environmental and Social Policy Framework

Revised in Apr. 2021	2018	2019	2020	2021	
<b>Coal-Fired Power Generation</b>	adopted	revised		revised	<ul style="list-style-type: none"> <li>● Further restricted the policy to prohibit financing to expansion of existing facilities; stipulation made that any consideration will be made on individual basis from a more restrictive perspective               <ul style="list-style-type: none"> <li>– 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*, mixed combustion, and other technologies necessary to achieve the Paris Agreement target may be considered on an individual basis.</li> </ul> </li> </ul>
<b>Forestry</b>		adopted		revised	<ul style="list-style-type: none"> <li>● Confirm no illegal logging or deforestation in areas of high conservation value are taking place</li> </ul>
<b>Palm Oil</b>		adopted		revised	<ul style="list-style-type: none"> <li>● Request our clients to publicly commit to NDPE (No Deforestation, No Peat and No Exploitation), or provide with action plans to accomplish this if such commitment has not yet been made</li> </ul>
<b>Mining (coal)</b>		adopted			<ul style="list-style-type: none"> <li>● Not provide any financing to coal mining projects using the mountaintop removal (MTR) method</li> <li>● Assess the impacts that the development will have on local ecosystems, relationships with local residents, and occupational safety and health issues</li> </ul>
<b>Oil and Gas (Oil sand, Development of the Arctic)</b>			adopted		<ul style="list-style-type: none"> <li>● Assess the impacts on ecosystems and indigenous communities affected by the developments</li> </ul>
<b>Large Hydropower</b>			adopted		<ul style="list-style-type: none"> <li>● Assess the impact that the dam construction will have on the ecosystem, local communities, and the living</li> </ul>

\* CCUS: Carbon dioxide Capture, Utilization and Storage

### Awarded Silver in the Indirect Financial Service Category in the Second ESG Finance Awards Japan (Minister of the Environment Award)

At the award ceremony organized by the Ministry of the Environment of Japan, the Bank received the Silver Award in the Indirect Finance Sector Category, which recognizes the initiatives of institutions and organizations that actively conduct evaluations and reviews that take ESG factors into account, as well as financing and support based on these evaluations and reviews. One of the initiatives that was recognized was the relatively broad coverage of the MUFG Environmental and Social Policy Framework and the fact that reevaluations are conducted as necessary.

▶ Related: P.140

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

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

Regarding climate change risks, in addition to

examining technically and economically feasible options that contribute to reducing GHG emissions, the Bank evaluates status of project developers' measures to identify and manage physical and transition risks in line with the TCFD recommendations based on the Fourth iteration of the Equator Principles, which was implemented in July 2020.

► Details on how the Bank implements the Equator Principles are available on our website. (<https://www.mufig.jp/english/csr/environment/equator/>)

### ● 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* projects	<ul style="list-style-type: none"> <li>● Identification of physical risks and measures to manage those risks</li> </ul>
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"> <li>● Alternatives Analysis</li> <li>● Assessment of transition risks</li> <li>● Public reporting of annual GHG emissions</li> </ul>

\* Category A refers to projects with potential significant and 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.

### Example of Climate Change Risk Assessment

The following is an example of climate change risk assessment for a solar power generation project to be constructed in a coastal area in Asia.

Since the annual GHG emissions from this project do not exceed 100,000 tonnes of carbon dioxide equivalent, the assessment focused on physical risks. Generally, when a project is subject to physical risk assessment, financial institutions evaluate potential risks (e.g., extreme weather events or changes in climate patterns) that could affect the project during operation and measures to manage those risks.

In this project, physical risks identified included

extreme heat associated with rising temperatures, long-term sea level rise, natural disasters caused by typhoons and strong winds, and a decline in the amount of available water resources. It was also confirmed that appropriate plans have been developed to address the risks identified (see table below).

In its environmental and social risk assessment, the Bank evaluates climate change management measures provided by the project proponent and ensure that the requirements for climate change risk assessment, as stated in the Equator Principles, are met.

Identification of physical risks	<ul style="list-style-type: none"> <li>● Assessment method: The risk of climate change-related disasters in 2030 and 2050 is qualitatively assessed using the RCP4.5 scenario (intermediate stabilization scenario) and the RCP8.5 scenario (high GHG emissions scenario), both of which are climate change projection scenarios released by the United Nations Intergovernmental Panel on Climate Change (IPCC).</li> <li>● Results: The following events were identified as being at particularly high risk in 2050: declining water availability, extreme heat, typhoons, strong winds, and coastal flooding due to sea level rise.</li> </ul>
Main measures to be taken by the project proponent	<ul style="list-style-type: none"> <li>● Declining water availability: Reduce the frequency of washing the solar panels to minimize water consumption.</li> <li>● Extreme heat: Train workers on how to cope with working in hot and humid environments.</li> <li>● Typhoons and strong winds: Design equipment that can withstand maximum wind speeds that make outdoor activities extremely dangerous.</li> <li>● Coastal flooding due to sea level rise: Adjust the height of solar panel mounts to a level higher than the maximum expected flooding level.</li> </ul>

# Metrics and Targets

## Sustainable Finance Target and Progress

<b>Metric</b>	Cumulative execution amount of sustainable finance
<b>Target</b>	Cumulative total of 35 trillion yen (including 18 trillion yen in the environmental sector) by FY2030

We have set our accumulated sustainable finance amount as of fiscal year 2030 as a sustainable finance target for solving environmental and social issues. Our accumulated sustainable finance amount as of

fiscal year 2020 was ¥7.9 trillion (of which, ¥3.6 trillion is environmental area), and was proceeding steadily towards this target. In April 2021, we raised our target from ¥20 trillion to ¥35 trillion.

### ● Progress in Sustainable Finance Goals

[Unit: trillion yen]

Category		FY2019 results	FY2020 results	FY2030 goals
Environmental	Arrangement of loans and project finance for renewable energy projects, etc.	0.9	0.5	<b>18</b> (previous 8)
	Underwriting and sales of Green Bonds.	0.5	0.5	
	Others	0.8	0.4	
Social	Finance for social infrastructure development and regional vitalization, etc.	0.9	1.4	<b>17</b> (previous 12)
Others	Finance for solutions of various environmental and social issues.	0.6	1.4	
Total		3.7	4.2	<b>35</b> (previous 20)

\* Totals may not add up due to rounding.

## 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).



NEW

## Setting Targets for Reducing CO<sub>2</sub> Emissions Through Renewable Energy Project Financing

<b>Metric</b>	The amount of CO <sub>2</sub> to be reduced through renewable energy project finance
<b>Target</b>	Reduction by 70 million tons (cumulative total from FY 2019 to FY 2030)
<b>Results</b>	Reduction by 14.55 million tons (cumulative total from FY 2019 to FY 2020)

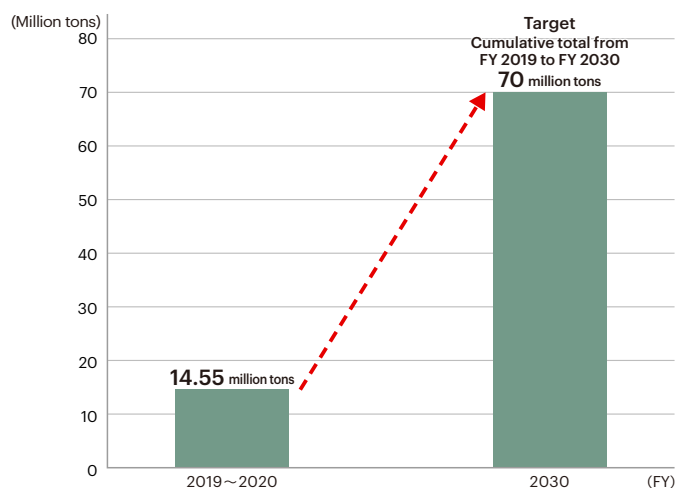
As part of the effort to quantitatively identify and disclose the environmental impact of our financing, we have set a target to reduce CO<sub>2</sub> emissions by a cumulative total of 70 million tons\*<sup>1</sup> between FY 2019

and FY 2030 through project financing for renewable energy projects. This is equivalent to the annual CO<sub>2</sub> emissions from about half the households in Japan\*<sup>2</sup>.

\*<sup>1</sup> Cumulative total of CO<sub>2</sub> reduction effect for one year, calculated from the amount of electricity generated by renewable energy projects underwritten in each fiscal year, facility utilization rates, and emission factors. The values take into account MUFG's contribution in the underwriting phase.

\*<sup>2</sup> Prepared by MUFG based on a survey by the Ministry of the Environment entitled Statistical Survey of CO<sub>2</sub> Emissions from the Household Sector (Household CO<sub>2</sub> Statistics)

### ● Reduced CO<sub>2</sub> Emissions via Renewable Energy Project Finance



NEW

## Status of Carbon Related Assets (Credit Amounts)

<b>Metric</b>	Carbon-related assets (credit amounts)
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Based on the TCFD's recommendations, the status of credit balance for carbon-related assets is newly disclosed in order to quantify the risks related to climate change.

The total amount at the end of FY 2020 is 15.7 trillion yen (energy: 8.0 trillion yen, utilities: 7.7 trillion yen).

● Carbon-related assets\*<sup>1</sup> (credit amounts\*<sup>2</sup>)

[Unit: trillion yen]

	Credit amounts at the end of FY 2020	Ratio
<b>Carbon-related assets</b>	15.7	10.3%
<b>Energy</b>	8.0	5.2%
Oil & gas	7.7	5.0%
Coal	0.3	0.2%
<b>Utilities</b>	7.7	5.0%
Electricity	6.8	4.5%
Coal-fired power	1.2	0.8%
Gas-fired power, power transmission and distribution, etc.	5.6	3.7%
Gas supply etc	0.9	0.6%
<b>Total of all sectors*<sup>3</sup></b>	152.6	100.0%

\*<sup>1</sup> Total of loans, trade finance, letter of credit & guarantees and undrawn commitment facility, etc.

\*<sup>2</sup> In accordance with the TCFD recommendations, excluding the credit amounts related to renewable energy power generation projects from total credit amounts related to the energy and utility sector portfolio.

The total includes partner banks (MUFG Union Bank, Krungsri (Bank of Ayudhya), and Bank Danamon).

Sector classification based on the primary business (largest sales) of the borrower.

\*<sup>3</sup> Excluding interbank transactions, credit to government agencies and central banks, etc.

## ● Reference: Carbon-related assets (Loan balance)

[Unit: trillion yen]

	End of FY 2019	Ratio	End of FY 2020	Ratio
Energy	2.8	2.8%	2.9	2.9%
Utility	3.4	3.4%	3.1	3.1%

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

<b>Metric</b>	Credit amount related to coal-fired power generation — Project finance (balance of lending)
<b>Target</b>	Reduce the balance by 50% by the end of FY 2030 from the FY 2019 level and reduce it to zero by FY 2040 <sup>*1</sup>
<b>Results</b>	US\$3,774 million (as of the end of FY 2020) <sup>*2</sup>

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.

<sup>\*1</sup> Projects that contribute to the transition toward a decarbonized society are exceptional following the MUFG Environmental and Social Policy Framework.

<sup>\*2</sup> As of the end of FY 2019: US\$3,580 million

## Credit Related to Coal-fired Power Generation - Corporate Finance -

With regard to credit related to coal-fired power generation, in addition to project finance, MUFG verifies and discloses its corporate credit amount targets for customers with a high percentage of coal-fired power generation in their businesses as part of the process of setting interim targets for FY 2030 in the MUFG Carbon Neutrality Declaration.

The corporate credit to companies whose coal-fired power generation business accounts for more than 30% of their sales or EBITDA will be approximately 880 billion yen (as of March 31, 2021).

We will monitor the progress of the customer's transition, and we will conduct a thorough engagement if there is a high transition risk.

## Environmental Impacts of Project Financing for Power Generation Projects

<b>Metric</b>	CO <sub>2</sub> emission intensity of project finance for power generation business <sup>*</sup>
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The purpose of this calculation is to measure the environmental impact of project finance for power generation projects. The scope includes fossil fuel (coal, oil, and gas) thermal power generation and renewable energy projects.

<sup>\*</sup> The intensity at the end of each fiscal year is calculated only from the project finance implemented in the relevant fiscal year.

[Unit: t-CO<sub>2</sub>/MWh]

End of FY 2017	End of FY 2018	End of FY 2019	End of FY 2020
0.410	0.368	0.385	0.242

## Basic Unit of Electricity Use

<b>Metric</b>	Basic unit of electricity use (electricity/ total floor space)
<b>Target</b>	Reductions by 10.5% and 19.0% of the 2009 level by FY2020 and FY2030, respectively
<b>Results</b>	FY2020: Reductions by 18.0% of the 2009 level

As part of its efforts to reduce environmental impacts, the Bank has set targets for FY2020 and FY2030 to reduce the energy intensity index.

In FY 2020, the Bank achieved our target for FY 2020 with a reduction by 18.0% of the 2009 level.

For the FY2030 target, we will continue to promote further reduction of environmental impact by setting higher targets and expanding the scope of the target within the Group.

## Climate Alignment of Ship Finance Portfolio on an Annual Basis - Becoming a Signatory to the Poseidon Principles -

In March 2021, the Bank joined the Poseidon Principles, a global framework established by financial institutions for promoting shipping industry's decarbonization. The Principles enable signatory financial institutions to contribute to maritime sector's transition to a low-carbon industry in line with the International Maritime

Organization's (IMO) medium- to long-term greenhouse gas emission reduction targets. As a signatory, the Bank will calculate vessels' carbon intensity and will disclose the results of annual assessments of the climate alignment of its shipping finance portfolio from FY 2022.



## 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

Recommended disclosure items	Action Plan (during FY 2021)
<b>Governance</b>	<ul style="list-style-type: none"> <li>● 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.</li> <li>● Implementation of study sessions for senior management, including members of the Board of Directors, on initiatives to address climate change</li> </ul>
<b>Strategy</b>	<ul style="list-style-type: none"> <li>● Materialization and promotion of the MUFG Carbon Neutrality Declaration               <ul style="list-style-type: none"> <li>- Consideration of disclosing the medium-term target for 2030 to achieve net-zero GHG emissions from the investment and loan portfolio by 2050</li> <li>- Consideration of achieving net-zero in-house GHG emissions by 2030</li> </ul> </li> <li>● Expansion of sectors for scenario analysis</li> </ul>
<b>Risk management</b>	<ul style="list-style-type: none"> <li>● Continuous revision of the finance policy (MUFG Environmental and Social Policy Framework)</li> <li>● Consideration for reflecting risks related to climate change in the credit process</li> </ul>
<b>Metrics and Targets</b>	<ul style="list-style-type: none"> <li>● Consideration for disclosure of corporate credit amount targets for coal-fired power generation</li> </ul>

## Responses to TCFD as an Asset Manager

Asset management companies under the MUFG umbrella are endorsing TCFD as asset managers and working to analyze the status of the investees' response to climate change and assess their impact through the management of the portfolios they manage under contract.

The Trust Bank disclosed information about the management of the portfolios it manages in line with

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

### Greenhouse Gas Emissions-Related Indicators for the Portfolio

MUFG calculates and evaluates greenhouse gas emission-related indicators (total greenhouse gas emissions, carbon footprint, carbon intensity, and weighted average carbon emission factors) for measuring and managing climate change related risks and opportunities in our portfolios of equities and bonds. Indicators related to greenhouse gas emission are

calculated using a data collection and analysis method via Institutional Shareholder Services (ISS). The analysis of total annual GHG emissions (Scope 1 and Scope 2) for all investees, including MUFG AM\* and First Sentier Investors, confirms that the total annual GHG emissions will be 28.4 million t-CO<sub>2</sub>e (as of March 31, 2021).

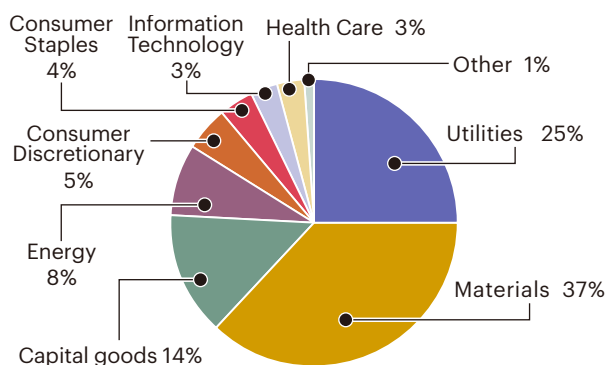
\* The Trust and its subsidiaries, Mitsubishi UFJ International Investment Trust, M.U. Investment Management, Inc. Mitsubishi UFJ Asset Management (UK) Ltd.

Total carbon emissions (Scope 1 to 2, million t-CO <sub>2</sub> e)	Carbon footprint (t-CO <sub>2</sub> e)	Carbon intensity (t-CO <sub>2</sub> e/million USD)	Weighted average carbon intensity (t-CO <sub>2</sub> e/million USD)
28.442	68.99	145.82	146.26

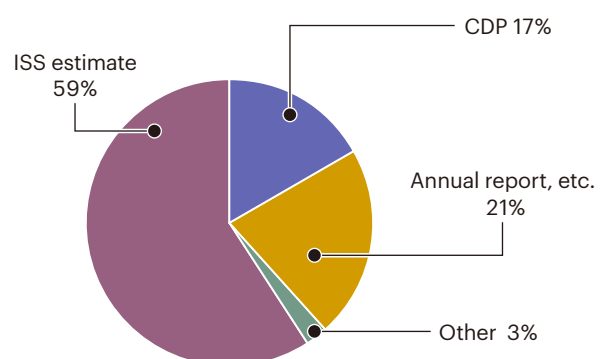
#### Indicators Related to the Amount of Greenhouse Gas Emissions

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

#### ● Total GHG emissions by industry composition ratio (Scope 1 to 2)



#### ● Data sources for calculating GHG emission-related indicators



## Scenario Analysis

MUFG used ISS's analysis method by Sustainable Development Scenario (SDS)<sup>\*1</sup> based on the Paris Agreement (to keep the temperature rise well below 2° C and continue efforts to limit it to 1.5° C) announced by the IEA<sup>\*2</sup> in 2019 to forecast future trends in total greenhouse gas emissions reductions up to 2050 in the investee companies in the portfolio targeting equities and bonds<sup>\*3</sup>.

As a result of the analysis, MUFG has projected the

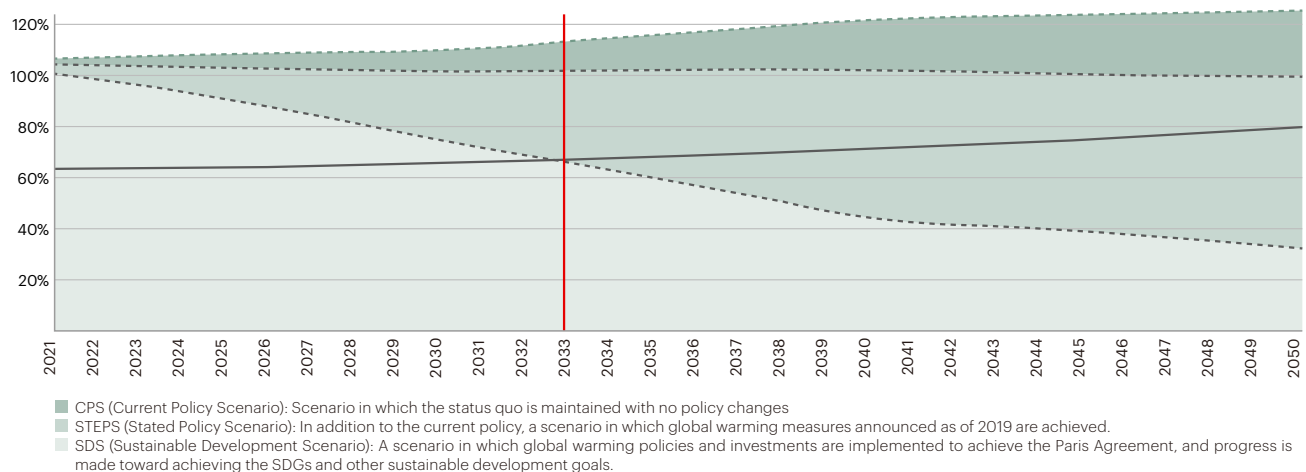
<sup>\*1</sup> IEA: International Energy Agency

<sup>\*2</sup> SDS (Sustainable Development Scenario): A scenario in which global warming policies and investments are implemented to achieve the Paris Agreement, and progress is made toward achieving the SDGs and other sustainable development goals.

<sup>\*3</sup> The analysis covers all industries except fossil fuel producers: Scope 1 - 2, fossil fuel producers: Scope 3, electricity: Scope 1

transition of total greenhouse gas emissions for a single portfolio of assets, and the companies in our portfolio currently account for approximately 60% of allowable greenhouse gas emissions and are expected to exceed the SDS by 2033. MUFG believes that, based on the results of its analysis, it is important to encourage portfolio companies to limit the risk of transition in the medium to long term.

### ● Portfolio greenhouse gas Emission Pathway



## Future Actions Based on the Analysis

Based on the results of the analysis of the total greenhouse gas emissions transition pathway, MUFG recognizes the risk that the impact of climate change will damage the value of its portfolio. We also believe that it is important to encourage the introduction of objective disclosure standards, as approximately 60% of our analytical issues rely on estimates.

In order to mitigate the effects of climate change, we believe it is important for portfolio companies to incorporate the risks and opportunities related to

climate change into their long-term business strategies and to take action.

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

# Society

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# 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 VisionTeamwork
- HR Philosophy

► For the full text of the MUFG Human Resources Principles, please also visit our website. (<https://www.mufg.jp/english/csr/policy/>)

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 inclusion & diversity. 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.

## Improve Productivity and Nurture Professionals

During the period leading up to the end of fiscal 2023, we expect a reduction in the individual workload due to such factors as increased use of digital technologies to be accompanied by natural attrition in our employee headcount. Accordingly, we deem it important to redirect our human resources toward high-value-added operations and empower them to achieve higher performance as professionals. To this end, we aim to enhance operational efficiency and improve productivity via the incorporation of "smart" work styles and the digital shift.

Today, our employees are being called on to enhance their knowledge and skills in their respective business fields. With this in mind, we will promote human resource development and exchange on a groupwide basis while stepping up the specialty-focused recruitment of new graduates and individuals with external experience. In particular, we anticipate a

growing need for specialists in compliance, internal auditing, legal affairs and other governance-related fields that require a high level of expertise as well as specialists in digital and cybersecurity field. We also need to secure human resources well-versed in wealth management, large corporate business requiring sector specialists and other fields in which MUFG aims to expand its operations. With this in mind, we will enhance human resources systems supporting our strategies in these fields while taking a groupwide, integrated approach to realize flexible staffing.

In the face of a constantly shrinking total headcount due largely to natural attrition, we will also develop a performance-based employee evaluation system that empowers diverse human resources to achieve greater career success than before regardless of their gender or age and thus accelerate the appointment of employees based on the performance.

# Human Resource Development Program

## Changing a Corporate Culture that Encourages Employees Challenge

### Encourage Employees to Pursue Personal Growth and Challenging Endeavors

MUFG is strongly focused on encouraging each employee's self-directed career building and, to this end, supports their growth and their ability to respond to challenges. Accordingly, we have positioned the Career Challenge System as a framework for gaining a variety of experience. We have a variety of programs within and outside the Group.

#### ● Main Programs of the Career Challenge System

Program	Details	FY 2020 results
<b>Job Challenge</b>	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.	773 <sup>*1</sup> applicants
<b>New Business Proposal</b>	This program solicits proposals from employees with regard to new services, products and operational improvements, thereby providing employees whose proposals are selected with opportunities to launch and spearhead proposed initiatives.	386 <sup>*1</sup> applicants
<b>Open EX</b>	This in-house posting program was developed to provide employees with opportunities to be seconded to startups or other external corporations as MUFG's human resources evaluation criteria attach greater importance to possessing a broad range of business experience and knowledge about diverse corporate cultures.	17 <sup>*2</sup> employees
<b>Challenge Leave</b>	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.	15 <sup>*3</sup> employees

For example, the Job Challenge program helps applicants take on new missions within the Group, while the New Business Proposal program allows employees to launch the new services and products they propose. Also, we proactively assist employees in their pursuit of external business experience they cannot gain within the Group. Specifically, the Open EX program provides applicants with opportunities to work at startups and

other external corporations. Moreover, the Challenge Leave program grants leave for a certain period of time to those wishing to study abroad, acquire certification or pursue other dreams. In addition, in February 2020, the Securities clarifies the standards for secondary employment and is working to create an environment where employees can easily take on the challenges of self-realization both inside and outside the company.

\*1 The Bank, the Trust Bank and the Securities

\*2 The Bank

\*3 The Bank and the Trust Bank

### Innovative Change of Corporate Culture and Employees Survey

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 requests employees to complete a simple survey that asks about their day-to-day motivation, health and workplace environment via company's portal site. The Trust also conducts organizational diagnosis through weekly pulse surveys. 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.

## Developing Human Resources Who Create Value

### Growing Need for Highly-Skilled Professionals

For MUFG's sustainable growth, securing highly professional human resources 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. 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 mid-

career recruitment.

Furthermore, as integrated management of the MUFG companies progresses, it is becoming increasingly important to have business areas where the MUFG Companies work together along with human resources who can demonstrate their abilities across the MUFG companies regardless of the company they belong to. Under this situation, the MUFG Direct Employment System, a framework in which the holding company, MUFG, directly hires employees, was started in April 2019. The purpose of this system is to encourage employees with high skills and a wealth of experience to further demonstrate their abilities.

### 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 fiscal 2018, with a total of more than 600 attendees to date (196 in fiscal 2018, 220 in fiscal 2019 and 192 in fiscal 2020).

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. In fiscal 2019, we launched a project to develop coaching skills at the domestic general managers and branch managers. A total of 50 people participated in the program by fiscal 2020. In management, we draw out the individuality and strengths of each employees and strengthen their engagement, thereby enhance skills that encourage them to take on new challenges in new areas.

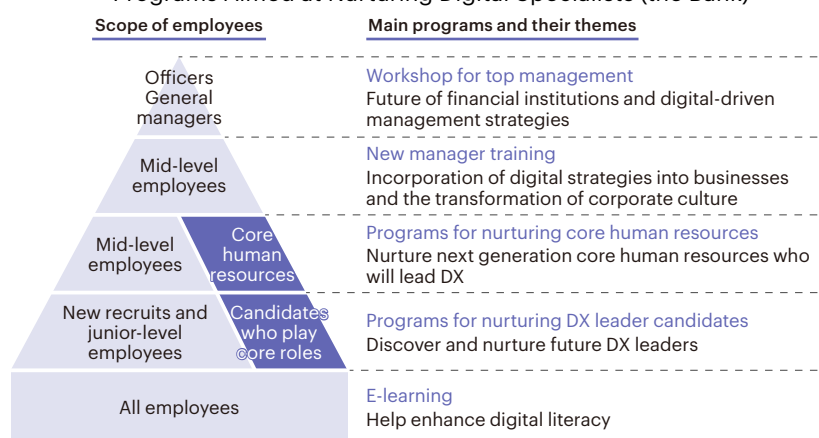
#### ● Programs Offered by MUFG University

[Next-Generation Leader Course] Eligible attendees: General managers and branch managers Feature: Interactive classes conducted by external corporate managers and academic experts	
Program name	Objective
New Corporate Executive Training	Acquire practical viewpoints for corporate management
Executive Candidate Training	Acquire concept building capabilities to develop financial businesses for the future
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
Global Leaders Forum	Develop leadership for global operations
Liberal Arts Session	Enhance prediction capabilities necessary for making policy judgments through increased exposure to liberal arts concepts
Design & Digital Thinking	Enhance concept building capabilities via exposure to digital thinking methods
Coaching Capability Improvement	Acquire coaching skills to maximize subordinate members' talent and potential

## Nurturing Digital Specialists: E-learning Program Targeting All Employees, Job-level Based Digital Sessions, Programs for Core Human Resources etc.

### ● Programs Aimed at Nurturing Digital Specialists (the Bank)



With the aim of nurturing human resources being capable of spearheading digital transformation (DX), we offer digital specialist training programs. For example, the Bank introduced a digital skill certification system based mainly on external qualifications acquired by employees. Also, we provide those in managerial positions with training programs incorporating topics on corporate culture transformation and leadership enhancement in line with MUFG's digital strategies.

▶ Please refer to page 151 for details on the achievements of job-level based training.

Moreover, we have implemented practical training programs for selected employees to nurture core human resources. With a cumulative total of approximately 100 individuals completing these programs, we have gone on to launch new programs designed to discover and nurture DX leader candidates. In addition, we mandate that all employees undergo e-learning focused on programming, AI and other relevant topics to help raise their digital literacy.

## Nurturing Global Human Resources

Today, the MUFG Group has expanded into more than 50 countries around the globe, and approximately 52% of its entire workforce is accounted for by overseas employees (as of May 31, 2021). Based on the concept of "inclusion & diversity", which is one of MUFG's priority issues, 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 LEAD Program 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, 13 of these individuals, including three women, have assumed executive officer positions at the Bank (as of March 31, 2021).



## 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.

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 multi-

dimensional 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.

# Inclusion & Diversity

## Inclusion & Diversity Initiatives

Inclusion & Diversity, one of the ten priority issues of MUFG, is also positioned as one of the important business strategies of MUFG to remain committed to empowering a brighter future.

In 2006, MUFG established a dedicated department to promote diversity as a corporate management strategy under the commitment of the top management. In particular, we consider the promotion of diversity from the viewpoint of gender to be an important issue, and we are working to develop the ability of women and promote their appointment in higher positions. Our three main subsidiaries, the Bank, the Trust Bank and the

Securities, set joint targets and report progress regularly at the executive committee.

In 2018, the Group started the integrated operation of the corporate center function. The three companies gather and work together to promote inclusion & diversity within the Group. At the annual HR exchange meetings, people from HR departments of about 40 Group companies gather to share best practices and issues. By doing so, the Group companies are in full coordination and promote inclusion & diversity effectively.

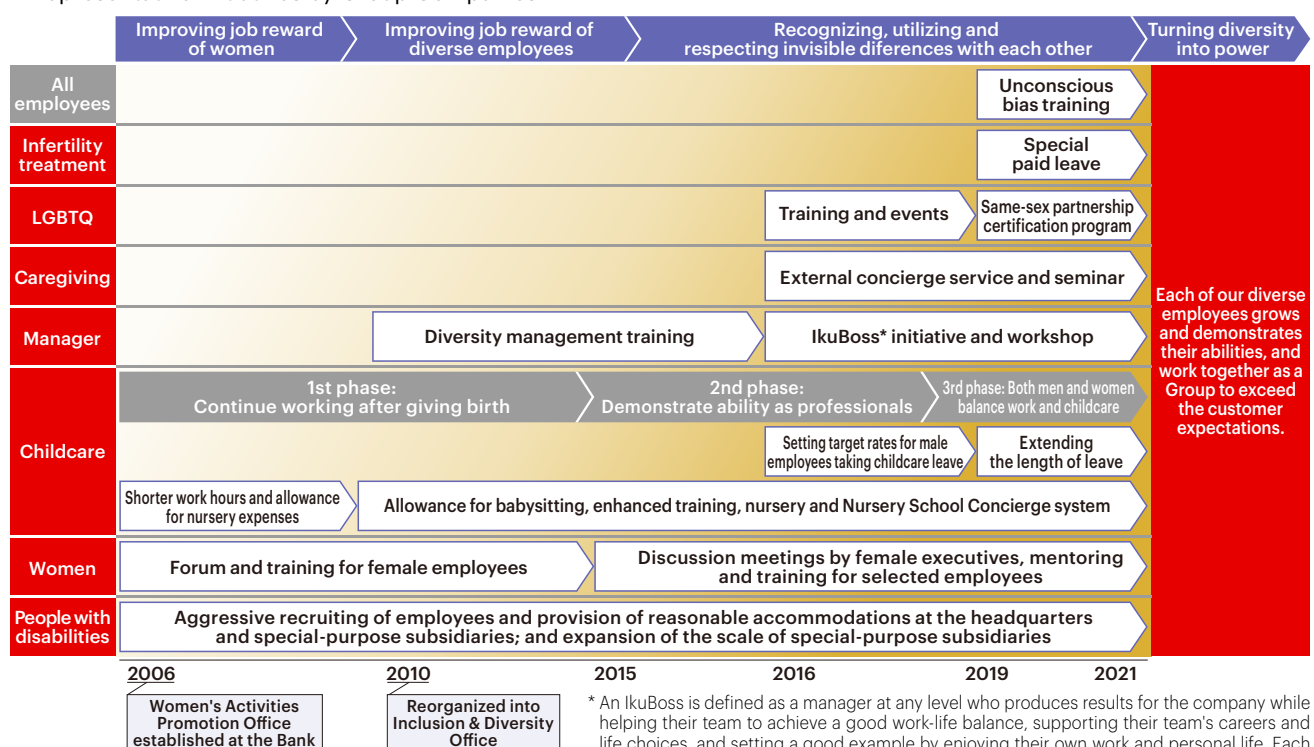
## Our Themes and Actions

To improve the job reward of not only women but also a diverse range of employees, the scope of the initiatives has been greatly expanded to include promotion of the employment of people with disabilities and understanding of sexual minorities (LGBTQ), as well as support for balancing work with personal commitments such as childcare, nursing care and infertility treatment.

Our initiatives since 2006 are as shown below. We have upgraded the main theme from the improvement of job

reward of women, based on gender diversity, to one of a wider range of employees. Then, we made a group-wide effort to deepen the understanding of diversity and improve a variety of systems. Hereafter, we will further focus on creating workplaces where the power of diversity is most utilized so that all Group employees can demonstrate their characteristics and work together to provide services that exceed the expectations of customers.

### ● Representative Initiatives by Group Companies



## Initiatives for Encouraging Diverse Talent to Play an Active Role

We are creating a workplace where each one of our diverse employees can demonstrate their abilities, regardless of their attributes.

### Supporting Career Development of Female Employees

Promoting gender diversity, or increasing the percentage of women in managerial positions, is a priority issue. MUFG set medium- to long-term targets and is developing the ability of women and promoting their appointment in higher positions under the commitment

of the top management. We provide training for selected employees and mentoring programs for female employees in senior positions to encourage their aspirations to become executives and provide opportunities for them to acquire advanced skills.

#### 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 18% in Japan by the end of March 2024. In order to reflect diverse

viewpoints and values in areas closer to management, we have set a goal of higher-level positions than the previously targeted.

▶ Please refer to page 152 for details on the progress and numerical targets in the Group companies.

#### Implementing a Variety of Programs for Women

The Bank, the Trust Bank and the Securities hold regular roundtable discussions participated in by female executives and management from the Group companies. They also carry out the Mentoring Program to assign mentors to female senior managers who are candidates for important posts and provide them with career advice and moral support.

For mid-level managers, we conduct joint training for selected employees, providing complementary

opportunities to acquire skills such as strategy building and logical thinking, while sophisticating their corporate management perspective and big-picture perspective for their future success in higher-level positions.

In addition, we host Diversity Roundtable Discussions for those who wish to discuss their concerns about balancing career and life events with senior employees. Each Group company also carries out a variety of programs to respond to the issues they face.

#### ● Programs according to career stage (example)

Level	Program
Management	<ul style="list-style-type: none"> <li>● MUFG Leaders Form (executive roundtable meeting)</li> <li>● Executive mentoring</li> </ul>
Mid-level	<ul style="list-style-type: none"> <li>● Training for executive candidates (assessment, mentoring, etc.)</li> <li>● External training</li> </ul>
All levels and young employees	<ul style="list-style-type: none"> <li>● Job-level based training</li> <li>● Networking (career roundtable etc.)</li> <li>● In-house Posting System</li> </ul>

## ● Initiatives of Group Companies

### ● The Bank

Since fiscal 2020, the Bank launched an assessment program for female employees of middle standing. The program identifies the skills and potential of each employee using expert assessment, supports career development and expands the fields in which women assume leadership. In addition, in fiscal 2021, the Bank started online networking using Microsoft Teams.

### ● The Securities

We conduct training for managers and managerial candidates. For 5th year employees, training aimed at formulating a career vision and eliminating unease relating to life events and one's career is offered. In addition, a town hall meeting for female employees was held online, with three female executives taking the stage.

### ● ACOM

ACOM provides a Career Design Program to help female employees continue working, fulfilling careers. It holds panel discussions participated in by female employees who actually balance work and childcare, providing an opportunity to consider and overcome the barriers that women face in their careers.

### ● The Trust Bank

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.

### ● NICOS

With the aim of supporting each employee's opportunity for autonomous growth, NICOS provides women's career design training to help female employees effectively utilize their strengths in the workplace. Mentors are assigned to employees who change courses or are candidates for management positions to provide career advice.

### ● MUFG

Concurrently with International Women's Day, we conduct a events to support women who demonstrate their abilities in various parts of the world. During the event, many employees, regardless of gender, wear items of a signature color purple to promote the event. The networking event where female management will take the stage are also held.

### Held a town hall meeting for female employees and the president Kamezawa

In December 2020, a town hall meeting was held between female employees and the president. Approximately 500 people attended the meeting from the Bank, the Trust Bank, and the Securities.

Employees submitted about 150 questions and opinions prior to the meeting. In addition to questions about the president's experience and thinking, they also expressed concerns specific to women, such as women's careers and the balance between work and childcare.

The first half of the meeting was a dialog between the president and the head of the Inclusion & Diversity Office. The second half was a Q&A session in which the president directly answered questions from employees.

## Programs to Support Continuation of Career

To support the continuation of career, 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.



## 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 2.48%\* in Japan (as of June 1, 2021).

\* 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 and aim to help each employee play a role commensurate with their ability and aptitude, as well as attain job reward and contribute to society as a result.

<b>Mitsubishi UFJ Business Partner (Special subsidiary of the Bank)</b>	<ul style="list-style-type: none"> <li>● The company was originally established in 1996. MU Business Aid and MU Business Partner merged in April 2020 and restarted under a new name and organization structure.</li> <li>● A total of about 360 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.</li> </ul>
<b>Ryoshin Data (Special subsidiary of the Trust Bank)</b>	<ul style="list-style-type: none"> <li>● Established in 1979.</li> <li>● A total of about 60 employees with disabilities at three locations in Tokyo work on their tasks.</li> <li>● Since most of the employees are hearing-impaired, the company takes specific measures: they are alerted to visitors and emergencies by tri-color PATLITEs and share a volume of work of the day and work progress on a large display monitor. Voice recognition application is used for meetings and trainings.</li> </ul>

### Improvement of Workplace Environment at Group Companies

Each Group company endeavors to create a comfortable workplace environment for employees with disabilities. The Bank provided its hearing-impaired employees with iPads with a voice recognition application that converts 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.

## LGBTQ

We are aiming to create workplaces where all employees can stay true to themselves, regardless of sexual orientation, gender identity, etc.

### MUFG Clearly Prohibits Any Harassment or Discrimination on the Basis of Sexual Orientation and/or Gender Identity.

MUFG clearly prohibits any harassment or discrimination on the basis of sexual orientation and/or gender identity.

► Details on our MUFG Human Rights Policy Statement are available on our website. (<https://www.mufg.jp/english/csr/policy/>)

### 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 for the prevention of discrimination and prejudice.

In January 2020, the LGBTQ Handbook for Workplaces was issued, which outlines the attitudes that each person at work should have as well as case studies.

### Recognition of Same-Sex Partnership

The Bank, the Trust Bank, the Securities, NICOS, MUS Business Service and MUS Information Systems 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 beneficially of company benefits such as special paid leave and rent subsidies.

### Sponsoring the Largest LGBTQ Pride Event in Japan

MUFG sponsors Tokyo Rainbow Pride\*, which is held in Yoyogi Park, Tokyo every year.

In 2021, the event was held online as in previous years. MUFG participated in the event in collaboration with the Mizuho Financial Group and the Sumitomo Mitsui

Financial Group. The three companies worked together to set up an online booth, participate in the online parade through SNS postings, and produce a message video to be used in the event.

\*This is organized by an NPO, Tokyo Rainbow Pride and one of the largest awareness-raising events in Japan where LGBTQ people and their Allies get together. We use the rainbow-colored corporate logo to show our support for the event.

### Pride Month

In memory of the Stonewall riots in June 1969, various 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.

MUFG based in the Americas displays the Pride Month message at all ATMs and other relevant locations in its U.S. branches on the West Coast during June. In FY 2020, MUFG held a campaign called "Show Your Colors", which

invited employees to submit photos of themselves wearing rainbow-colored clothing.

In offices in Europe, lectures are held, and support is expressed by showing rainbow flags and MUFG's pride logo.



### Effort to Visualize Allies

As part of the efforts to develop a safer workplace for LGBTQ people, we produce and distribute original rainbow-colored straps to employees who wish to wear them, making Ally, a person who supports LGBTQ, more visible in the company and providing an opportunity for other employees to become aware of the existence of LGBTQ people.



## Initiatives to Balance Work and Personal Commitments

We are striving to create a workplace environment in which each and every one of our diverse employees can demonstrate their ability while keeping a balance with their personal commitments

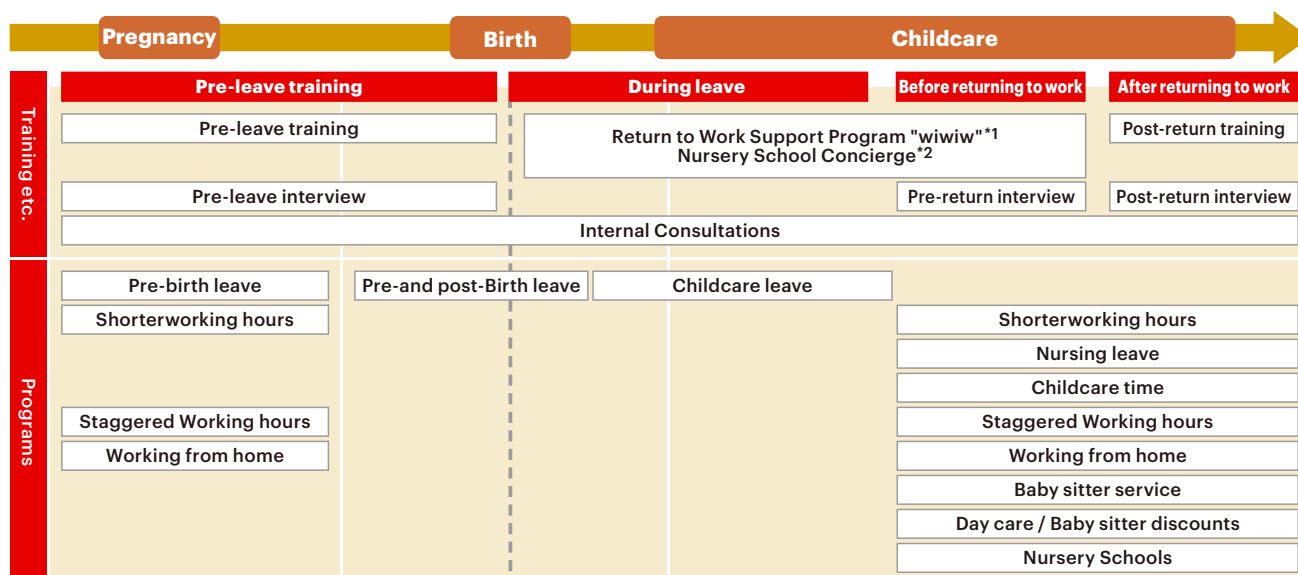
### Support for Balancing Work and Childcare

Conventionally, women have been responsible for childcare and housework in many countries. As a result, wives of working couples with children are obliged to change the way they work. To change the situation, MUFG has introduced systems and programs to support

employees who do childcare and housework, regardless of gender. In addition, we are striving 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.

### Balancing Support Programs

#### ● Representative 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

### Nursery Schools

In order to solve the social issue of a lack of nursery schools in Japan and to support the swift return of approximately 4,300\* employees taking childcare leave, two nursery schools were opened in Tokyo, thereby supporting a balance of work and childcare.

\* Total number of childcare leave takers at the Bank, the Trust Bank, the Securities, NICOS and ACOM in FY2020.



## Supporting a Smooth Return to Work

Pre-and post-leave training, economic support and programs that allow for flexible work styles have been established to extend full support for continuous career development

### ● Initiatives of Group Companies

#### ● NICOS

Employees who have returned to work or are raising children are given time to face themselves with themes, such as balancing work and childcare, their future career image, and self-improvement, and are given opportunities to exchange information. Roundtable discussions were held online in FY 2020.

A look of FY 2019



#### ● Master Trust Bank of Japan

We arrange maternity/childcare leave lunch meetings. Employees on leave can participate together with their children and exchange information with senior employees who have returned to work following childbirth. Occasionally showing one's face in the workspace also helps to improve overall understanding with coworkers.

A look of FY 2019



## Seminar for Balancing Work and Childcare

Since 2019, as part of our initiative to create workplace environments that allow employees to balance work and childcare regardless of gender, a seminar for couples raising children has been jointly held by the Bank, the Trust Bank and the Securities.

At a seminar held for working fathers in FY 2021, following a lecture by an external lecturer, information and opinions were exchanged among participants

in groups on the effects of fathers' participation in childcare, trends, and examples of childcare through the establishment of telecommuting under the COVID-19 pandemic, and other topics. Participants commented that it was good to be able to share the unique concerns of dads and that they wanted to build a good team both at home and at work.

Online lecture by an external lecturer



A look of participants





## 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.

● Initiatives of Group companies (Figures in the heading indicate the percentage of male employees taking childcare leave in FY 2020)

### ● The Bank

**90.3%<sup>\*1</sup>**

Starting in FY2019, the Bank is encouraging employees to take days off for 20 working days for the purpose of childcare, by combining 10-working-day paid childcare leave with 10-working-day annual paid leave, and it was named Ten Plus Ten. It also internally announces the names of the departments of employees who have taken 20 working days off. More than 200 employees have taken childcare leaves so far, after contacting the employees and their supervisors to promote the acquisition of the leave and introducing examples of experienced employees balancing work and family life. Starting in FY 2021, online networking is established through Microsoft Teams for working fathers and dads to be.

### ● The Securities

**100%<sup>\*1</sup>**

Since FY2016, the company has been encouraging male employees to take childcare leave by setting a goal of 100%. Eligible employees and their superiors are notified of the procedures to take this leave. Opportunities for all employees to be aware of the necessity are increased by introducing in the company newsletter how the male employees participate in housework and childcare. Through these initiatives, the corporate culture is gradually changing so that male employees participate in childcare as a matter of course. Recommendation of the Ten Plus Ten program was also started concurrently with the Bank.

### ● Master Trust Bank of Japan

**100%<sup>\*1</sup>**

Since FY2019, Master Trust Bank of Japan have set our goal to let all eligible male employees take childcare leave. They notify employees of childcare leave eligibility and send emails encouraging them to take it.

### ● The Trust Bank

**85%<sup>\*2</sup>**

The Trust Bank started encouraging employees to take childcare leaves in FY 2019. In addition, starting in FY 2021, MUFG has been recommending that employees take a minimum of five business days of leave. Emails are sent to male employees who have had babies and their supervisors to encourage them to take the leave. In addition, it also promoted the leave by providing examples of use and clarifying the necessary procedures to take the leave. After setting the target, the ratio of male employees taking childcare leaves increased significantly (previously it was around 20%), indicating that MUFG is fostering a culture in which male employees can naturally participate in childcare.

### ● Mitsubishi UFJ Information Technology

**94%<sup>\*3</sup>**

The president sends email messages congratulating male employees who have recently become fathers. In order to promote timely taking of childcare leave, departmental managers encourage male employees to take unused leave.

【Calculation methodology of the rate of childcare leave use by male employees (in FY 2020)】

<sup>\*1</sup> Percentage of the use of the leave by male employees whose eligibility for childcare leave expired in FY 2020

<sup>\*2</sup> Percentage of the use of the leave by male employees whose spouse gave birth in FY 2020

<sup>\*3</sup> Percentage of the use of the leave by the end of FY 2020 by male employees whose spouse gave birth in FY 2019

## Information Provision to Those Balancing Work and Childcare

We provide information for those who want to balance work and childcare by issuing such publications as HUG-Kumu, a booklet for male employees, and Casebook for Overcoming the First Grade Barrier\* for employees who are concerned about the work style after their children enter elementary school. We collected the voices of those who had experienced childcare and made such publications that

would communicate the importance of men's involvement in childcare and housework, well-thought ways to efficiently handle childcare and housework while working and hints and actual cases that can be used to realize a more flexible work style. These are not only helpful to employees with children, but also help their superiors and coworkers understand the realities of balancing work and childcare.

\* 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.

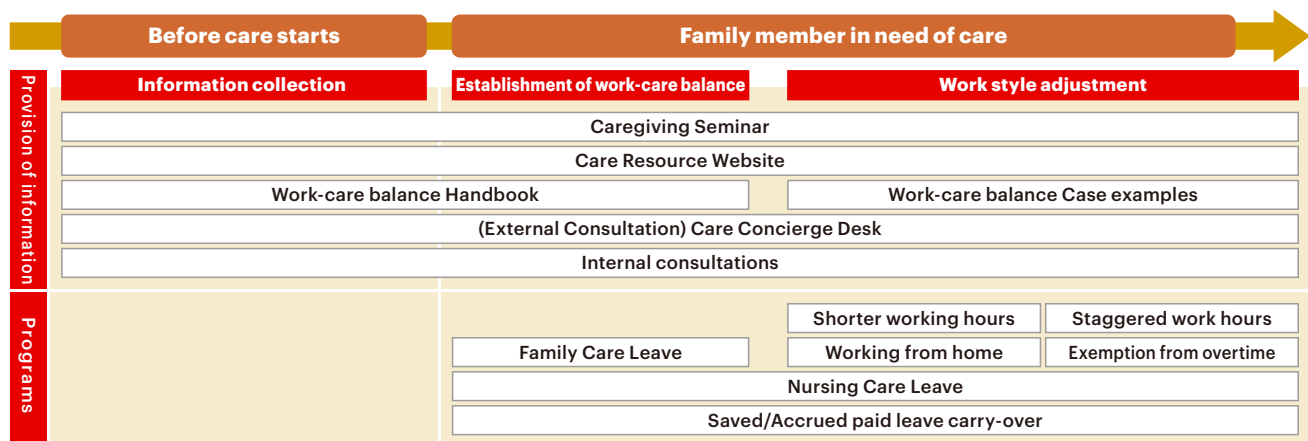
## Support for Balancing Work and Caregiving

By 2025, all baby boomers in Japan (born between 1947 and 1949) will be 75 years of age or older. The 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 to become major social problems.

Under such circumstances, MUFG established a variety of support programs, in addition to the provision of a variety of 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.

### Balancing Support Programs

#### ● Representative Training and Programs



### Caregiving Seminars

We provide information for employees of Group companies to help them balance work and caregiving. Each seminar was attended by approximately 800 employees from about 40 Group companies. Because of the COVID-19 pandemic, however, on-demand videos have been distributed since FY 2020. Lectures by experts are used to help participants balance nursing care and work.

A look of seminar in FY2019



### Work-care Support Services (Care Concierge Desk/Care Resource Website)

For our employees and their families, we introduced a concierge service by specialists and a nursing care information website that allows employees to search for nursing care facilities and services.

We are preparing an environment where employees who

are caring for someone, as well as those who want to prevent such a situation or those who may need to give care in the future, can consult with care professionals and gather information as needed via telephone or email.

### Handbook and Casebooks

We issued a Work-Care Balance Handbook with basic information on work-care balance so that employees can respond smoothly in the event that they suddenly need to care for a relative. For those actually engaged in

care, we also issue a Balance Casebook and Experience Stories featuring examples of difficulties faced during caregiving and advice on what to prepare beforehand.

## Support Balancing Work and Infertility Treatment

With the growing tendency of late marriage in Japan, the number of couples undergoing infertility treatment is increasing. MUFG supports employees who work and undergo such treatment.

### Support Programs for Balancing

Each of our major companies offers support systems, such as special paid leave, a flexible work hour system, and other support programs that can be used regardless of gender.

### Guidebook

MUFG published a Guidebook to Support the Balancing of Work and Infertility Treatment for employees undergoing treatment, their superiors and coworkers, and those who are considering treatment in the future. It is used to create a workplace environment that makes it easier to balance work and treatment.

## Initiatives to Raise Awareness of Employees

### Initiatives to Raise Awareness of Managers

The awareness of managers is one of the important factors in determining the success or failure of inclusion & diversity. We implement a variety of initiatives to penetrate an awareness of the diverse values and private lives of junior employees, enhancing job reward, and producing results.

### Holding a Joint Workshop

We hold IkuBoss\* Workshops where employees in managerial and pre-managerial positions discuss the way to have sincere communication with diverse junior employees. Following a presentation by an external lecturer, participants discussed how to deal with junior employees facing specific situations such as childcare and eldercare, thereby deepening their understanding of the importance of respecting junior employees' private lives and values while also letting them know that they are cared for.

\*An IkuBoss is defined as a manager at any level who produces results for the company while helping their team to achieve a good work-life balance, supporting their team's careers and life choices, and setting a good example by enjoying their own work and personal life. Each Group company also has its own independent definition of an "IkuBoss".

A look of workshop in FY2019



### Managers Commitments

The major Group companies are participating in the IkuBoss Corporate Alliance\*, striving to develop "IkuBoss" managers who are committed to the development of all junior employees and improve job reward in a manner that also achieves business results.

\*A corporate network of companies trying to raise management awareness and create more IkuBosses, hosted by the NPO Fathering Japan.

The top management and managers at Group companies make an IkuBoss Pledge to announce their commitment to team management and their own work styles.

## Providing Various Training

A wide range of training programs is offered, 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, chief managers and senior managers to teach them the importance of being aware of unconscious biases and building a team with psychological safety in order to develop organizations and teams where each of the diverse employees can play an active role. For existing managers, we prepared opportunities to deepen their understanding of inclusion & diversity and to reflect on themselves through e-learning, on-demand video and personnel evaluation and other programs.

### ● Initiatives of Group Companies

#### ● NICOS

Seminars for managers are provided to give tips on new management styles that are based on changes in the social environment and to promote diversity management. Training opportunities are also being provided with the aim of fostering a subordinate development mindset and improving management skills, such as coaching.

#### ● ACOM

Leadership enhancement training is provided to improve organizational capabilities. Participants learn how to enhance their mindset as a leader, acquire one-on-one skills, and improve their ability to build relationships in order to facilitate the growth of subordinates.

A look of FY2019



## Culture Creation

We are implementing a variety of initiatives to develop a corporate culture in which the diversity of employees is mutually recognized and respected.

### Diversity Month

The Bank, the Trust Bank and the Securities designated November as Diversity Month. In the periods around these months, training and workshops are held at all offices in Japan. The companies focus on a hot topic,

such as Unconscious Bias, and create opportunities for employees to consider inclusion & diversity as an issue that could exert influence on themselves.



## Employee-Driven Inclusion & Diversity Promotion

Employees independently implement a wide range of programs to create inclusive workplaces.

### Japan Base

#### ● Mitsubishi UFJ Information Technology

The Diversity & Inclusion Promotion Committee was established in 2014. The committee is constantly active as members change each fiscal year. From 2017, the committee has taken on the important role of revitalizing communication within the company to ensure that the opinions of frontline employees are heard and that policies from head office are properly disseminated

### EMEA Base

The six employee networks play a critical role in building a culture of inclusion at MUFG and a working environment that embraces the diversity of our people.

#### disABILITY WORKS Disability Network

▶ Forum that acts as a resource and support network for all employees impacted by any form of disability

#### BALANCE Gender Diversity Network

▶ Network with a vision is for MUFG to be a gender-balanced organization

#### Pride Alliance LGBTQ+ & Allies Network

▶ Open forum network to celebrate and drive LGBTQ+\* inclusion with the support of Allies

#### MOSAIC Multicultural Network

▶ Network that helps MUFG and its employees get the maximum benefit from our cultural diversity

#### Family Matters Family Network

▶ Network that helps MUFG to be a "best in class" family-friendly organization of choice

#### Social Mobility Social Mobility Network

▶ Network committed to creating a culture where employees feel like they belong at MUFG regardless of their socio-economic background

\*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

Here, the employees are carrying out independent activities aiming to create a workplace where a diverse range of people can thrive, regardless of race, ethnicity, etc.

#### Adelante Hispanic/Latino Enterprise Resource Group

▶ Hispanic / Latino

#### NextGen Leaders Generational Enterprise Resource Group

▶ Generation

#### PULSE African American/Black Enterprise Resource Group

▶ African American / Black

#### WIN Women's Enterprise Resource Group

▶ Women

#### ASPIRE Asian Pacific Islander Enterprise Resource Group

▶ Asian American and Pacific Islander

#### Pride Alliance LGBTQA+ Enterprise Resource Group

▶ LGBTQ and Ally

#### SERVE Veterans' Enterprise Resource Group

▶ Veterans

# Human Rights Management

The MUFG Way, which guides all of our activities, defines the meaning of our existence to be committed to empowering a brighter future. Under this motto, we are committed to protecting the diverse human rights of all stakeholders, including society and our customers.

## Initiatives to Respect Human Rights

The Group companies recognize the respect for human rights as an important issue to be addressed in the management of our business and issued the MUFG Human Rights Policy Statement. To fulfill our responsibility to respect human rights in all our operations, we are committed to increasing the awareness of human rights by helping all employees fully understand the contents of the Code of Conduct and Compliance Manual.

A consultation service for sexual harassment, abuse

of authority and others was also established at each of the Group companies to establish a pleasant work environment with a positive atmosphere. It responds to the reports coming in via a variety of means including interviews, telephone calls and emails, and promotes respect for human rights. It also accepts and responds to reports from customers outside the Group about human rights violations caused by MUFG's business activities.

▶ Please refer to page 123 for details on our Whistleblowing Compliance Management System.

## Human Rights Management Structure

The Sustainability Committee, chaired by the CSuO of the Group, who is also a member of MUFG's Board of Directors, is discussing measures and action policies concerning the respect for human rights based on the MUFG Human Rights Policy. The MUFG Human Rights Policy is determined by the Board of Directors.

## Human Rights Awareness-Raising Structure and Its Activities Conducted at Group companies

The Bank, the Trust Bank, and the Securities have established the following human rights awareness promotion system. Also, in addition to conducting training and other enlightenment activities, promoters, and persons in charge of enlightenment activities installed in each division, office, and branch are promoting and implementing initiatives for respect for human rights throughout the MUFG Group.

	The Bank	The Trust Bank	The Securities
Human rights awareness-raising structure	Human Rights Promotion Committee	Human Rights Promotion Committee	HR Committee
Chairperson	Member of the Board of Directors, Senior Managing Executives Officer (Chief Human Resource Officer: CHRO)	Director and Managing Executive Officer (CHRO)	Managing Executive Officer (CHRO)
Committee Members	<ul style="list-style-type: none"> <li>Chief Executive of each business unit; and Executive Officers and General Managers responsible for Human Resources, Corporate Administration, Corporate Planning, Corporate Risk Management and Global Compliance</li> <li>Human resource champions are allocated to each division, office and branch.</li> </ul>	<ul style="list-style-type: none"> <li>Managing Executive Officer responsible for Personnel Division and General Manager of Personnel Division</li> <li>Human rights promotion managers are allocated to each division, office and branch.</li> </ul>	<ul style="list-style-type: none"> <li>President &amp; CEO; General Managing Officer of Human Resources, Compliance Control, Financial Planning, Corporate Planning, Risk Management and Internal Audit and General Manager of Human Resources</li> </ul>
Awareness-Raising activities	<ul style="list-style-type: none"> <li>Training programs for all employees</li> <li>Training programs for each hierarchy For Executive officers, newly appointed branch managers and managers at the management level, new recruits and career employees</li> <li>Calling for making human rights slogans</li> <li>Distribution of Human Rights Newsletter</li> </ul>	<ul style="list-style-type: none"> <li>Human rights promotional training program For all employees</li> <li>Calling for making human rights slogans</li> <li>Posting posters for human rights week</li> </ul>	<ul style="list-style-type: none"> <li>Human rights training programs For new recruits</li> <li>Training program on abuse of authority For general managers, branch managers and newly appointed managers</li> </ul>
Number of attendees to training (FY 2020)	About 36,200	About 7,200	About 400

## Sharing Human Rights Slogans

As part of its human rights awareness-raising activities, the Bank and the Trust Bank collect human rights slogans every year from their employees and their families. Excellent slogans are selected from among the ones collected from across the country and posted in the company newsletter and portal site to be shared across the companies.

# Human Rights Due Diligence

As part of its efforts to address human rights issues, MUFG carries out human rights due diligence on its customers, employees and other stakeholders according to the following policies:

- MUFG Group Personal Information Protection Policy (Details: <https://www.mufg.jp/english/privacy/>)
- MUFG Human Rights Policy Statement (Details: <https://www.mufg.jp/english/csr/policy/>)

The MUFG Human Rights Policy Statement stipulates that the Group is guided by the international principles for human rights, such as the Guiding Principles on Business and Human Rights, its officers and employees strive to respect the human rights of all people, and the Group urges clients and suppliers to respect human rights.

## On Employees

In accordance with the MUFG Human Rights Policy, MUFG is committed to eliminating and removing all forms of discrimination in employment and all workplaces, while ensuring compliance with the Policy through awareness-raising activities.

We have established the MUFG Compliance Helpline, which serves as a reception desk for reports on

human rights violations from all Group employees, and we are enhancing the system to prevent and not to tolerate these acts. We also carry out human rights due diligence on the workplace environment through interviews for employees who seem to be overworking and stress level checks.

## On Customers

We established the MUFG Environmental and Social Policy Framework as the basis for the management of environmental and social issues, including human rights issues, in financing for corporate customers. We assure respect for human rights by conducting the due diligence prescribed in the Policy Framework as necessary when making credit decisions at the Group

Bank and Trust Bank, and when underwriting bonds at the Group securities companies.

We also make efforts to protect the privacy of customers involved in our business activities, including those who use banks by ensuring appropriate handling and prevention of personal information leakage.

## On Suppliers

In response to the enforcement of the Modern Slavery Act in the UK in 2015 and in Australia in 2019, MUFG companies subject to this law published a statement on their initiative to prevent exploitation of labor and human trafficking in their and suppliers' business in fiscal 2019, and they are making efforts to prevent human rights abuses in their supply chains. (Visit the links on the right.)

- MUFG Bank  
(<https://www.bk.mufg.jp/global/csr/statement/sht/>)
- Mitsubishi UFJ Trust and Banking  
([https://www.tr.mufg.jp/english/aboutmutb/csr/slavery\\_act\\_2015.html](https://www.tr.mufg.jp/english/aboutmutb/csr/slavery_act_2015.html))
- MUFG Securities EMEA  
([https://www.mufgemea.com/images/mufg/MSA\\_2020\\_MUFGSecuritiesEMEA042021.pdf](https://www.mufgemea.com/images/mufg/MSA_2020_MUFGSecuritiesEMEA042021.pdf))



# Health and Productivity Management

MUFG is promoting mental and physical health as part of its efforts to respect employees' human rights and create a pleasant workplace environment with a positive atmosphere. To be concrete, industrial physicians and counselors are stationed at each MUFG Group company to manage employee health through follow-up medical examinations based on the results of regular health

checkups and interviews with overworked employees. It also works in liaison with external doctors and counselors to address employees' mental health issues. Another effort is the maintenance of employees' mental and physical health using stress level checks and other measures.

## ● Initiatives of Group Companies

### The Bank

- Regular health checkups
- Health Committee meetings and workplace patrol
- Distribution of Health Clinic Newsletter
- Mental health checkup
- Regular environment checks in each division, office and branch
- Support for the cost of influenza vaccination

### The Trust Bank

- Regular health checkups
- Health committee meetings and workplace patrols
- Posting information about occupational health and consultation services on the Employees Counselors Division page on the company portal site
- Stress level checks
- Providing personal consultation and health promotion planning and guidance for employees on the Employees Counselors Division page
- Declaration of Health and Productivity management

### The Securities

- Regular health checkups and rubella antibody testing
- Establishment of Safety and Health Management Rules, Health Committee meetings and workplace patrols
- Information submission to employees such as distribution of Healthcare Center Human Resources Division Newsletter
- Health counseling and mental health care
- Stress level checks
- Interviews with overworked employees by industrial physicians

## Certified as a Health & Productivity Management Outstanding Organizations 2021 (Large Enterprise Category)

The Trust Bank was recognized as a Health & Productivity Management Outstanding Organizations 2021 (Large Enterprise Category) under the Certified Health & Productivity Management Outstanding Organizations Recognition Program jointly hosted by the Ministry of Economy, Trade and Industry (METI) and Nippon Kenko Kaigi (Japan Health Conference) two years in a row.

The Trust Bank's goal is the trust bank creates a safe and enriching society ~a team of professionals that can solve challenges faced by society and customers. To achieve this goal, we believe that the mental and physical health of each employee is of the utmost importance.

Bearing this in mind, the Trust Bank conducts health and productivity management for 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.

Other MUFG Group companies also promote health and productivity management by sharing knowledge and how such initiatives were conducted in the Group.

## 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.

### Universal Designed 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.

### 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**

The same transfer fees as ATM transfer fees are applied to customers with visual impairments and wheelchair users when they make a transfer at the counter.

- **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.

- **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.

## Initiatives of Group Companies

### The Bank

- Displaying pictograms
- Training for improving service skills for the elderly and people with disabilities
- Preparing a manual for improved service skills for the elderly
- Posting assistance dog stickers
- Posting Ear Symbol stickers
- Providing sign language and communication-in-writing (only in case of lost or stolen passbooks and cash cards)
- Handling Braille Cards and Notification Forms
- Consultation Service for People with Disabilities
- Preparing a LGBT handbook
- Cooperation with Community General Support Center

### The Trust Bank

- Displaying pictograms
- Training for improving service skills for the elderly and people with disabilities
- Preparing a manual for improved service skills for the elderly
- Posting assistance dog stickers
- Posting Ear Symbol stickers
- All branches are equipped with reading glasses, hearing aids, loupes, writing devices, clipboards for writing, communication boards and wheelchairs.
- ATMs are equipped with handsets for communication.
- Seminars on service assistance

### The Securities

- Taking a training course for supporting dementia patients
- Equipped with reading glasses and writing devices
- Eliminating steps and differences in level on the floors in branches
- Installing automatic doors
- Distributing Ally declaration straps (upon request)

# Customer Focus and Initiatives

## Fundamental Concept

Customer-oriented approaches and fair and honest attitudes constitute the foundation of our business.

The Code of Conduct stipulates the standards that guide officers and employees' decision-making and behavior in our day-to-day business activities under the MUFG Way. We set Customer Focus in the first chapter of the Code of Conduct and the Group is endeavoring to make all employees behave according to this philosophy.

## Fiduciary Duties

MUFG has set and published MUFG Basic Policy for Fiduciary Duties as a common guideline of the Group so as to ensure that its undertakings are always customer-oriented.

Under this Policy, the Group companies share their customer-first undertakings, aspire to further improve their products and services and announce status updates. In addition, MUFG, while monitoring these initiatives, periodically reviews the Policy in order to

better realize customer-oriented business operations.

In addition, MUFG regularly holds the Fiduciary Duties Promotion Committees to further strengthen its customer-oriented business operations and to promote the integration of operations across the Group including the sharing of best practices, while inviting outside experts as advisors who provide suggestions and advice from diverse perspectives to further improve products and services.

► Details on our customer focus and initiatives are available on our website. (<https://www.mufg.jp/english/profile/governance/fd/>)

## Improvements Based on 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 2020, of which 249 were utilized for service improvement.

Some examples of improvements include the addition of a name change function to the app that does not require customers to visit a bank (Kantan Tetsuduki App) to meet the needs of customers who wish to complete procedures without talking to a clerk. In addition, we regularly conduct customer satisfaction surveys and analyze the factors of low evaluation, if any, and make efforts to improvement.

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 customers and establish lasting relationships with them.

MUFG is committed to improving its business operations and quality based on customer feedback. To ensure that all customers feel reassured when using our services, each employee is improving their skills so that he/she not only protects the existing trust of customers and builds a higher level of trust for the future.





# Social Contribution Activities

## Fundamental Concept of Social Contribution

Financial institutions have a responsibility to stabilize and maintain the financial system and contribute to the sound growth of society. To this end, we fulfill our social mission as a foundation of society and are striving to contribute to the realization of a sustainable society by solving social issues through financial services.

We will carry out social contribution activities in the

following priority areas: "Initiatives to Combat the spread of COVID-19", "Supporting future generations (Education · Sports · Environment)", "Disaster relief" and "Support through the activities of MUFG employees", such as donations and volunteer work, in fields where it is difficult to contribute through financial services or where there is a critical need for society.

### Framework for Social Contribution Activities

MUFG has established and operates a framework for providing funds to social contribution activities (such as donations) for an amount equivalent to 0.5% of the Group's net business profit<sup>\*1</sup> of the previous fiscal year. The total of the Group companies' contributions related to social contribution activities and this framework amounts to approximately 1% of the Group's net business profit.<sup>\*2</sup>

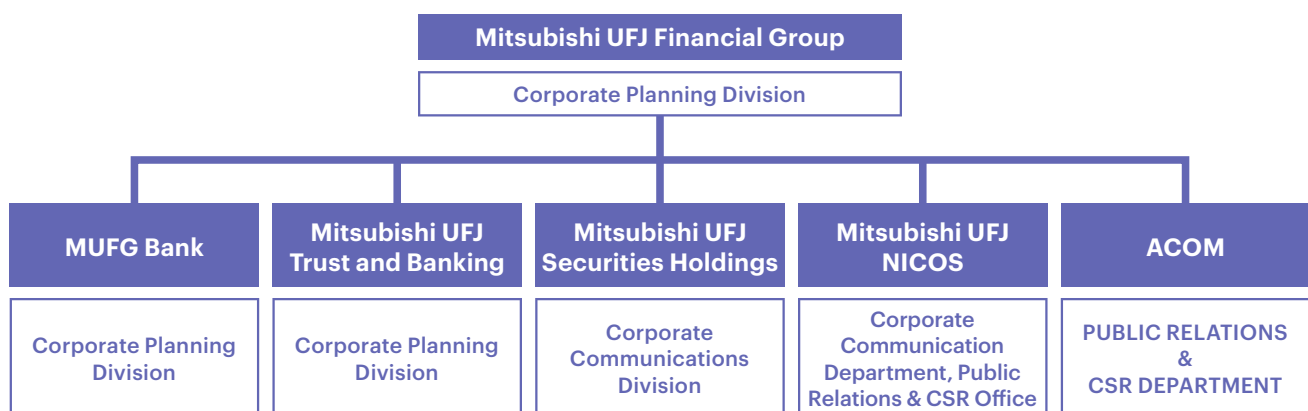
In FY 2020, the Group as a whole contributed 9.16 billion yen. Amid the COVID-19 pandemic, MUFG again strongly recognized the importance of social stability and provided various kinds of support for medical care and students. MUFG will continue to provide more agile and flexible support for areas where it is difficult to contribute through financial services and areas that are truly necessary for society.

<sup>\*1</sup> Net business profits after deduction of credit-related costs, etc.

<sup>\*2</sup> Donations and support for the control of COVID-19 made this year are included in this framework.

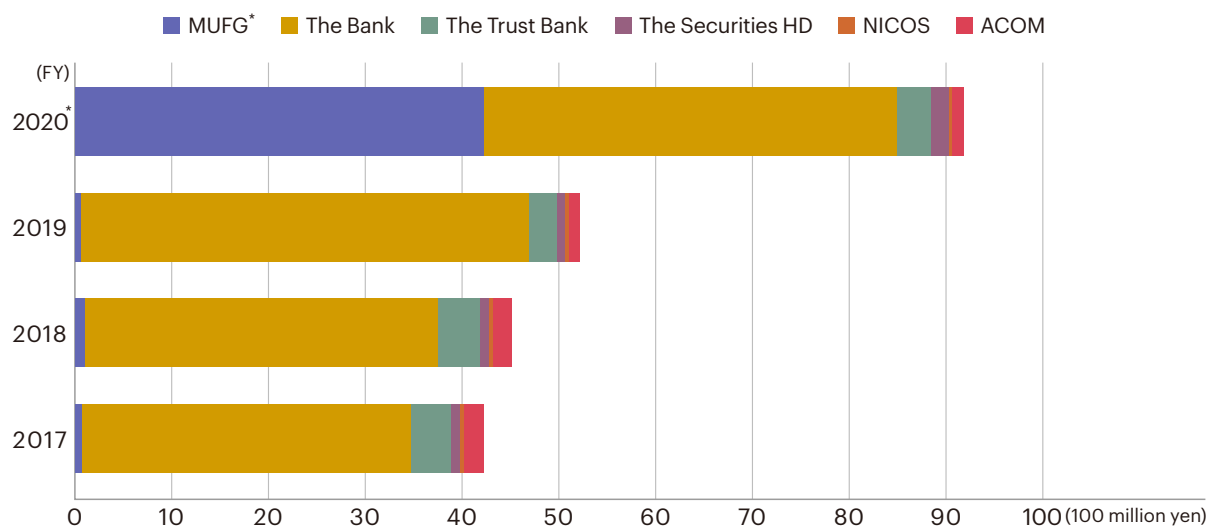
## Management Structure

Under MUFG's Corporate Planning Division, the department that is responsible for the promotion of social contribution activities at each Group company is placed. These departments jointly hold monthly liaison meetings to share information on their initiatives and activities, which accelerate the activities of the entire Group to solve social issues and contribute to the realization of a sustainable society.

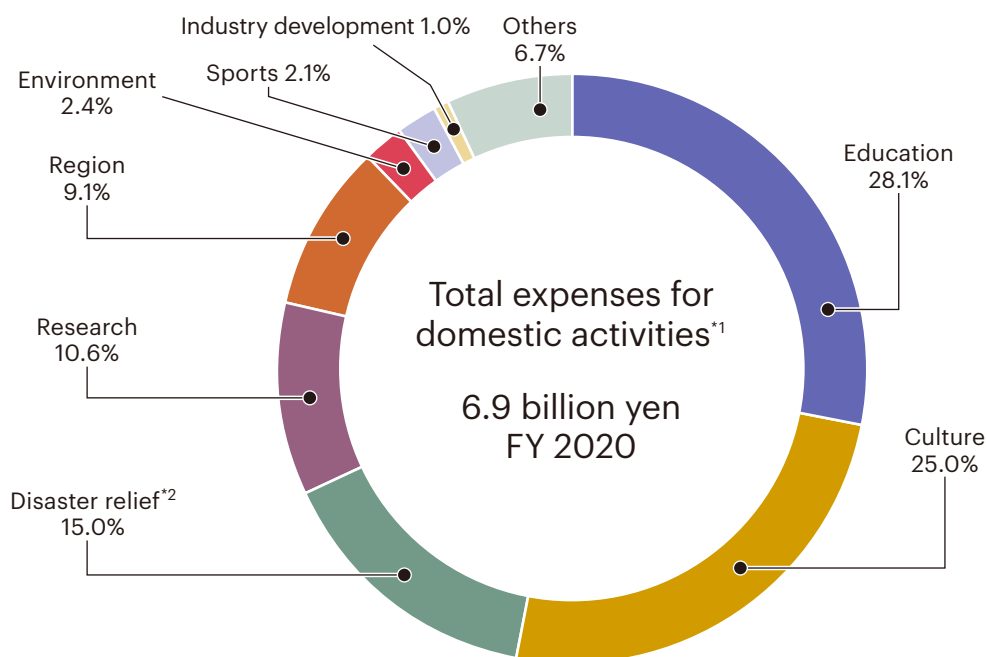


## Expenses for Social Contribution Activities

### ● Expenses for social contribution activities (both Japan and overseas)



\* MUFG began a framework for contributing an amount equivalent to 0.5% of the Group's net business profits in the previous fiscal year, to social contribution activities (donations, etc.), which led to a significant increase.



\*1 The Trust Bank initiatives include overseas activities

\*2 Including medical support for efforts against COVID-19 infection

## Initiatives to Combat the Spread of COVID-19

FY 2020 was severely impacted by the COVID-19 pandemic. We are going to do whatever we can to overcome this major challenge and will make donations and provide support to prevent the spread of the infection in accordance with the needs and demands of society.

### Support for Medical Professionals: 1.5 Billion Yen in Total

#### Donation to the Japanese Red Cross Society

To help ease the serious shortage of masks, protective clothing and other equipment at medical institutions, MUFG donated to the Japanese Red Cross Society to support medical professionals who continue to provide care at hospitals designated as medical institutions for specified infectious diseases across the country (500 million yen in total).

#### Donations to the Institute of Medical Science at the University of Tokyo and Osaka University

MUFG donated to the Institute of Medical Science at the University of Tokyo and Osaka University, which are leading the way in vaccine development in Japan, in order to further support the effort to prevent the spread of the infection and support the development of medical care in Japan over the medium to long term (500 million yen in total).

Presentation of a letter of appreciation  
from the president



#### #MUFG at Home / Donation to the Japanese Red Cross Society and the All Japan Hospital Association

MUFG donated 39 yen (as "39 (San-kyu in Japanese)" sounds like "Thank you") to the Japanese Red Cross Society and the All Japan Hospital Association for each transaction made by an individual customer using the internet (Mitsubishi UFJ Direct, etc.) as a donation and support initiative we tackle with customers (500 million yen in total).



### Support for Arts: 300 Million Yen in Total

#### Donation to the Association of Japanese Symphony Orchestras

Affected by the spread of COVID-19, classical music concerts were cancelled or postponed one after another. In response to the situation, MUFG donated to the Association of Japanese Symphony Orchestras to support the continuation of musical and artistic activities that enrich people's minds and lives. The fund will be used for the activities of the 37 member organizations (300 million yen in total).



## Support for Students: 1.6 Billion Yen in Total

### Donation to the Japan Student Services Organization (JASSO) and the nonprofit student support organization Ashinaga

MUFG donated 500 million yen each to the Japan Student Services Organization (JASSO) and the nonprofit student support organization Ashinaga to support children who were almost forced to give up their higher education, despite their motivation and ability, due to financial or other reasons because of the spread of COVID-19, and children who had lost their parents to illness or disaster, etc (one billion in total).



### Recruitment of Survey Respondents for Students

Students whose income from part-time jobs decreased due to the spread of COVID-19 were recruited as respondents of a survey for the development and improvement of MUFG products and services. More

than ten online surveys "MUFG Beta" were conducted and students were paid for their participation (200 million yen in total).

### Donations to Support the Higher Education and Daily Life of International Students

Because of the spread of COVID-19, there are many highly motivated international students who are in financial difficulties due to the lack of part-time work opportunities to cover tuition and living expenses, and might be forced to give up their studies in Japan. In order to support their education and living expenses, MUFG

donated 100 million yen each (400 million yen in total) to the Thai Student Association in Japan, the Embassy of the Republic of Indonesia in Tokyo Japan, the Association of Filipino Students in Japan and the Association of Vietnamese Intellectuals in Japan in cooperation with four of MUFG's partner banks in Southeast Asia\*.

\*Krungsri (Bank of Ayudhya) in Thailand, Bank Danamon in Indonesia, Security Bank in the Philippines and VietinBank in Vietnam.

Thai Student Association in Japan  
(Ceremony of Presentation)



Embassy of the Republic of Indonesia in Tokyo Japan  
(Ceremony of Presentation)



## Other support: 10 Billion Yen in Total

### Establishment of MUFG Medical Fund

The Bank, in collaboration with Mitsubishi UFJ Capital, which has extensive experience in the life science field, established an investment fund of 10 billion yen to support venture companies in the fields of drug discovery and regenerative medicine, including measures to treat and prevent COVID-19. Since its

establishment, we have received more than 100 inquiries and executed multiple investments in many fields, including drug discovery for drugs to treat COVID-19, regenerative medicine, medical devices, and telemedicine. We will continue to invest aggressively in promising fields (10 billion yen in total).

## Initiatives for Priority Areas

### Supporting Future generation [Education]

#### Donation to Child Support Groups

MUFG decided to donate to the following three organizations working to support children: CliniClowns Japan, a certified nonprofit organization supporting sick children, Learning for All, a nonprofit organization

supporting children from poor families, and Chance for Children, an association for the same purpose as the previous one. It will provide continuous support from fiscal 2020. (180 million yen in total).



#### Culture Support Project: Shiki Theatre Company's "Kokorono Gekijo"

MUFG sponsors Shiki Theatre Company's countrywide project "kokorono gekijo". This project embodies the philosophy of "Through the stage, we hope to instill in the hearts of children the preciousness of life, consideration for others, the joy of mutual trust, and all the other important things in life".

In FY 2020, all scheduled performances of "kokorono gekijo" were canceled due to the COVID-19 pandemic. In FY 2021, MUFG is going to support the online distribution of the performances.

#### Donations to the Jibun Mirai Club

To support the next generation (children and young people) who were deprived of activity opportunities due to the COVID-19 pandemic, MUFG made a donation to the Jibun Mirai Club, an NPO that provides educational support for children. Donations will be used to run the "Global E-workshop", an online educational program, and "Project 1" (50 million yen in total).

#### Financial and Economic Education for Children

As part of its social contribution activities utilizing the core business expertise of a financial institution, MUFG focuses on financial and economic education for elementary, middle, and high school students. In addition to providing them with opportunities to learn about the mechanisms of finance and economics, we

carefully devise the programs so that they can develop the ability to become socially independent and live their own life in the future. We have conducted visiting lectures and work experience programs for students and the cumulative total of the number of classes since 2012 has become over 3,000.

► Details on our finance and career education are available on our website. (<https://www.muflg.jp/english/csr/society/population/>)

#### Investment Education Programs

MUFG provides working adults with seminars on life planning and asset management as one of the educational programs, designed to help each generation find investment for building their future

assets more accessible. The Group also provides a variety of educational contents, including cartoons and columns that trigger interest in asset building.



## Sponsoring UNESCO School

For the development of the next generation, which is essential for the realization and maintenance of a sustainable society, the Bank works with the National Federation of UNESCO Associations in Japan and actively supports SDGs education in schools. In fiscal 2020, financial support was provided for 79 schools as the UNESCO School SDGs Assist Project. It also contributed to the promotion of the activities of UNESCO Schools by sponsoring their National Conference and introducing SDGs initiatives of companies.

► Details on our finance and career education are available on our website. (<https://www.mufig.jp/english/csr/environment/activity/>)

Kesennuma City: Experience Activities in River (Environment, marine education, local heritage study)



## Supporting Future Generation [Sports]

### MUFG Junior Tennis Tournament

As part of its support for the next generation, the Bank donated to the Japan Tennis Association and sponsored the MUFG Junior Tennis Tournament, a tournament that is a gateway to success for children who aspire to become professionals (5 million yen in total). The tournament was held under strict measures against the infection and had the participation of 136 children.



### The MUFG Cup, a Graduation Commemoration Football Tournament

The MUFG Cup is a football tournament held every year in Tokyo, Aichi, and Osaka for sixth graders who are soon to graduate from elementary schools, with the hope that through sports they will learn to bond with their peers and appreciate the people involved.

In FY 2020, the Tokyo and Aichi tournaments were canceled because of the COVID-19 pandemic, but 124 children enjoyed the football tournament in Osaka, which was held under thorough measures against the infection.



► Details on our donation and support activities are available on our websites. (<https://www.mufig.jp/english/csr/contribution/charity/>)

## Supporting Future Generation [Environment]

### MUFG Forest for Working Together with Customers

MUFG launched a program to plant approximately 100,000 trees and to donate a total of 500 million yen for their growth over a ten-year period. Trees were planted through the Present Tree\* project in accordance with the number of new applications for and the number of switches to the online passbook of the Bank and the Trust Bank. The planted trees absorb CO<sub>2</sub> that is equivalent to the annual CO<sub>2</sub> emissions from the electricity consumption of 10,000 households for cooling.

\*The Present Tree project was started by Environmental Relations, a certified NPO, 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. People in urban areas will become foster parents of the trees and nurture them together while interacting with local people, thereby revitalizing not only the forests but also the local communities.



### Industry-Academia Partnership 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 decarbonization pathway and the role of finance 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 (global commons).

MUFG sympathizes and agrees with the activities of the CGC, which contribute to the realization of the MUFG Carbon Neutrality Declaration, and will support its activities over the next three years (300 million yen in total).



### Support for Fuel Cell Bus

MUFG supported the introduction of fuel cell buses, a project subsidized by the Osaka prefectural government in preparation for Expo 2025 Osaka Kansai, by using the corporate version of the Hometown Tax Donation system (53.25 million yen in total).

A fuel cell bus is a bus that runs on electricity generated by a chemical reaction between hydrogen and oxygen in the air, which drives the motor and emits no CO<sub>2</sub> or environmentally harmful substances during operation. MUFG has positioned hydrogen and next-generation energies as a priority area and will continue to contribute to the establishment of a hydrogen supply chain and the realization of a sustainable society beyond that.



## Disaster Relief

### Providing Support through the MUFG NFUAJ East Japan Earthquake Recovery and Scholarship Fund

MUFG and the Bank, in cooperation with, the National Federation of UNESCO Associations in Japan (NFUAJ), established the MUFG NFUAJ East Japan Earthquake Recovery and Scholarship Fund in April 2011. For up to 15 years, the fund will be working with local schools in operating a scholarship program and holding various support projects for orphaned students (children who lost one or both of their parents as a result of the earthquake or tsunami) from elementary through high school. The fund is expected to grow to around 3 billion yen.

► Details on our emergency disaster assistance are available on our websites. ([https://www.mufg.jp/english/csr/contribution/disaster\\_support/](https://www.mufg.jp/english/csr/contribution/disaster_support/))

#### Scholarship Program

At the start of the program, each student is awarded ¥100,000 and subsequently awarded ¥20,000 every month until high school graduation. Since the program was introduced, 1,500 students have so far received scholarships. The program offered its final round of new scholarships to children who entered elementary school in FY2014, and these scholarships will continue until those students have graduated from high school in 2026.

### Support for Disaster Caused by Heavy Rain in Kumamoto and Kagoshima Prefectures

In response to the heavy rains that hit Kumamoto and Kagoshima Prefectures in July 2020, MUFG made a donation to help the affected areas recover and rebuild as quickly as possible (5 million yen in total).

## Support through the Activities of MUFG Employees

### MUFG SOUL - Turning Passion into Power for Society-

MUFG provides funding for ideas for solving social issues that are planned by employees.

In fiscal 2020, more than 300 plans and ideas were gathered from employees, including support for children's cafeterias, which provide free or inexpensive meals to children, and nursing homes, and contributions

to community revitalization, and a total of more than 2,500 people participated in social contribution activities (100 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.

### 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 initiatives to host local 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 christened these initiatives "MUFG Gives Back", and we continue to expand our activities each year. As a global initiative, in which employees are engaged in CSR activities together at the same time, MUFG Gives Back is one of the largest CSR initiatives among Japanese corporates, representing an opportunity for employees in their respective areas and at their respective branches to experience the impact of local philanthropy. In this section, we introduce a sample of the activities.

In fiscal 2020, we implemented the Happy Christmas Together! project in Japan. MUFG employees created 716 Christmas cards that were delivered through the CliniClowns Japan, a certified NPO, to children in pediatric wards at 49 hospitals around Japan and to children receiving treatment at home.





# Governance

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- P.124 Cyber Security

# Corporate Governance

For more information on MUFG's corporate governance, please refer to the below.

## ● Corporate Governance System

- ▶ Our corporate governance report are available on our website. (<https://www.mufg.jp/english/profile/governance/>)
- ▶ Our Annual Securities Report are available only in Japanese. ([https://www.mufg.jp/ir/report/security\\_report/](https://www.mufg.jp/ir/report/security_report/))

Board of directors	
Responsibility and Authority	Responsibility and Authority (P.115)
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' eectiveness 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



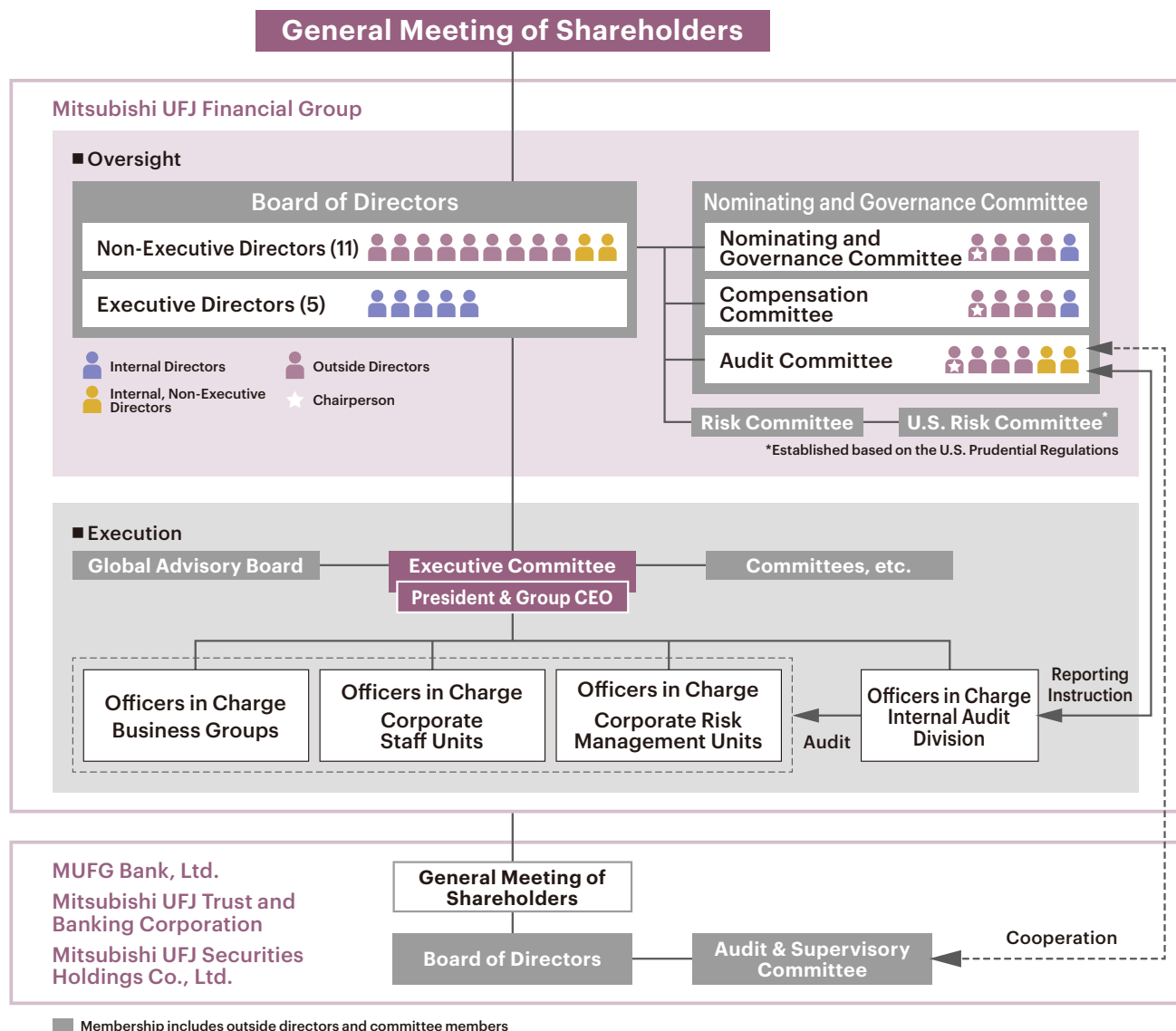
# Responsibility and Authority

## 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's Management Structure



## Executive Compensations

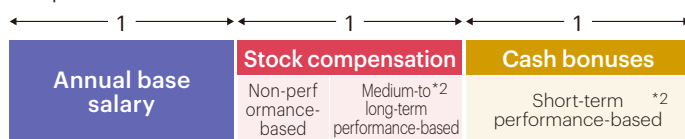
### Introduction of a Heightened Metric for ESG-Related External Ratings as a New Key Performance Indicator for the Executive Compensation System

MUFG 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 in external ratings granted by major five ESG rating agencies\* in executive compensation with the intention of aligning MUFG's corporate behavior with the interests of diverse stakeholders.

\* MSCI, FTSE Russell, Sustainalytics, S&P Dow Jones, CDP

Compensation Ratio\*\*1



<p><b>Medium- to long-term achievement evaluation ...①</b></p> <ul style="list-style-type: none"> <li>Consolidated ROE · Consolidated expenses reduction amount · Improvement of external ESG rating</li> </ul> <p><b>Competitor comparison evaluation ...②</b></p> <ul style="list-style-type: none"> <li>Consolidated net operating profits · Profits attributable to owners of parent</li> </ul>	<p><b>Single fiscal year**1**3**4</b></p> <ul style="list-style-type: none"> <li>Consolidated net operating profits · Profits attributable to owners of parent · Consolidated ROE · Consolidated expense</li> <li>Status of individual execution of duties (example) <ul style="list-style-type: none"> <li>Improvement in customer-segment profitability</li> <li>Risks handling</li> <li>Advances in ESG-related initiatives to promote sustainability management**5</li> <li>TSR, etc.</li> </ul> </li> </ul>
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#### ① Medium- to long-term achievement evaluation part (Weight: 50%)

Target attainment rate of indices below in MTBP

- Consolidated ROE (Weight: 30%)
- Consolidated expenses reduction amount (excluding those linked to revenues) (Weight: 15%)
- Ratings granted by ESG rating agencies\* (Weight: 5%)

\*In addition to incentivizing recipients to advance sustainability management, this indicator is determined on an absolute evaluation basis in light of the degree of improvement in external ratings granted by major five ESG rating agencies (CDP, FTSE Russell, MSCI, S&P Dow Jones and Sustainalytics), with the aim of objectively assessing the recipient's contribution to MUFG's initiatives to address ESG issues in a variety of fields.

#### ② Competitor comparison evaluation part (Weight: 50%)

Comparison of year-on-year growth rate of indices below with competitors

- Consolidated net operating profits (Weight: 25%)
- Profits attributable to owners of parent (Weight: 25%)

- Stock compensation
- Applicable to compensation systems for directors, executive officers, and corporate officers of MUFG and its major subsidiaries.
- Malus clawback provision are applicable.
- In principle, the acquired shares are held until the time of retirement.

\*1 For the president of the holding company

\*2 Variation range: 0 to 150%

\*3 For executive officers, the Compensation Committee decides only by independent outside directors.

\*4 Percentage of increase/decrease in indicators compared to the previous year and percentage of achievement compared to target

\*5 Includes contribution to the resolution of environmental and social concerns, improvement in employee engagement and the strengthening and upgrading of MUFG's governance structure.

## 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 2020, the Committee meeting in December and

deliberated on the framework for MUFG's sustainability management and a review of priority issues. Details of the deliberations are as follows.

#### ● The 2nd Sustainability Committee Meeting

Topics	Details
Operating environment	The Covid-19 pandemic let us reaffirm the importance of the social area. Climate change will remain to be a prominent theme. Climate change responses have already gone beyond the scope of "environmental initiatives" and have become a prerequisite for conducting business and the source of risks and opportunities. We must respond to it thoughtfully.
MUFG's Sustainability Management	With the conviction that environmental and social sustainability are essential to achieving sustainable growth for MUFG, we are engaged 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. This approach is defined as MUFG's Sustainability Management, and we want to make it evolve further.
Priority Environmental and Social Issues	Organize social issues in Japan and overseas, and deliberate on new 10 priority issues based on employee' opinions, etc.
Initiatives for realization of a carbon-neutral society	Deliberations on the achievement of the Paris Agreement such as Japan's 2050 realization of a carbon-neutral society, support for a smooth transition and areas to be actively promoted ("renewable energy", "hydrogen and next-generation energy", and "carbon recycling").
Promotion of sustainable business	On sustainable business, we will implement further promotion in Japan and overseas, work on new fields, and visualize impacts, considering mid-to-long-term business changes.
Sustainable Finance	Discussion on adding transition finance to the definition of sustainable finance and adjusting the target upward.
MUFG Environmental and Social Policy Framework	Considering strengthen the policies on the coal fired power generation and the palm oil and forestry sectors.
Efforts to achieve 100% renewable energy for in-house electricity	Reviewing the roadmap for 100% renewable energy for in-house electricity.
External evaluation of our ESG initiatives and disclosure	Based on the external evaluation, reaffirmed the need to further enhancement of our information disclosure and to accelerate our initiatives to tackle climate change.
Response to Principles for Responsible Banking (PRB)	Review of MUFG's efforts and future initiatives related to the Principles for Responsible Banking (PRB).
Trends and initiatives in non-financial information disclosure (TCFD and IFRS)	Consideration of expanding the scope of sectors for scenario analysis in the FY2021 disclosure based on TCFD recommendations.
Operation of MUFG's Social Contribution Budget	Establishing corporate rules of MUFG' Social Contribution Budget.

## 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.

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

### Opinion Exchange Meeting with Advisors

At the opinion exchange meeting held in November 2020, there was a lively exchange of opinions on global trends, such as the changing social awareness of "capitalism", the changing role required of corporations, the remarkable rise in awareness of sustainability brought about by the COVID-19 pandemic, and the

mission of financial institutions in this context.

Following the exchange of opinions, MUFG recognized that the issues it needs to address include further acceleration of its climate change response and expansion of its response to ESG in general, including the creation of the social impact.

#### ● Opinions from Advisors (extracted)

<b>Junko Edahiro</b>
<ul style="list-style-type: none"> <li>While the shift to online work under the COVID-19 pandemic will lead to increased efficiency, it may also inhibit the creation of innovation born through real-life experiences.</li> <li>The digitalization and greening of society are expected to progress in a complementary and synergistic manner.</li> <li>The position of hydrogen utilization in combination with carbon capture and utilization (CCU) as one of the keys to emission reduction is becoming more important in home and abroad.</li> </ul>

<b>Rintaro Tamaki</b>
<ul style="list-style-type: none"> <li>The perception and meaning of capitalism in society are changing, and companies are required to be aware of more stakeholders than ever before.</li> <li>Responding to climate change is an essential item for companies to address. In addition, further efforts will be needed to address social aspects, and to strengthen governance.</li> <li>The role of financial institutions is also becoming more important and changing, for example, using a company's overall efforts to reduce emissions as the basis for investment and financing decisions, rather than investing in individual business or project.</li> </ul>



Online opinion exchange meeting was held given the COVID-19 pandemic.

# Risk Management

Details on MUFG's Integrated Risk Management are available on MUFG Report 2021.  
([https://www.mufg.jp/english/ir/report/annual\\_report/](https://www.mufg.jp/english/ir/report/annual_report/))

## 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.

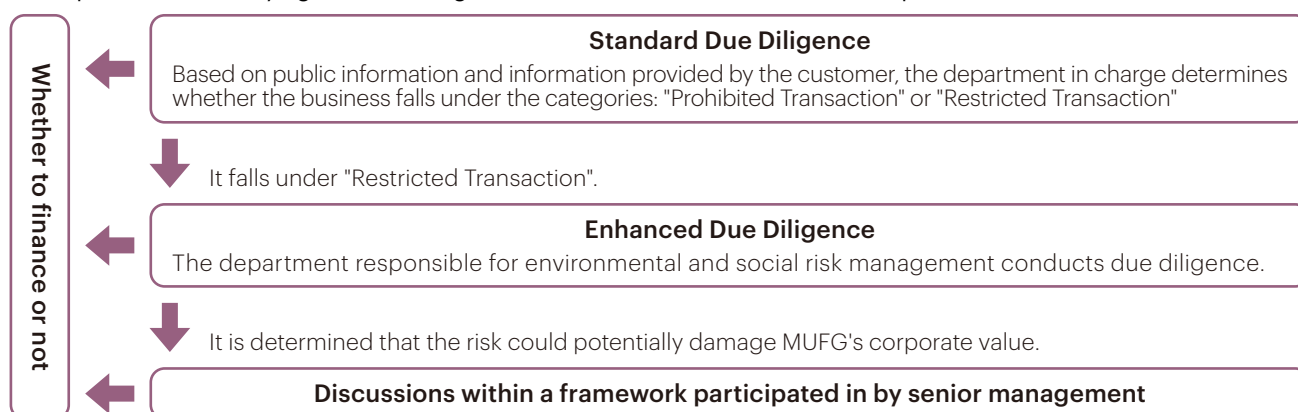
### Risk Assessment Process

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



\* Prohibited Transaction: Includes illegal business or business with illegal purposes, and business violating public order and morals.

\* Restricted Transaction: Business classified as cross-sectoral, including ones that exert a negative impact on indigenous communities, and in specific sectors, including coal-fired power generation



## Major Risks and Responses

MUFG designated business with significant environmental and social risks as "Prohibited Transaction" if they are illegal businesses or businesses with illegal purposes and the like, and as "Restricted Transaction" 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	Restricted Transactions
<ul style="list-style-type: none"> <li>● Illegal transactions and transactions for illegal purposes</li> <li>● Transactions which violate public order and good morals</li> <li>● Transactions that negatively impact wetlands designated under the Ramsar Convention</li> <li>● Transactions that negatively impact UNESCO designated World Heritage Sites</li> <li>● Transactions violating the Convention on International Trade in Endangered Species of Wild Fauna and Flora (Washington Convention)</li> <li>● Transactions involving the use of child labor or forced labor</li> </ul>	<p><b>[Cross-sectoral items]</b></p> <ul style="list-style-type: none"> <li>● Impact on Indigenous Peoples Communities</li> <li>● Land expropriation leading to involuntary resettlement</li> <li>● Impact on High Conservation Value areas</li> </ul> <p><b>[Sector specific items]</b></p> <ul style="list-style-type: none"> <li>● 8 sectors including coal-fired power generation, mining (coal), oil and gas, forest, palm oil and inhumane weapons sector</li> </ul>

# Compliance

## Basic Policy

We have established MUFG Group Code of Conduct as a set of guidelines for how the Group's directors and employees should act 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

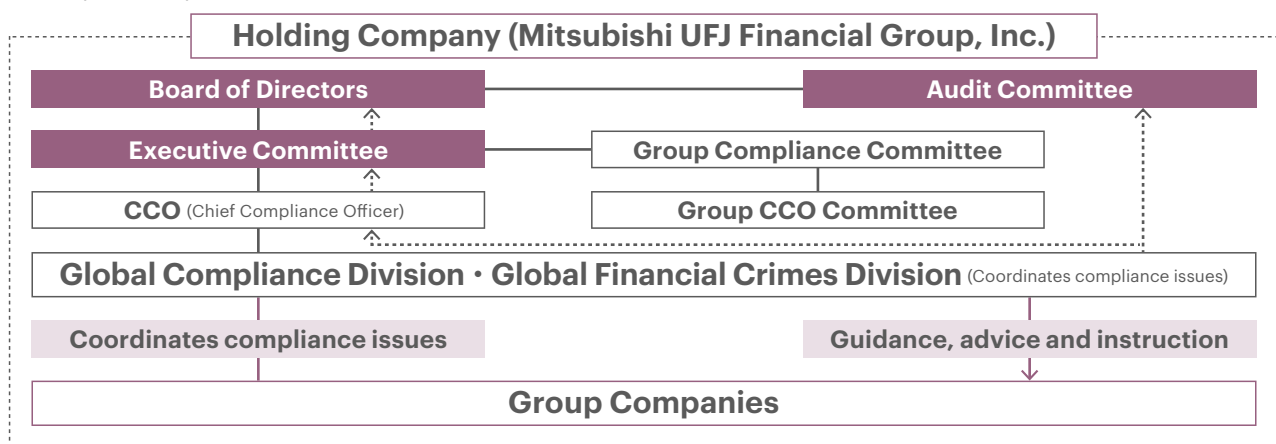
confidence of society. In addition, as we expand the geographic scope of our business globally, we are committed to keeping abreast of developments in laws and regulations of the jurisdictions in which we operate, including anti-money laundering and anti-bribery rules as well as competition laws, while 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 Mitsubishi UFJ Securities Holdings (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, or 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.

### ● Compliance System



## Ensuring Thorough Compliance

We engage in ongoing efforts to ensure that each employee embraces proper action principles in accordance with the Code of Conduct by, for example, providing various compliance training and distributing messages from top management. Every year, we also update the content of the Code of Conduct with reference to the results of the annual Group Awareness and Engagement Survey as well as changes in the business environment at home and abroad. The updated Code of

Conduct released in fiscal 2021 is simplified overall and designed to communicate easy-to-understand messages to employees while incorporating additional commentaries regarding the prohibition of improper entertainment and gifts as well as the prevention of bribery and corruption with the aim of living up to the global standards required of us by regulatory authorities. As such, MUFG is constantly striving to ensure thorough compliance.

## Initiatives to Enhance Global Financial Crimes Compliance Framework

MUFG established the Global Financial Crimes Division ("GFCD"), which is in charge of Anti-Money Laundering ("AML"), Counter-Terrorist Financing ("CFT"), Sanctions Compliance, and Anti-Bribery and Corruption (collectively, "Global Financial Crimes Compliance"), against the backdrop of heightened regulatory expectations in that area. MUFG established GFCD's headquarters in New York, where the excellence for financial crimes risk management is centralized, and is implementing a number of initiatives to prevent, detect, and deter financial crimes.

MUFG established policies that define the governance and oversight structure for financial crimes risk management across MUFG and provide the foundation for the implementation of the financial crimes compliance program in a manner that is commensurate with the strategies, business activities, and risk profiles of each Group company. Through these policies, MUFG promotes a consistent and integrated approach across the Group globally.

The Bank, one of the Group companies, incorporated the Group's mandate in the "Global Financial Crimes Policy Statement", which is available on the Bank's public website and provides confirmation that the Bank is committed to financial crimes risk management and has in place appropriate controls. As a member of the Wolfsberg Group,<sup>\*1</sup> the Bank is proud to work with other global financial institutions to develop frameworks

and guidance for the financial crimes risk management.

In addition, the Bank established shared organizations (Centers of Excellence) in the Americas, EMEA, Asia, and Japan. Through those Centers of Excellence, the Bank is centralizing certain AML and sanctions compliance processes and expertise to assist in the fight against money laundering, terrorist financing, and sanctions violations. As processes move from local branches and offices and become integrated into the Centers of Excellence, the Bank will be better positioned to achieve globally consistent and effective operations.

The Bank is also enhancing its financial crimes compliance systems and establishing a data warehouse. These enhancements will support a globally consistent, effective, and efficient financial crimes compliance program and will help the Bank detect more complex and sophisticated types of financial crimes in a sustainable and flexible manner.

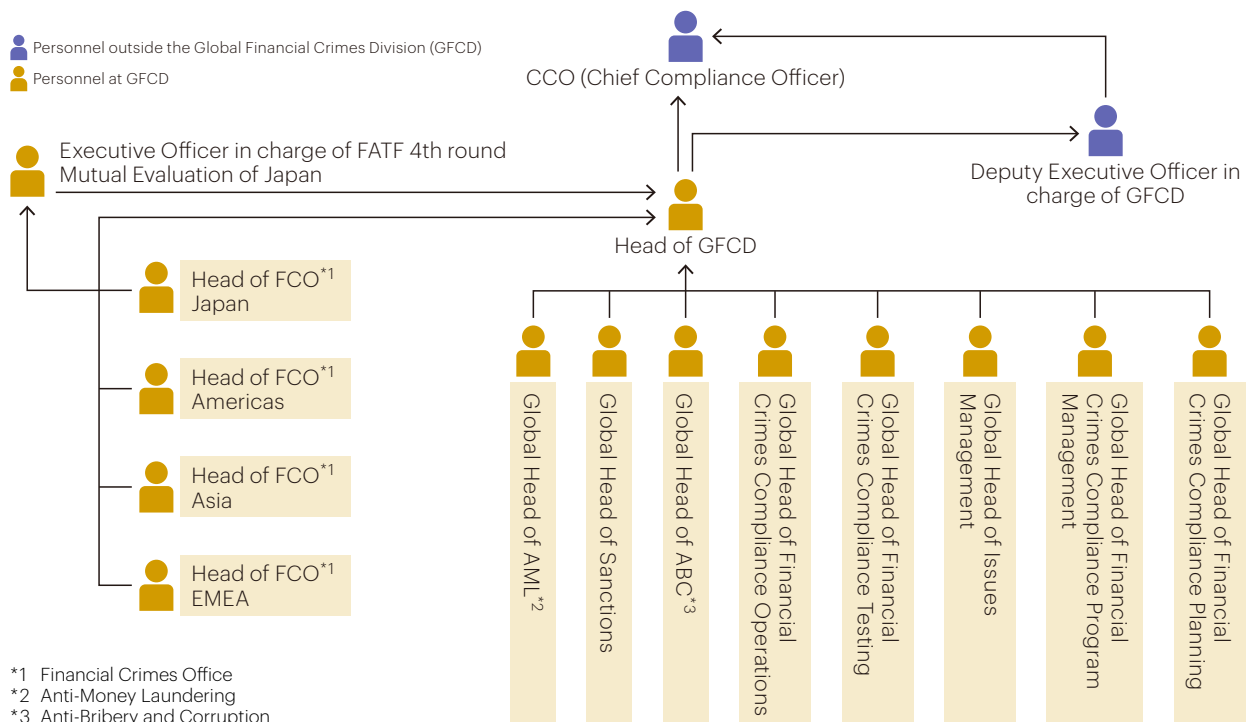
Furthermore, the Bank is investing in its people, with continued hiring of financial crimes compliance specialists, training, updated information-sharing, and accumulation and exchange of knowledge and skills through a global staff rotation program.

We continue to work on the enhancement of global financial crimes compliance in line with the requirements and expectations of international organizations, including regulators in each country, FATF,<sup>\*2</sup> etc., to support and strengthen the trust and confidence of society.

<sup>\*1</sup> The Wolfsberg Group is an association of thirteen global banks which aims to develop frameworks and guidance for the management of financial crime risks.

<sup>\*2</sup> FATF: Financial Action Task Force on money laundering. Intergovernmental body that advocates for taking a coordinated international response in AML and counter-terrorist financing.

### ● Organization Chart (GFCD of MUFG Bank)



# Whistle-Blowing Systems

## Development and operation of the 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 promptly address and resolve any issues associated with compliance. 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.

Each system ensures the anonymity of whistleblowers and the confidentiality of the information received, and the code of conduct and internal regulations stipulate that no disadvantage will result from reporting. While ensuring the protection of whistleblowers, we investigate, take corrective action, and then follow up.

In addition, we aim to ensure that each employee is able to quickly access this helpline whenever he/she has even the slightest suspicion regarding compliance. To this end, we let all employees know about this helpline as well as records on internal reporting accepted thus far. At the same time, we are striving to enhance the reliability of our whistleblowing systems via, for example, the sharing of actual compliance-related

cases in a form that makes it impossible to determine the identities of whistleblowers. In fiscal 2020, a total of 570 reports were received at the helplines of MUFG and major Group companies.

All whistle-blowing systems of MUFG and its subsidiaries – the Bank, the Trust Bank, the Securities, NICOS and ACOM – are registered in the Japan's Consumer Affairs Agency's Whistleblowing Compliance Management System (WCMS) certification standards\* based on self-declaration.

- WCMS (Whistleblowing Compliance Management System) symbol



\* If a company self-evaluates its whistle-blowing system and it is proved that it conforms to the certification standards, a registration agency designated by the Consumer Affairs Agency checks and registers the results of the evaluation based on an application from the company.

# Cyber Security

## Basic Policy

MUFG is well aware of its social responsibilities for securing the assets entrusted by customers and its obligation to provide secure and stable financial services. With this in mind, MUFG has positioned threats posed

by cyberattacks and other relevant events as Top Risks. Accordingly, we are promoting cyber security measures under management's leadership.

## Cyber Security Management Structure

### Governance Structure

MUFG has cyber security standards that reference 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 securing robust responsiveness to cyber-attacks and crimes that have become increasingly sophisticated and complex and strengthening our security management structure under

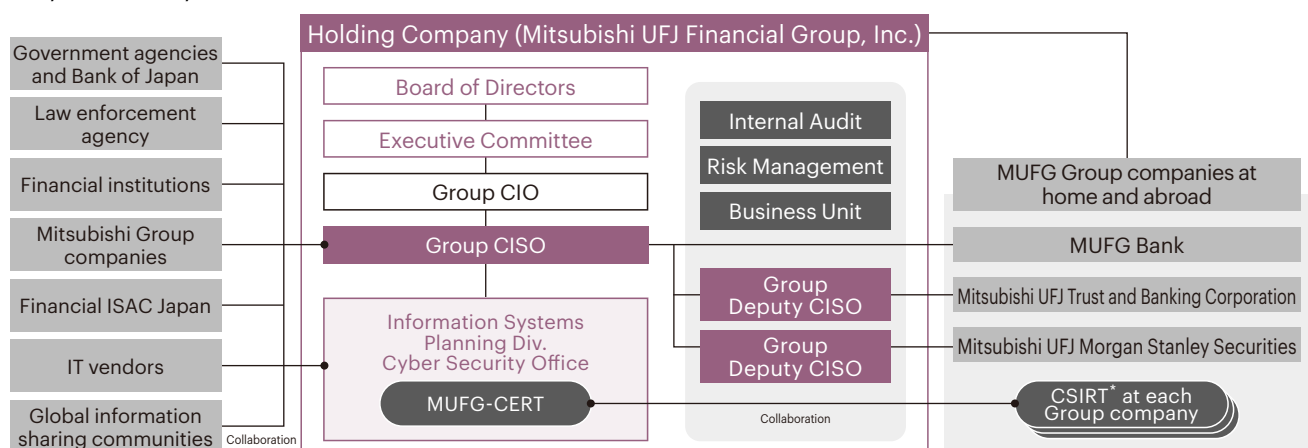
the direct supervision of top management. Under the leadership of the Group Chief Information Security Officer (CISO), the Cyber Security Office plays a central role to enhance IT security governance and to promote effective cyber security strategies efficiently. MUFG also has a structure for reporting to the Board of Directors and the Executive Committee that facilitates top management decision making, ensuring that MUFG is responsive to changes in cyber security threats as well as in the status of MUFG's cyber security management.

### Management Structure

MUFG launched the MUFG Cyber Security Fusion Center (MUFG-CSFC) as part of the Cyber Security Office. The fusion center is tasked with intelligence analyses and other cyber security-related operations and plays a role in around-the-clock security monitoring on a groupwide and global basis. MUFG has been upgrading the ability of its incident response teams to ensure that cyber security

incidents are dealt with swiftly. MUFG-CERT is leading the implementation of cyber security measures at each Group company and is securing close collaboration with government agencies and other financial institutions for the periodic execution of cyber security training and drills aimed at securing preparedness for incidents.

#### ● Cyber Security Governance Structure



\* Computer Security Incident Response Team



## Main Initiatives to Counter Cyber Security Threats

### Security Measures in Response to the New Lifestyle Norms

As remote work increases rapidly due to the COVID-19, cyber-attacks and frauds exploiting the vulnerabilities are on the rise. In response to the changes in the environment, MUFG conducted thorough validation of remote work environment on a groupwide and global basis, enhancement of cyber security measures against newly disclosed vulnerabilities and of employee education on the use of remote work devices. With the rapid progress of the use of electronic

payments on the internet such as Internet banking, cybercrimes that target online services have also become social issues. 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 with swift response.

### Our Response to Digital Transformation (DX)

MUFG proactively promotes value creation driven by new technologies such as Cloud services, Big Data, AI, Robotics, Blockchain and Open APIs.

From the viewpoint of ensuring cyber security, we carefully examine the characteristics of new technologies and appoint security specialists of the Cyber Security Office to participate in relevant projects

from upstream processes, such as planning and design. Moreover, the Cyber Security Office incorporates multi-layered cyber security measures, including management procedures and monitoring of system settings, to support safe and secure transformation to new modes of operations supported by cutting-edge technologies.

### Providing Cyber Security Education to Foster a Proper Culture

For MUFG to maintain the stable operation of its financial infrastructure and to constantly deliver valuable services to customers, it is essential to foster a corporate culture where 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.

In addition to developing human resources with advanced cyber security expertise, the Cyber Security Office provides executives and employees of MUFG affiliates as well as employees of partner companies with education on security threat trends and necessary countermeasures through a variety of tools or programs, such as e-learning, phishing mail exercises and security seminars. The Cyber Security Office is also engaged in various activities with external organizations such as

collaboration with the Financial ISAC Japan, IT security association of financial institutions, and participation in various training and drills hosted by the NISC (National center of Incident readiness and Strategy for Cybersecurity), the Financial Services Agency or the Tokyo Metropolitan Police Department.



# Partner Bank / Initiatives / External Evaluation

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P.127 Pursuit of Sustainability in Partner Banks

P.133 Participation to Initiatives

P.137 External Evaluation

# Pursuit of Sustainability in Partner Banks

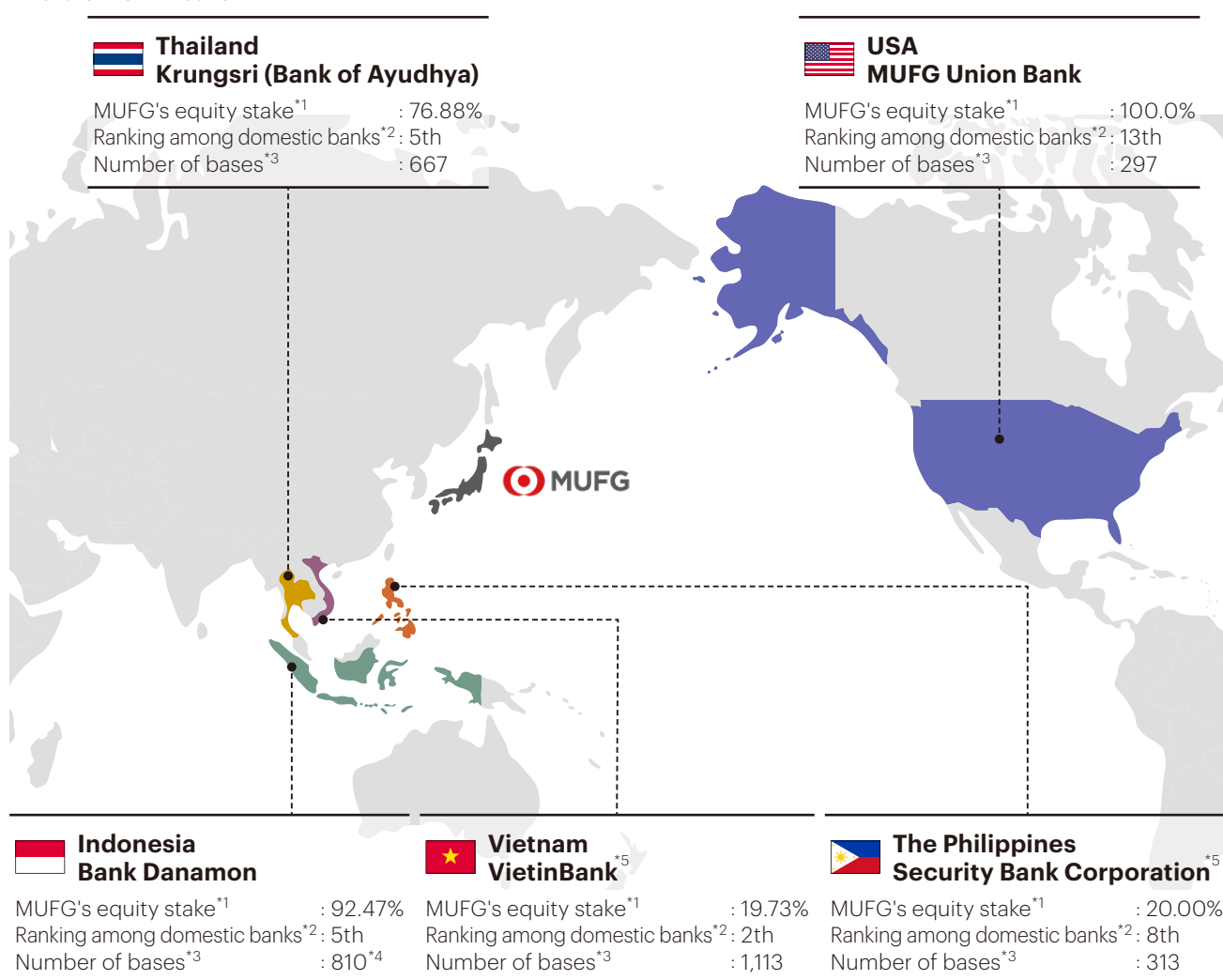
## MUFG's Partner Bank

Through our partner banks in the Americas and ASEAN countries, MUFG provides a diverse range of commercial banking services to address the challenges faced by retail, small and medium-sized businesses, large corporations, and local communities.

MUFG considers Asia as one of its mother markets, and in addition to the strategic investment in Krungsri (Bank

of Ayudhya) in Thailand in 2013, MUFG has invested in commercial banks in three other countries, including Vietnam, the Philippines, and Indonesia, to build its network in ASEAN. MUFG is promoting collaboration with each of our partner banks, including MUFG Union Bank in the United States, and is working together as a group to promote sustainability initiatives.

### ● Partner Bank Network



Source: SNL, Central Bank of the Philippines, Bloomberg, and other companies' disclosures

<sup>\*1</sup> As of March 2021

<sup>\*2</sup> Calculated based on the value of total assets. The ranking of Bank Danamon is determined by incorporating assets held by MUFG Bank's Jakarta Branch. The rankings for Thailand and the Philippines exclude government-funded financial institutions. (As of December 2020)

<sup>\*3</sup> Based on information disclosed by each partner bank and data compiled for internal managerial purposes. (Figures for Krungsri and Bank Danamon are as of March 2021 and figures for VietinBank and Security Bank are as of December 2020)

<sup>\*4</sup> Including 374 bases run by AdiraFinance

<sup>\*5</sup> Please refer to page 108 for details on our collaborative initiatives with VietinBank and Security Bank.

## Initiatives of Each Companies

### Krungsri (Bank of Ayudhya): Thailand

#### Ranked Second in Thailand's ESG Bond Underwriting

Krungsri is actively promoting ESG financing. The bank is positioned as one of the leading banks in Thailand's ESG finance market, and it became the second largest ESG bond underwriter in Thailand in fiscal 2020. In addition, Krungsri has been contributing to the development of the green bond market through the issuance of multiple green bonds.

Rank	Issuer	Amount of underwriting (THBm)	Ratio (%)
1	BBL	24,044	33
2	Krungsri	22,667	31
3	SCBT	12,000	16
4	SCB	11,033	14
5	KTA	3,367	5
6	KBANK	500	1

#### Large-Scale Business Meeting Held Online for The First Time in Collaboration with MUFG

Leveraging Krungsri's local network and MUFG's global network, MUFG has continued to provide support to Thai companies for their overseas business development.

More than 200 customer companies from Thailand, Japan, ASEAN countries, and other countries participated in the large-scale business meeting, which

was held for the eighth consecutive year, and more than 300 business negotiations were held. In addition to the business negotiations, MUFG also provided online advisory services to support our customers' overseas expansion and business development by utilizing the localized functions that only a local bank like Krungsri can provide with MUFG's global network.



#### Support for Start-up Companies in Thailand that Face Challenges with the COVID-19 Pandemic

With the COVID-19 pandemic, an increasing number of companies around the world are facing challenges, such as fundraising. Given such circumstances Krungsri Finnovate, a subsidiary of Krungsri, held "Meet the Angels by Krungsri Finnovate", an online business matching event to connect Thai startups with angel investors.\*

The purpose of the event was for startups to showcase their business ideas to investors, receive real-time feedback, and find partners to further expand their businesses.

MUFG will continue to promote business matching with

angel investors, who place importance on investing in businesses with high potential, and support start-up companies by providing opportunities that meet the needs of both parties under the COVID-19 pandemic.

\* Investors who invest in start-up companies.



## Received multiple ESG Finance Related Awards!

### Won Five Awards from The Asset

The Asset is an international financial magazine based in Hong Kong, which target issuers in Asia as well as global institutional investors who invest in Asia. Krungsri received five awards in this year's newly established Sustainability Awards category.

- **Thailand's Best Sustainability Bond**  
(ASEAN's first sustainability bond with a sovereign issuer)
- **Thailand's Best Green Bond**  
(Thailand's first green bond using a digital platform)
- **Thailand's Best Retail Bond**  
(Thailand's first bond certified as a climate bond for private investors)
- **Regional's Best Sustainability Bond**  
(ASEAN's first sustainability bond with a sovereign issuer)
- **Regional's Best Local Currency Green Bond**  
(Thailand's first green bond based on an external evaluation)



### Awarded by The International Financing Review Asia

Krungsri acted as structuring advisor and lead organizer for the sustainability bond issued by Thai Ministry of Finance, the first sovereign issuer in ASEAN, and was awarded Bond of the Year by International Financing Review Asia (IFR Asia), an international financial magazine published by Refinitiv, a financial information company.



### Received Four Awards from the Thai Bond Market Association

Received the following four awards at the Thai BMA Best Bond Awards 2020.

- **Deal of the Year**  
(Thailand's first green bond based on an external evaluation)
- **ESG Bond - Government category**  
(ASEAN's first sustainability bond with a sovereign issuer)
- **ESG Bond - Corporate category**  
(Thailand's first green bond based on an external evaluation)
- **Distinguished Issuer**  
(Thailand's first bond certified as a climate bond for private investors)



► Please refer to Krungsri's Sustainability Report 2020 for details on "Deal of the Year" and "Distinguished Issuer"  
(For details of each bond, see P.73) (<https://www.krungsri.com/en/investor-relations/annual-report/sustainability-reports>)



## Bank Danamon: Indonesia

### Business Meeting Held Online with MUFG

In collaboration with MUFG, Bank Danamon held an online business meeting in February 2021 to connect Indonesian companies with MUFG customers in Japan and Southeast Asia.

120 SMEs and large corporations from Japan, Indonesia, and other ASEAN countries participated in the event, and

more than 260 business negotiations were held.

By leveraging Bank Danamon's strong local network and MUFG's expertise in business matching, we will contribute to the growth of Indonesia's economy by supporting our customers' expansion into Indonesia and the growth of their businesses.

### Support for Medical Institutions through Islamic Finance

In collaboration with MUFG, Bank Danamon provided financial support to a local medical institution.

With financial needs increasing under the COVID-19 pandemic, Bank Danamon provided finance in form of sharia-compliant lease\* to the medical institution whose financing needs could not be met with conventional loans. By leveraging MUFG's ability to identify projects through its Japanese customer network and Bank Danamon's ability to offer credit solutions as a local bank, Bank Danamon provided sharia-compliant lease for procuring medical equipment.



\* Sharia-compliant lease: The bank acts as the property owner/lessor and signs a leasing agreement with the lender (customer). Because of the system in which the customer pays the principal and interest in normal lending as a rental fee, there is no giving or receiving of interest, which is in compliance with Islamic doctrine. In accordance with Indonesian accounting standards, it is not recorded on the lessee's balance sheet.

### Response to Prevent the COVID-19 Pandemic

#### ● Financing for COVID-19 Vaccine Manufacturing Facilities through Islamic Finance

Bank Danamon provided a loan of 1.5 trillion rupiah (about 10.9 billion yen) through Islamic finance to a major pharmaceutical company in Indonesia to finance its capital investment in COVID-19 vaccine manufacturing facilities.

#### ● Donation of Personal Protective Equipment (PPE) to Hospitals and Medical Facilities throughout Indonesia

Bank Danamon donated 4,000 pieces of personal protective equipment to healthcare workers who are working on the frontlines to treat COVID-19 patients.

#### ● Provided Insurance for 10,000 Volunteers

Bank Danamon provided insurance for 10,000 volunteers of the National Agency for Disaster Countermeasures of Indonesia, who are engaging in high risk activities for the society and people under the COVID-19 pandemic.

► Please refer to page 36 for the details on the response to the COVID-19 pandemic.

#### ● Support for Drivers of Ride Hailing Industry

Bank Danamon and its subsidiary Adira Finance have donated over one billion rupiah (approx. 7.3 million yen) to Grab\* and Gojek to support drivers who deliver food, medicines, and other essential items.

\* Donations to Grab were made in collaboration with MUFG.

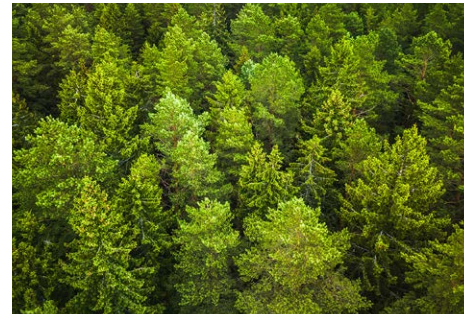


## MUFG Union Bank: United States

### MUFG Union Bank Pioneers Green Deposits

MUFG Union Bank launches Green Deposits in February 2021. MUFG is using the deposited funds to finance the renewable energy technologies including wind, solar, geothermal, and battery storage. In August 2021, MUFG expanded the offering to its corporate clients.

We will contribute to solving environmental issues together with our customers by providing them with indirect investment opportunities in the environmental field.



### Provide Mortgage Loans, Including Subsidy Support

MUFG Union Bank supports homeownership opportunities for people at all income levels by providing mortgage loans, including subsidized support, and reduces information gaps by providing financial education.

### Response to COVID-19 Pandemic

#### ● Implemented US\$3 billion PPP Loan.

MUFG Union Bank participated in the U.S. federal government's PPP loan\* assistance program, part of the Coronavirus Aid Relief and Economic Security Act (CARES Act) of 2020. Union Bank processed 14,918 applications for our small business and nonprofit clients affected by the COVID-19 pandemic in California, Washington, and Oregon.

\* PPP loan: Loans by Pay check Protection Program (PPP)  
Small and medium-sized enterprises (SMEs) with less than 500 employees can borrow up to 2.5 times the total monthly salary of all employees (up to \$10 million). If a certain amount of the loan is used to pay salaries, rents, utility bills, etc., and the company meets conditions such as maintaining employment or rehiring employees, the debt is forgiven.

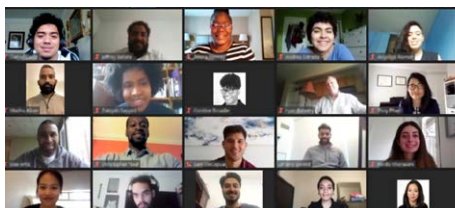


### Promotion of Virtual Volunteer as MUFG Gives Back Program

The MUFG Gives Back Program enables employees to engage in social contribution activities throughout the year on a coordinated global basis. The program also serves to express our gratitude to the people of the world for support during the recovery from the Great East Japan Earthquake, particularly upon marking the

tenth anniversary in 2021.

During the COVID-19 pandemic, our employees continued to volunteer (33,235 hours in fiscal 2020), thanks to a range of virtual volunteering opportunities that have allowed us to implement activities despite the limitations of distance and region.



► Please refer to page 112 for details on the MUFG Gives Back Program.

## Donation of 50,000 USD to Foster Clean Technologies

The MUFG Union Bank Foundation has donated 50,000 USD to New York University's Urban Futures Lab with the goal of inspiring and nurturing clean technology entrepreneurs.

The funds will be used for the operation of a competition focusing on innovative clean technologies and business models that can help solve the challenges of climate change, which is scheduled to be held in September 2021.



## Establishment of the Sustainable Business Office for the Americas

MUFG Union Bank launched the Sustainable Business Office for the Americas in FY 2020 to strengthen sustainability efforts across business and operational lines. MUFG Union Bank will continue to make further contributions to the realization of a sustainable environment and society by leveraging many years of experience in leading the market in renewable energy project finance, green social loans/bonds, and financing for sustainable agriculture.

## Rebuilding of the La Mesa Branch with an Electric Car Charging Station!

MUFG Union Bank's La Mesa branch was destroyed by fire during the civil unrest that took place throughout the community. The branch is scheduled to reopen in 2022 and is being rebuilt with strong support and input from the local community. It will feature a meeting room where residents can gather, a community garden with plants donated by local residents, and two electric vehicle charging stations.



Local residents and employees drew art on the wall as a symbol of hope for the reconstruction of the branch.

## Participation in the Coalition for an Environmentally Responsible Economy (CERES)

MUFG Union Bank joined the Coalition for Environmentally Responsible Economies, a non-governmental organization that operates an investor network with 200 institutional investors with USD 47 trillion AUM that seek to accelerate the carbon transition through sustainable investment practices, engagement with corporate leaders, and advocacy for key policies.

► Details are available on MUFG Union Bank's websites.  
(<https://www.mufigamericas.com/who-we-are/corporate-social-responsibility/resiliency-and-progress/corporate-social-responsibility-2020>)



## 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)

### Net-Zero Banking Alliance(NZBA)

The NZBA is an initiative convened by the United Nations Environment Programme Finance Initiative (UNEP-FI), which was launched in April 2021 by 43 banks around the world with the aim of achieving net-zero GHG emissions from financed portfolios by 2050.

In June of the same year, MUFG became the first Japanese financial institution to join the NZBA. In addition, MUFG has been selected as one of the Asian regional representatives of the Steering Group\* consisting of 12 banks elected from each region. MUFG is also the only Japanese bank to participate in the Glasgow Financial Alliance for Net Zero (GFANZ) working group, which brings together sector-specific initiatives in finance, including the NZBA, that are leading the way to reach net zero (as of September, 2021).

\* Steering group member (<https://www.unepfi.org/net-zero-banking/members/governance/>)

### 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.



### 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.



### The Poseidon Principles

The Bank has joined the Poseidon Principles, a global framework established by financial institutions for promoting shipping industry's decarbonization.



**POSEIDON  
PRINCIPLES**

## 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\*). The Bank is the first private financial institution in Japan to join the initiative.

\*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.

Signatory to:



**Operating Principles for  
Impact Management**

## 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.



## 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 curb climate change. The Trust bank 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.



## Declaration of Biodiversity by Keidanren

MUFG endorses the Declaration of Biodiversity by Keidanren and Action Policy, as revised in October 2018.



## Task Force on Climate-Related Financial Disclosures (TCFD)

MUFG has supported the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), established by the Financial Stability Board (FSB), since December 2017. 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, The Trust Bank also declared support in its capacity as an asset management company.

► Please refer to page 44 for details on our response to TCFD recommendations.



## Principles for Financial Action for the 21st Century

The Bank and 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.



## UN Global Compact

MUFG has been a signatory to and endorse the United Nations Global Compact since 2006. The United Nations Global Compact is 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.



## Principles for Responsible Investment (PRI)

The Trust Bank has been actively promoting 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. The Trust Bank was one of the first Japanese institutional investors to sign up to the PRI Principles in May 2006, and is working to expand the PRI-based investment activities in Japan.



## 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.



## Equator Principles

The Bank adopted the Equator Principles (EP), a framework to ensure environmental and social considerations when financing large-scale development projects.

► Details on our response to the Equator Principles are available on our website.  
(<https://www.mufg.jp/english/csr/environment/equator/>)



## 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".



## External Evaluation

Details on the latest information is available on our website. (<https://www.mufig.jp/english/profile/overview/awards/>)

### Inclusion in ESG indices

#### FTSE4Good Index Series

MUFG has been selected for inclusion in FTSE Russell (a group company of the London Stock Exchange)'s FTSE4Good Index Series.

#### FTSE Blossom Japan Index

MUFG has been selected for inclusion in FTSE Russell (a group company of the London Stock Exchange)'s FTSE Blossom Japan Index.

#### Bloomberg Gender-Equality Index

MUFG has been selected for inclusion in Bloomberg's 2021 Gender-Equality Index.

#### S&P/JPX Carbon Efficient Index

MUFG has been selected for inclusion in S&P/JPX Carbon Efficient Index, designated by the S&P Dow Jones Indices and the Tokyo Stock Price Index (TOPIX).

## Evaluation of sustainability initiatives

### 4.5-stars in the Nikkei Smart Work Management Survey

MUFG received 4.5-stars in the Forth Annual Nikkei Smart Work Management Survey, which selects companies leading advances in productivity innovation through work style reforms.



### Nadeshiko Brand

MUFG has been selected for inclusion in Nadeshiko Brand, a recognition jointly conferred by Japan's Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange (TSE).



### Gold Rating on PRIDE Index

In November 2021, a number of initiatives in Japan were evaluated and received the top gold rating\*1 on the "PRIDE Index"\*2.

\*1 Rating based on the evaluation of initiatives by each company of the Bank, the Trust Bank, the Securities, NICOS, MUS Business Service, and MUSIS.

\*2 Japan's first index that evaluates companies' LGBT-related initiatives operated by a private organization "work with Pride"



### Corporate Equality Index

MUFG Union Bank has received full marks for eight consecutive years in the Corporate Equality Index, which measures LGBTQ equality in organizations according to the Human Rights Campaign, the largest LGBTQ advocacy group in the United States.



### Noteworthy Company by DiversityInc

MUFG Union Bank was awarded as a Noteworthy Company by DiversityInc.



## 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.



### ● Kurumin certified companies

- MUFG Bank
- Mitsubishi UFJ Trust and Banking
- Mitsubishi UFJ Morgan Stanley Securities
- Mitsubishi UFJ NICOS
- ACOM
- Mitsubishi UFJ Factors
- 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
- MUS Business Service
- MU Communications
- JACCS
- Chukyo Bank

### ● 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

## 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.

- Mitsubishi UFJ NICOS (2nd-level)
- Mitsubishi UFJ Information Technology (2nd-level)
- Mitsubishi UFJ Trust Systems (2nd-level)
- Mitsubishi UFJ Research & Consulting (3rd-level)
- Master Trust Bank of Japan (3rd-level)
- MUS Business Service (3rd-level)





## Awards for Our Sustainability Initiatives

### ● Awards received in FY 2020

Award name	Reason for the award	Awarded company
<p>The 74th Golden Business Award</p> <ul style="list-style-type: none"> <li>● Golden Business Award for excellent foreign-owned businesses</li> </ul>	<p>The Bank became the first Japanese bank to win the Golden Business Award (an award given to companies that have made significant contributions to the development of Taiwan's economy and society), which is presented annually by the General Chamber of Commerce of the Republic of China, a Taiwanese economic organization, for its contribution to an offshore wind power generation project.</p> 	MUFG Bank
<p>The Second ESG Finance Award Japan (Minister of the Environment Prize)</p> <ul style="list-style-type: none"> <li>● Awarded Silver in the Indirect Financial Service Category</li> </ul>	<p>The Bank was awarded Silver for the broad coverage and regular revision of the MUFG Environmental and Social Policy Framework, and for the global collaboration, such as with ESG Ambassadors in various regions, to drive sustainable business opportunities, a key differentiator from other domestic banks.</p>	MUFG Bank
<p>Minister of the Environment Award 2020, which recognize the year's best practice in sustainable investment, hosted by Principles for Financial Action for the 21st Century</p> <ul style="list-style-type: none"> <li>● Minister of the Environment Award (General Department)</li> </ul>	<p>The Trust Bank is the first Japanese investment institution to formulate a policy for incorporating ESG into all of its assets under management (the MUFG AM Responsible Investment Policy), and based on this policy, the company is committed to responsible investment in all of the assets they manage (51 trillion yen*). As a pioneer of responsible investment in Japan, the award recognizes the company's efforts to promote the resolution of significant ESG issues in all of the assets they manage.</p> <p><small>* Based on the Trust Bank alone (as of June 30, 2021)</small></p> 	Mitsubishi UFJ Trust and Banking Corporation
<p>Private Banking &amp; Wealth Management Survey</p> <ul style="list-style-type: none"> <li>● No. 1 overall among private banking in Japan</li> </ul>	<p>This award is organized by "Euromoney", an international financial magazine and one of the most prominent awards for private banking and wealth management. As a financial institution that provides wealth management services in Japan, The Securities was awarded the prize in recognition of its strong, long-term relationships of trust between clients and the financial advisors who work with them, as well as the wide range of products and services it offers.</p>	Mitsubishi UFJ Morgan Stanley Securities

<p>Best Motivation Company Award 2020</p> <ul style="list-style-type: none"> <li>● Second in the Large Company Category</li> </ul>	<p>Link and Motivation selects and awards ten companies with the highest engagement score (a deviation value that indicates the degree of mutual understanding and affinity between the company and the individual) from a total of 1,568 companies to which Link and Motivation conducted employee engagement surveys. While the attention toward employee engagement in business management has been increasing, we received this award as the result of deepening the mutual understanding between employees and the company based on building strong relationships of trust among employees.</p>	<p>ACOM</p>
<p>Japanese Red Cross Society</p> <ul style="list-style-type: none"> <li>● Golden Order of Merit Medal</li> </ul>	<p>Six companies, including MUFG (also the Bank, the Trust Bank, the Securities, NICOS and ACOM) each received the Golden Order of Merit Medal and President's Certificate of Appreciation for donations totaling 600 million yen to support medical institutions in response to the COVID-19 pandemic.</p> <div data-bbox="513 642 817 907">  </div> <div data-bbox="839 642 1252 907">  </div>	<p>MUFG</p>

## ● FY2019

Name of Award	Awarded Company
2020 JWin Diversity Award ● Second prize in "Advanced Division" of Corporate Award ● CEO Award	MUFG Bank
Environmental Finance Bond Award 2020 ● Lead manager of the Year, Social Bonds – Corporate	Mitsubishi UFJ Morgan Stanley Securities
Tokyo Financial Award 2019 ● ESG Investment Category	Mitsubishi UFJ Morgan Stanley Securities
The First ESG Finance Award Japan (Minister of the Environment Prize) ● Silver Award in Financial Service Category	Mitsubishi UFJ Morgan Stanley Securities
DEALWATCH AWARDS 2019 ● Bond House of the Year (Corporate Bond Category)	Mitsubishi UFJ Morgan Stanley Securities

## ● FY2018

Name of Award	Awarded Company
The 2018 (Fourth) Sustainable Finance Award ● Green Bond Award	MUFG
The Japan Green Bond Award - Minister of the Environment Prize ● Japan Green Impact Category	MUFG
The Japan Green Bond Award - Minister of the Environment Prize ● Japan Green Contributor Category	Mitsubishi UFJ Morgan Stanley Securities
The Ninth Career Education Award ● Large-Enterprise Category - Encouragement Award	Mitsubishi UFJ Morgan Stanley Securities
The Japan Mécénat Awards 2018 ● Award for excellence	ACOM

# ESG Data / Index

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P.144	ESG Data (Environment)
P.149	ESG Data (Social)
P.154	ESG Data (Governance)
P.155	SASB Index
P.159	SCM Index
P.164	Status of Implementation of the Principles for Responsible Banking(PRB)

# ESG Data (Environment)

## Reducing Our Environmental Impacts through Core Business

### CO<sub>2</sub> Emissions from Business Activities and Employee Travel

[Method of calculation for FY2020]

Scope of Reporting: Mitsubishi UFJ Financial Group, MUFG Bank, Mitsubishi UFJ Trust and Banking, Mitsubishi UFJ Morgan Stanley Securities, and Mitsubishi UFJ NICOS.

[CO<sub>2</sub> Emissions Calculation Method]

1. City gas, LPG, kerosene, light oil, heavy oil, steam/hot water, cold water, and gasoline are calculated according to factors based on the Act on Promotion of Global Warming Countermeasures.
2. Electricity is calculated according to the most recent basic emissions factors by electricity producers for FY2019 based on the Act on the Promotion of Global Warming Countermeasures.
3. The amount of renewable electricity is counted as zero CO<sub>2</sub> Emissions.
4. Overseas travel (international routes) is calculated according to a factor specified in the General Guidelines on Supply Chain GHG Emission Accounting (Ministry of the Environment / Ministry of Economy, Trade and Industry).

[CO<sub>2</sub> emissions from use of electric power]

This report contains the results of calculations based on the "basic emission factor (pre-adjustment emission factor)", in which power companies do not reflect Kyoto Mechanism credits or cuts in domestic certified emissions, etc. However, the amount of renewable electricity used at the MUFG Bank Marunouchi Building is counted as zero CO<sub>2</sub> Emissions.

Period covered: April 1, 2020 through March 31, 2021.

### MUFG Environmental Impact Data and CO<sub>2</sub> Emission

Item		Unit	FY2016	FY2017	FY2018	FY2019	FY2020
Total floor space		1,000m <sup>2</sup>	2,175	2,174	2,175	2,167	2,089
Direct energy consumption	City gas	1,000Nm <sup>3</sup>	3,915	3,965	3,697	3,285	3,059
	Heavy oil	kl	855	962	805	856	956
	Kerosene	kl	81	75	76	68	49
Indirect energy consumption	Electricity	1,000kWh	409,823	397,386	381,211	395,463	370,594
	Steam, hot water	GJ	63,463	68,257	62,466	61,657	58,646
	Cold water	GJ	55,836	56,213	61,828	57,148	49,544
Energy use from employee travel and transportation	Overseas travel (international routes)	1,000km	56,568	52,672	52,359	36,280	64
	Company automobiles (gasoline)	kl	2,927	2,684	2,570	2,133	1,517
Water usage efficiency	Tap water	1,000m <sup>3</sup>	1,398	1,503	1,446	1,383	676
	Waste water	1,000m <sup>3</sup>	1,155	1,176	1,208	1,154	484
Total energy consumption		MWh	-	431,961	415,737	428,464	400,647

### Changes in CO<sub>2</sub> Emission

Item			Unit	FY2016	FY2017	FY2018	FY2019	FY2020
CO <sub>2</sub> emission	Scope1	Direct CO <sub>2</sub> emissions	t-CO <sub>2</sub>	11,421	11,836	10,795	9,963	9,560
	Scope2	Indirect CO <sub>2</sub> emissions	t-CO <sub>2</sub>	212,282	202,004	186,870	184,287	162,159
	Scope3	Other indirect CO <sub>2</sub> emissions	t-CO <sub>2</sub>	11,487	10,598	10,309	7,959	3,526
	Offsets using CDM credits		t-CO <sub>2</sub>	-25,500	0	0	0	0
	Total		t-CO <sub>2</sub>	209,689	224,439	207,973	202,209	175,244
Basic unit of CO <sub>2</sub> emission (CO <sub>2</sub> emissions per unit of floor space)			t-CO <sub>2</sub> /1,000m <sup>2</sup>	96	103	96	93	84
Basic unit of electricity use			kWh/m <sup>2</sup>	188	183	175	182	177



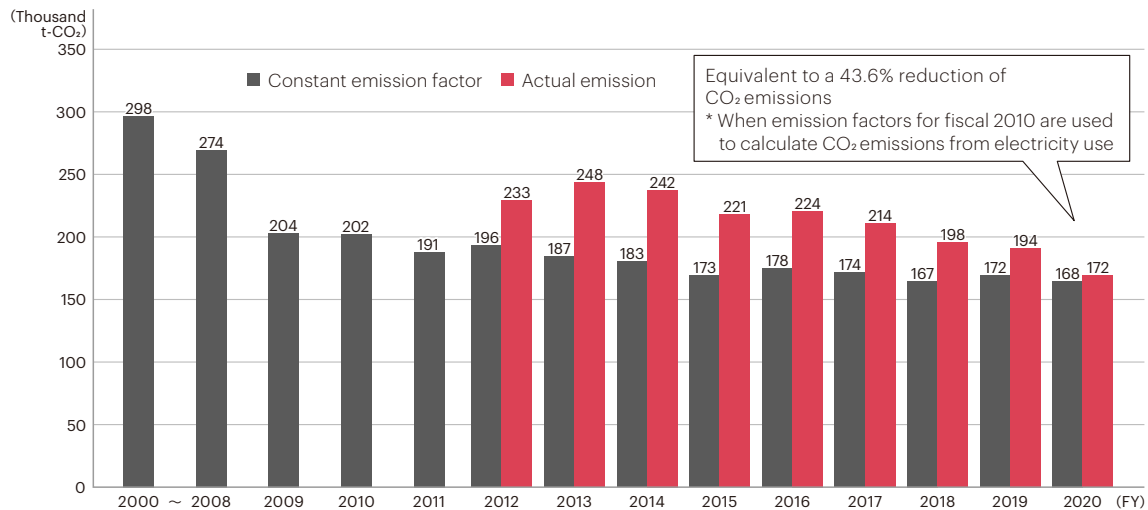
## Details of Scope

### ● Details of CO<sub>2</sub> Emission

[t-CO<sub>2</sub>]

Item		FY2016	FY2017	FY2018	FY2019	FY2020
Direct CO <sub>2</sub> emissions (Scope 1)	City gas	8,897	9,036	8,420	7,472	6,847
	Heavy oil	2,318	2,608	2,180	2,321	2,590
	Kerosene	206	192	194	170	123
	Subtotal	11,421	11,836	10,795	9,963	9,560
Indirect CO <sub>2</sub> emissions (Scope 2)	Electricity	205,482	194,910	179,785	177,248	155,992
	Steam, hot water	3,617	3,891	3,561	3,514	3,343
	Cold water	3,183	3,204	3,524	3,524	2,824
	Subtotal	212,282	202,004	186,870	184,287	162,159
Other indirect CO <sub>2</sub> emissions (Scope 3)	Overseas travel (international routes)	4,695	4,372	4,346	3,011	5
	Company automobiles (gasoline)	6,792	6,226	5,963	4,948	3,520
	Subtotal	11,487	10,598	10,309	7,959	3,526
Offsets using CDM credits		-25,500	0	0	0	0
CO <sub>2</sub> Emission Total		209,689	224,439	207,973	202,209	175,244

### ● Scope 1 + 2 Changes in CO<sub>2</sub> Emission



\* The figures in the graph and in the table are different, because the scope of calculation of the graph is the four companies that set reduction targets based on CO<sub>2</sub> emissions in fiscal 2000.

\* CO<sub>2</sub> emission factor from electricity use in fiscal 2010 is the one listed in the Environmental Action Plan by the Japanese Electric Utility Industry (The Federation of Electric Power Companies of Japan, September 2010).

## Environmental Accounting Information for Our Offices

[Method of calculation for FY2020]

Companies included: Mitsubishi UFJ Financial Group, MUFG Bank, Mitsubishi UFJ Trust and Banking,  
Mitsubishi UFJ Morgan Stanley Securities and Mitsubishi UFJ NICOS

Accounting method: Based on Environmental Accounting Guidelines 2005, published by  
Japanese Ministry of the Environment.

Period covered: April 1, 2020 through March 31, 2021

As for the method of calculation, the depreciation expenses on investment amounts are included in expenses using the straight line method for a service life of five years (with no residual value). The service life is set at five years as the period during which repairs and improvements are required following the introduction of environmental equipment.

### Cost for Environmental Measures

[Million yen]

Category		Details	FY2019		FY2020		Compared to FY2019	
			Investment	Expense	Investment	Expense	Investment	Expense
1. Operation area costs		-	3,207	7,500	3,971	5,917	764	△1,583
Details	1 - 1 Costs for pollution prevention	Costs for asbestos surveys, removal, measurement and inspection, etc.	0	167	0	67	0	△100
	1 - 2 Costs for addressing global environmental issues	Investments: Installation of energy-efficient lighting and air conditioning equipment, etc. Costs: Depreciation for energy-efficient equipment, etc	3,207	6,908	3,971	5,517	764	△1,391
	1 - 3 Costs for reuse of resources	Disposal of general and industrial waste	0	425	0	333	0	△92
2. Upstream / downstream costs		-	0	0	0	0	0	0
3. Costs for management activities		Development/operation of environmental management systems, environmental information disclosure, etc.	0	10	0	9	0	△1
4. Costs for research and development		-	0	0	0	0	0	0
5. Social activity costs		Charitable contributions related to environmental conservation, etc.	0	96	0	110	0	15
6. Environmental remediation costs		-	0	0	0	0	0	0
Total			3,207	7,606	3,971	6,036	764	△1,569

### Environmental Benefits

Category	Environmental performance indicators	Unit	FY2019	FY2020	Environmental benefits
Environmental benefits related to resource inputs for business activities	City gas	1,000Nm <sup>3</sup>	3,285	3,059	△412
	Heavy oil	kl	856	956	52
	Kerosene	kl	68	49	△8
	Electricity	1,000kWh	395,463	370,594	14,252
	Steam, hot water	GJ	61,657	58,646	△809
	Cold water	GJ	57,148	49,544	△4,680
	Tap water	1,000m <sup>3</sup>	1,383	676	△63
	Energy consumption associated with road travel for executives and employees: company automobiles (gasoline)	kl	2,133	1,517	△437
The effects of environmental conservation efforts related to the environmental burden and waste emitted from our business activities	GHG emission	t-CO <sub>2</sub>	202,744	175,632	△6,061
	Waste water	1,000m <sup>3</sup>	1,154	484	△54
Other environmental benefits	Energy consumption associated with travel for executives and employees: air travel (international routes)	1,000km	36,280	64	△16,079

## Efforts to Reduce Plastic Waste

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

1. Sorting and collection of used PET bottles
2. Implementation of cleanup and other activities as part of the community contribution activities at sales offices and other locations
3. Based on the target of a waste recycling rate of 90% or higher, implementation of efficient use of resources and reduce waste (fiscal 2020 performance for the main building: 91.2%)
4. Provide information and support for initiatives led by plastic-related customers using references describing trends and impacts of plastic regulations and business strategies based on the plastic regulations

### MUFG Bank

#### ● Waste Reduction

<b>Medium- to long-term plan</b>	Establish a recycling rate of at least 90%.
<b>FY2020 targets</b>	Achieve a waste recycling rate of at least 90% at the headquarters buildings in Tokyo, Nagoya and Osaka.
<b>FY2020 results</b>	Head Office Tokyo Marunouchi Building: 91.2% Head Office Nagoya Building: 83.0% Head Office Osaka Building: 56.0%

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

## Other Efforts to Reduce Environmental Impact

Each group company has also set medium- to long-term environmental targets and is working to achieve them.

### MUFG Bank

#### ● Prevention of Air Pollution

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

## Reducing Our Environmental Impacts through Core Business

### Reducing CO<sub>2</sub> and Achieving Economic Effects through Loans

#### Changes in CO<sub>2</sub> Reductions and Economic Effect through Financing

	Reduction unit cost	FY2016	FY2017	FY2018	FY2019	FY2020
Number of environmental loans, by fiscal year	No. of loans	9	26	23	9	6
Annual CO <sub>2</sub> reductions due to financing, by fiscal year	1,000 t-CO <sub>2</sub>	19.1	167.6	135.3	1.7	0.4
Total CO <sub>2</sub> reductions	1,000 t-CO <sub>2</sub>	1,018.2	1,185.8	1,321.1	1,322.8	1,323.2
Total economic effect of the reduction	Million yen	5,505	5,614	5,702	5,703	5,704
Reduction unit cost*	yen/t-CO <sub>2</sub>	1,500	650	650	600	540

\* The average cost of Excess Reductions is detailed in the "Results of the assessment of trading prices," a Tokyo Metropolitan Government survey on total reduction obligations and the emissions trading structure in the metropolitan area (March, 2020). This was used as a measure that could be equated with a reduction cost within Japan.

## Details of CO<sub>2</sub> Reductions and Economic Effect through Financing

### ● Details of Number of Environmental Loans, by FY

	Until FY2016	FY2017	FY2018	FY2019	FY2020	Cumulative	Ratio
Alternative energy (Wind power, etc.)	37	11	2	0	0	50	18.1%
Recycling (Construction waste, etc.)	14	0	0	0	0	14	5.1%
Proper disposal (Final disposal site, etc.)	7	0	0	0	0	7	2.5%
Installation of energy- efficient equipment/materials (mechanical equipment materials, etc.)	112	8	16	8	4	148	53.6%
Energy-efficient building construction (Shopping malls, office building, etc.)	42	7	5	1	2	57	20.7%
Total	212	26	23	9	6	276	100.0%

### ● Details of Annual CO<sub>2</sub> Reduction Effects from Loans, by FY

[1,000 t-CO<sub>2</sub>]

	Until FY2016	FY2017	FY2018	FY2019	FY2020	Cumulative	Ratio
Alternative energy (Wind power, etc.)	399	159.2	125.7	0.0	0.0	683.9	51.7%
Recycling (Construction waste, etc.)	101	0.0	0.0	0.0	0.0	101.0	7.6%
Proper disposal (Final disposal site, etc.)	29	0.0	0.0	0.0	0.0	28.7	2.2%
Installation of energy- efficient equipment/materials (mechanical equipment materials, etc.)	448	3.7	8.5	1.7	0.3	462.8	35.0%
Energy-efficient building construction (Shopping malls, office building, etc.)	41	4.7	1.1	0.0	0.1	46.9	3.5%
Total	1,018	167.6	135.3	1.7	0.4	1,323.2	100.0%

\* Totals may not add up due to rounding.

### ● Economic Effects of Annual CO<sub>2</sub> Reduction (Details of Cumulative Economic Effects by Reduction)

[Million yen]

	Until FY2016	FY2017	FY2018	FY2019	FY2020	Cumulative	Ratio
Alternative energy (Wind power, etc.)	2,393	103.5	81.7	-	-	2,577.6	45.2%
Recycling (Construction waste, etc.)	707	0.0	0.0	-	-	707.0	12.4%
Proper disposal (Final disposal site, etc.)	201	0.0	0.0	-	-	200.9	3.5%
Installation of energy- efficient equipment/materials (mechanical equipment materials, etc.)	2,087	2.4	5.5	1.0	0.1	2,096.6	36.8%
Energy-efficient building construction (Shopping malls, office building, etc.)	118	3.0	0.7	0.0	0.1	121.6	2.1%
Total	5,506	108.9	87.9	1.0	0.2	5,703.7	100.0%

\* Totals may not add up due to rounding.

## ESG Data (Social)

### ● Status of Employees (new criteria)

		Unit	FY2016	FY2017	FY2018	FY2019	FY2020
MUFG Bank	Number of employees* <sup>1</sup>	Persons	34,276	34,101	33,524	32,186	30,554
	Of these, domestic employees	Persons	28,496	28,302	27,855	26,347	24,647
	Age range : 20s	Persons	8,650	8,291	8,287	7,982	6,287
	Age range : 30s	Persons	8,377	8,502	8,170	7,676	7,843
	Age range : 40s	Persons	8,544	8,379	8,131	7,608	6,637
	Age range : 50 and over	Person	2,924	3,129	3,267	3,080	3,879
	Ratio of female employees	%	52	53	54	57	59
	Of these, overseas local hires	Persons	5,781	5,800	5,669	5,840	5,908
	Contract employees	Persons	1,641	1,609	1,562	1,501	1,429
	Temporary employees* <sup>2</sup>	Persons	11,973	11,347	11,119	10,300	9,645
	Average age* <sup>3</sup>	Years old	37.9	37.5	38.2	39.6	38.3
	Average years of continuous service* <sup>3</sup>	Year	14.5	14.1	14.6	15.2	14.7
	Attrition Rate	%	2.1	2.1	2.6	2.8	2.1
Mitsubishi UFJ Trust and Banking	Number of employees* <sup>4</sup>	Persons	6,959	7,011	6,457	6,397	6,373
	Of these, domestic employees (excluding contract salespersons)	Persons	5,949	6,085	5,601	5,566	5,502
	Age range : 20s	Persons	1,210	1,272	1,226	1,223	1,212
	Age range : 30s	Persons	1,541	1,554	1,418	1,478	1,473
	Age range : 40s	Persons	1,789	1,642	1,342	1,237	1,154
	Age range : 50 and over	Persons	1,409	1,617	1,615	1,628	1,663
	Ratio of female employees	%	39	40	42	41	40
	Of these, domestic contract salespersons	Persons	603	534	468	443	454
	Of these, overseas local hires	Persons	407	392	388	388	417
	Temporary employees	Persons	1,804	1,785	1,582	1,538	1,383
	Average age* <sup>5</sup>	Years old	42.8	42.8	42.8	42.9	43.1
	Average years of continuous service* <sup>5</sup>	Year	15.8	16.2	16.6	16.8	17.0
	Attrition Rate	%	2.9	2.5	2.9	2.6	1.7
Mitsubishi UFJ Morgan Stanley Securities	Number of employees* <sup>4</sup>	Persons	5,226	5,204	5,273	5,401	5,899
	Of these, domestic employees	Persons	5,194	5,161	5,231	5,365	5,873
	Age range : 20s	Persons	991	1,028	1,000	1,077	1,002
	Age range : 30s	Persons	1,272	1,159	1,135	1,057	1,203
	Age range : 40s	Persons	1,334	1,284	1,277	1,248	1,307
	Age range : 50 and over	Persons	1,597	1,690	1,819	1,983	2,361
	Ratio of female employees	%	34	34	35	34	34
	Of these, overseas local hires* <sup>6</sup>	Persons	0	0	0	0	0
	Temporary employees(Average)	Persons	400	288	222	192	198
	Average age	Years old	40.8	41.1	41.5	41.9	43.9
	Average years of continuous service	Year	13.4	13.9	14.3	14.7	17.3
	Attrition Rate	%	3.2	4.5	5.3	5.0	5.0



		Unit	FY2016	FY2017	FY2018	FY2019	FY2020
Mitsubishi UFJ NICOS	Number of employees <sup>*7</sup>	Persons	3,402	3,181	3,111	3,059	3,463
	Age range : 20s	Persons	559	547	553	574	620
	Age range : 30s	Persons	1,021	914	841	749	831
	Age range : 40s	Persons	1,141	1,062	988	959	1,038
	Age range : 50 and over	Persons	681	658	729	777	974
	Ratio of female employees	%	46	47	48	49	51
	Average age	Years old	40.2	40.1	40.5	41.0	41.6
	Average years of continuous service	Year	16.0	16.1	16.5	17.1	17.3
	Attrition Rate	%	-	2.4	3.6	3.8	2.0
ACOM	Number of employees <sup>*8</sup>	Persons	1,854	1,936	2,020	2,063	2,112
	Age range : 20s	Persons	406	458	525	548	572
	Age range : 30s	Persons	455	449	390	357	396
	Age range : 40s	Persons	673	688	694	722	676
	Age range : 50 and over	Persons	320	341	411	436	468
	Ratio of female employees	%	36	39	39	40	40
	Temporary employees <sup>*9</sup>	Persons	161	116	113	84	87
	Average age	Years old	39.9	40.0	40.4	40.7	40.5
	Average years of continuous service	Year	15.2	14.9	14.4	14.8	14.8
	Attrition Rate	%	3.7	3.2	3.6	3.0	2.9
Overseas <sup>*10</sup> employees	Asia	Persons	6,877	6,747	6,813	7,011	6,964
	Americas	Persons	13,326	13,628	13,908	13,818	14,400
	Europa	Persons	2,530	2,598	2,708	2,827	3,043
	Others	Persons	0	0	0	0	0
Ratio of employees with disabilities <sup>*11</sup>		%	2.22	2.28	2.32	2.41	2.48

\*1 Does not include executive officers, excludes MUFG Bank (the Bank) employees seconded to other companies, includes employees of other companies seconded to the Bank.

\*2 Includes temporary staff.

\*3 Excludes employees hired by overseas subsidiaries and employees of other companies seconded to the Bank.

\*4 Does not include executive officers.

\*5 Excludes executive officers, employees seconded from other companies and employees hired by overseas subsidiaries.

\*6 Employees hired by the Beijing office.

\*7 Does not include executive officers and seconded employees.

\*8 Regular employees (including advisors and executive officers) and regular employees fixed to workplaces. Excluded employees seconded from the Company but includes those seconded to the Company.

\*9 Average number of people employed during the year on fixed-term contracts (associate employees and temporary employees)

\*10 Scope of data of MUFG Bank and Mitsubishi UFJ Morgan Stanley Securities is home staff (expatriate employee from Japan) and national staff of overseas branches and affiliates which are substantially treated as a branch, such as MUFG Union Bank. Scope of data of Mitsubishi UFJ Trust and Banking Corporation is home staff and national staff of overseas branches.

\*11 The employment rate in Japan for MUFG Bank, Mitsubishi UFJ Trust and Banking (including special subsidiaries and group affiliates for these two companies), Mitsubishi UFJ Morgan Stanley Securities, Mitsubishi UFJ NICOS and ACOM was calculated using the formula stipulated in the Employment Rate System for Persons with Disabilities. Figures for each year are as of June 1 of the following year.

● Number of Hires\*<sup>1</sup>

		Unit	FY2016	FY2017	FY2018	FY2019	FY2020
MUFG Bank	Total	Persons	1,321	1,122	1,085	631	478
	New Graduate Recruitment	Persons	1,212	1,020	958	513	370
	Core Officer	Persons	447	391	608	346	271
	Core Officer (specific)	Persons	320	226	- <sup>*2</sup>	-	-
	Business-Specialist Track	Persons	445	403	350	167	99
	Mid-career Recruitment	Persons	109	102	127	118	108
Mitsubishi UFJ Trust and Banking	Total	Persons	369	279	348	304	192
	New Graduate Recruitment	Persons	303	229	249	194	134
	Core Officer	Persons	223	135	177	194	134
	Non-Core Officer	Persons	80	94	72	-	-
	Mid-career Recruitment	Persons	66	50	99	110	58
Mitsubishi UFJ Morgan Stanley Securities	Total	Persons	323	271	286	98	86
	New Graduate Recruitment	Persons	274	243	260	84	54
	Core Officer	Persons	179	190	217	84	54
	Area-Specific Core Officer	Persons	83	43	30	-	-
	Regional Track	Persons	12	10	13	0	0
	Mid-career Recruitment	Persons	49	28	26	14	32
Mitsubishi UFJ NICOS	Total	Persons	166	80	130	142	160
	New Graduate Recruitment	Persons	106	70	96	102	82
	Main Career	Persons	64	56	75	77	82
	Regular Service	Persons	42	14	21	25	0
	Mid-career Recruitment	Persons	60	10	34	40	78
ACOM	Total	Persons	99	196	170	148	174
	New Graduate Recruitment	Persons	80	91	114	83	107
	Core Officer	Persons	49	58	82	66	95
	Employment in Limited Positions	Persons	31	33	32	17	12
	Mid-career Recruitment	Persons	19	105	56	65	67

\*1 These join the company on April 1 each next fiscal year (only new graduates).

\*2 Not applicable because of the consolidation to a Core Officer.

## ● Training Hours

		Unit	FY2016	FY2017	FY2018	FY2019	FY2020
MUFG University <sup>*1</sup>	Total Training Hours	Hours			28	27	10
	Average training hours per employee	Hours			28	27	10
	Average training days per employee	Days			5	4	4
Cost of Training <sup>*2</sup>	Total	Million yen			595	851	655
	MUFG Bank	Million yen			418	609	452
	Mitsubishi UFJ Trust and Banking	Million yen			114	148	126
	Mitsubishi UFJ Morgan Stanley Securities	Million yen			63	94	77

\*1 With regard to MUFG University programs, total training hours = average training hours per employee, as currently no single participant takes more than one program.

\*2 Total training costs for mandatory and nominative-selective training organized by the Human Resources Department (including MUFG University).

### ● Number of Employees Using Support Programs and Leave

		Unit	FY2016	FY2017	FY2018	FY2019	FY2020
MUFG Bank	Childcare leave	Persons	2,640	2,940	2,886	2,815	3,253
	Of these, male	Persons	555	582	535	610	603
	Shorter work hours for childcare	Persons	1,387	1,216	1,367	1,460	1,496
	Nursing care leave	Persons	365	429	517	643	569
	Long-term nursing care leave	Persons	8	13	16	25	14
Mitsubishi UFJ Trust and Banking	Childcare leave	Persons	363	386	413	507	546
	Of these, male	Persons	8	8	22	106	163
	Shorter work hours for childcare	Persons	280	322	328	351	313
	Nursing care leave	Persons	2	5	7	5	26
	Long-term nursing care leave	Persons	1	3	3	7	6
Mitsubishi UFJ Morgan Stanley Securities	Childcare leave	Persons	218	282	233	286	272
	Of these, male	Persons	57	119	83	118	106
	Shorter work hours for childcare	Persons	143	177	143	147	138
	Nursing care leave	Persons	29	26	35	72	78
	Long-term nursing care leave	Persons	1	1	0	2	2
Mitsubishi UFJ NICOS	Childcare leave	Persons	156	149	134	156	236
	Of these, male	Persons	3	4	3	21	55
	Shorter work hours for childcare	Persons	282	280	306	297	381
	Nursing care leave	Persons	42	46	58	80	130
	Long-term nursing care leave	Persons	6	3	0	5	11

### ● Company Targets and Results for Female Representation in Managerial Positions in Japan

		Unit	Mar-2018	Mar-2019	Mar-2020	Mar-2021	Target*1
MUFG Bank	Managers	%	15.5	17.1	20.2	21.8	23.0
	Other Managerial Staff	%	22.2	24.3	27.0	30.2	35.0
Mitsubishi UFJ Trust and Banking	Managers*2	%	7.4	8.4	10.0	10.2	11.0
	Other Managerial Staff	%	22.6	23.8	25.2	26.2	29.0
Mitsubishi UFJ Morgan Stanley Securities	Managers*3	%	3.1	3.5	4.0	6.5	11.0
	Other Managerial Staff	%	13.1	14.3	16.0	18.2	22.0
Total of the three companies	Managers	%	12.0	13.0	14.9	16.7	18.0
Mitsubishi UFJ NICOS	Managers and Team Leaders (Equivalent to Assistant Manager)	%	20.1	20.0	20.4	23.3	25 or more

\*1 The goal is to reach the end of March 2024.

\*2 Partial change in the aggregation criteria from the current mid-term plan.

\*3 The scope of aggregation has been changed to post appointees from the current mid-term plan.

### ● Female Executive Officer

		Unit	Mar-2018	Mar-2019	Mar-2020	Mar-2021
MUFG*	Executive officer	Persons	10	14	17	19

\* Total of MUFG, the Bank, the Trust Bank, the Securities, and NICOS (Including outside directors and overseas local employees).

● Average Annual Salary

	Unit	FY2016	FY2017	FY2018	FY2019	FY2020
<b>MUFG Bank</b>	10,000 yen	773.8	773.3	771.5	774.4	773.1
<b>Mitsubishi UFJ Trust and Banking</b>	10,000 yen	864.6	859.7	844.4	850.1	869.9
<b>Mitsubishi UFJ Morgan Stanley Securities</b>	10,000 yen	877.3	854.1	860.2	748.0	772.6

Equal treatment for equal job responsibility, with no disparities by gender or region in Japan.

● Work-Related Accidents

		Unit	FY2016	FY2017	FY2018	FY2019	FY2020
<b>MUFG Bank</b>	Work-related accidents (resulting in leave)	Accidents				144 (40)	130 (34)
	Commuting related accidents (resulting in leave)					143 (57)	118 (56)
<b>Mitsubishi UFJ Trust and Banking</b>	Work-related accidents (resulting in leave)	Accidents				19 (7)	5 (2)
	Commuting related accidents (resulting in leave)					18 (9)	11 (5)
<b>Mitsubishi UFJ Morgan Stanley Securities</b>	Work-related accidents (resulting in leave)	Accidents				7 (1)	5 (0)
	Commuting related accidents (resulting in leave)					9 (1)	11 (2)

● Working Hours (per Employee)

		Unit	FY2016	FY2017	FY2018	FY2019	FY2020
<b>MUFG Bank</b>	Average number of overtime hours worked per month (Legal overtime)	Hours				19.5	19.6
	Ratio of overtime hours worked per month exceeding over 60 hours	%				0	0
<b>Mitsubishi UFJ Trust and Banking</b>	Average number of overtime hours worked per month (Legal overtime)	Hours				25.8	26.3
	Ratio of overtime hours worked per month exceeding over 60 hours	%				0	0
<b>Mitsubishi UFJ Morgan Stanley Securities</b>	Average number of overtime hours worked per month (Legal overtime)	Hours				20.1	20.3
	Ratio of overtime hours worked per month exceeding over 60 hours	%				0	0

● Labor Union Membership Rate

	Unit	FY2016	FY2017	FY2018	FY2019	FY2020
<b>MUFG Bank</b>	%	75.0	78.8	78.8	79.6	83.0
<b>Mitsubishi UFJ Trust and Banking</b>	%	75.5	76.5	74.9	75.1	75.2
<b>Mitsubishi UFJ Morgan Stanley Securities</b>	%	48.2	48.3	46.9	43.2	60.2

The Bank, the Trust Bank, and the Securities have entered into collective bargaining agreements with their respective employee unions, and are engaged in collective bargaining to improve the working conditions of their members and the development of the company, and to maintain and improve labor-management relations.

## ESG Data (Governance)

		FY2018	FY2019	FY2020
<b>Governance</b>				
Composition of the Board of Directors	Numbers of Directors	16	16	16
	Of these, outside director	9	9	9
	Of these, outside director	9	9	9
	Of these, female director	3	4	4
	Of these, foreign nationality director	2	2	2
Board of Directors	Number of meetings held	9	10	10
	Average attendance rate	100%	100%	100%
Nominating and Governance Committee	Number of members	5	5	5
	Of these, outside director	4	4	4
	Chairman	Outside director	Outside director	Outside director
	Number of meetings held	13	14	12
	Average attendance rate	100%	100%	100%
Compensation Committee	Number of members	5	5	5
	Of these, outside director	4	4	4
	Chairman	Outside director	Outside director	Outside director
	Number of meetings held	7	8	6
	Average attendance rate	97%	100%	100%
Audit Committee	Number of members	5	5	5
	Of these, outside director	3	3	3
	Chairman	Outside director	Outside director	Outside director
	Number of meetings held	17	16	16
	Average attendance rate	99%	97.5%	100%
<b>Compliance</b>				
Number of reports to the Compliance Helpline	Number of reports (Total of MUFG, the Bank, the Trust Bank, the Securities, NICOS, ACOM)	-	-	570
<b>Political Contribution</b>				
Total Donations to Political Parties, etc		20 million yen	20 million yen	20 million yen



## SASB Index

This index discloses information based on the SASB Standard, a global information disclosure standard issued by the U.S. Sustainability Accounting Standards Board (SASB) in October 2018.

SASB has developed standards that define materiality for each industry and accounting metrics specific to 77 industries, which are further categorized within each industry. This index discloses information related to the standards for three industries: Commercial Banks (FN-CB), Investment Banking & Brokerage (FN-IB), and Asset Management & Custody Activities (FN-AC). Since the standards for each industry are based on U.S. laws and regulations and systems, some metrics are not applicable to the business activities of MUFG, which is based in Japan, but we strive to disclose information that is consistent with the purpose and content of each metric to the extent possible. As the content of the standards is constantly being updated, MUFG will continue to update and expand the information disclosed as part of its engagement with stakeholders, including customers, business partners, shareholders and investors.

Accounting Metric	Category	Code	Response
<b>Data Security</b>			
Description of approach to identifying and addressing data security risks	Discussion and Analysis	FN-CB-230a.2	MUFG has positioned threats posed by cyberattacks and other relevant events as Top Risks. Accordingly, we are promoting cyber security measures under management's leadership  For details, please refer to the following Cyber Security (P.124)
<b>Financial Inclusion &amp; Capacity Building</b>			
(1) Number and (2) amount of loans outstanding qualified to promote small business and community development	Quantitative	FN-CB-240a.1	SASB's indicator "Programs designed to promote small business and community development" is based on U.S. laws and regulations, so the following information is disclosed as quantitative data based on the actual situation in Japan.  ● Balance of loans to small business: 39,678 billion yen  Initiatives of the U.S. Partner Bank MUFG Union Bank  ● CRA Qualified Small Business Loans: 20,224 transactions, US\$2,149 million in total  ● CRA Qualified Community Development Loans: 317 transactions, US\$1,179 million in total  For details, please refer to the following ( <a href="https://www.mufigamericas.com/who-we-are/corporate-social-responsibility/resiliency-and-progress-corporate-social-responsibility-2020/supporting-small-business-colleagues">https://www.mufigamericas.com/who-we-are/corporate-social-responsibility/resiliency-and-progress-corporate-social-responsibility-2020/supporting-small-business-colleagues</a> )
Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	Quantitative	FN-CB-240a.4	SASB's definition of "unbanked, underbanked, or underserved customers" is based on U.S. laws and regulations, so the following information is disclosed as quantitative data based on the actual situation in Japan.  ● Number of times financial and economic education has been provided: 3,285 times (cumulative total since fiscal 2012)  For details, please refer to the following Approach to Priority Issues_Response to Aging Population & Low Birthrate (P.23)  Initiatives of the U.S. Partner Bank MUFG Union Bank  For calendar year 2020, we had 251 employees that performed 3,577 hours of volunteering in the areas of Financial Literacy, Homebuyer Education, UB Products and Services, and Technical Assistance.  For details, please refer to the following ( <a href="https://www.mufigamericas.com/who-we-are/corporate-social-responsibility/resiliency-and-progress-corporate-social-responsibility-2020/serving-our-communities">https://www.mufigamericas.com/who-we-are/corporate-social-responsibility/resiliency-and-progress-corporate-social-responsibility-2020/serving-our-communities</a> )

Accounting Metric	Category	Code	Response
<b>Employee Diversity &amp; Inclusion</b>			
Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees	Quantitative	FN-IB-330a.1 FN-AC-330a.1	<p>Although the measurement method is not consistent with the metrics recommended by SASB standards, the following information is disclosed as alternative data.</p> <ul style="list-style-type: none"> <li>Ratio of female employees</li> <li>Ratio of female representation in managerial positions</li> <li>Number of female executive officer</li> <li>Number of group national staff</li> <li>Ratio of employees with disabilities</li> </ul> <p>For details, please refer to the following ESG Data(Social) (P.149)</p>
<b>Incorporation of Environmental, Social, and Governance Factors in Credit Analysis/ Investment Banking &amp; Brokerage Activities / Investment Management &amp; Advisory</b>			
Commercial and industrial credit exposure, by industry	Quantitative	FN-CB-410a.1	<p>We disclose the balance of exposure to credit risk as of March 31, 2021 and a breakdown by major type of exposure.</p> <p>Basel III Disclosure Fiscal 2020 (P.22) CREDIT RISK_Credit risk exposures (<a href="https://www.mufig.jp/dam/ir/report/annual_report/pdf/baseliii21_en.pdf">https://www.mufig.jp/dam/ir/report/annual_report/pdf/baseliii21_en.pdf</a>)</p>
Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis / investment banking and brokerage activities / investment and/or wealth management processes and strategies	Discussion and Analysis	FN-CB-410a.2 FN-IB-410a.3 FN-AC-410a.2	<p>We promote investment management that take into account ESG factors and contribute to the realization of a sustainable environment and society by proposing to our customers a perspective that emphasizes non-financial information about companies.</p> <p>Our corporate website_Promotion and Dissemination of ESG Investment (<a href="https://www.mufig.jp/english/csr/society/esg/">https://www.mufig.jp/english/csr/society/esg/</a>)</p> <p>We have established the following policies as a framework for environmental and social considerations in our finance and asset management businesses.</p> <p>Our corporate website_Policies and Guidelines MUFG Environmental and Social Policy Framework MUFG AM Responsible Investment Policy (<a href="https://www.mufig.jp/english/csr/policy/">https://www.mufig.jp/english/csr/policy/</a>)</p> <p>We have adopted and adhere to the Equator Principles, a risk management framework for determining, assessing and managing environmental and social risks and impacts for large-scale projects.</p> <p>Our corporate website_The Equator Principles (<a href="https://www.mufig.jp/english/csr/environment/equator/">https://www.mufig.jp/english/csr/environment/equator/</a>)</p>
Revenue from (1) underwriting, (2) advisory, and (3) securitization transactions incorporating integration of environmental, social, and governance (ESG) factors, by industry	Quantitative	FN-IB-410a.1	<p>Although the measurement method is not consistent with the metrics recommended by SASB standards, the following information is disclosed as alternative data.</p> <ul style="list-style-type: none"> <li>Cumulative underwriting of public yen-denominated green bonds (April 1, 2016 to March 31, 2020): 94 projects, 4,146.9 hundred million yen</li> </ul> <p>For details, please refer to the following Underwrite Green Bond (P.61)</p>
(1) Number and (2) total value of investments and loans incorporating integration of environmental, social, and governance (ESG) factors, by industry	Quantitative	FN-IB-410a.2	<p>Although the measurement method is not consistent with the metrics recommended by SASB standards, the following information is disclosed as alternative data.</p> <ul style="list-style-type: none"> <li>Contribution to Sustainability as a Financial Institution (P.37) Progress in Sustainable Finance: 7.9 trillion yen (Cumulative total from fiscal 2019)</li> <li>Arrangement of renewable energy project financing: 62 projects, US\$3,106 million in total</li> </ul>
Amount of assets under management, by asset class, that employ (1) integration of environmental, social, and governance (ESG) issues, (2) sustainability themed investing, and (3) screening	Quantitative	FN-AC-410a.1	<ul style="list-style-type: none"> <li>Ratio of responsible investment to total assets under management: 100%</li> </ul> <p>For details, please refer to the following MUFG Report 2021 (Integrated Report) (P.64) (<a href="https://www.mufig.jp/dam/ir/report/annual_report/pdf/ir2021_all_en.pdf">https://www.mufig.jp/dam/ir/report/annual_report/pdf/ir2021_all_en.pdf</a>)</p>
Description of proxy voting and investee engagement policies and procedures	Discussion and Analysis	FN-AC-410a.3	<p>For details, please refer to the following Mitsubishi UFJ Trust and Banking Responsible Investment Report (<a href="https://safe.tr.mufig.jp/cgi-bin/english/ourservices/management/asset_management_01.cgi?area=1&amp;page=mutb_r_i_report.pdf">https://safe.tr.mufig.jp/cgi-bin/english/ourservices/management/asset_management_01.cgi?area=1&amp;page=mutb_r_i_report.pdf</a>)</p>

Accounting Metric	Category	Code	Response
<b>Business Ethics</b>			
Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	Quantitative	FN-CB-510a.1 FN-IB-510a.1	For details, please refer to the following Form 20-F (P.133) <b>Legal Proceedings</b> ( <a href="https://www.mufig.jp/dam/ir/report/form20-f/pdf/mufg20f2021_en.pdf">https://www.mufig.jp/dam/ir/report/form20-f/pdf/mufg20f2021_en.pdf</a> )
Description of whistleblower policies and procedures	Discussion and Analysis	FN-CB-510a.2 FN-IB-510a.2 FN-AC-510a.2	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 promptly address and resolve any issues associated with compliance. 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.  For details, please refer to the following <b>Whistle-Blowing Systems (P.123)</b>
<b>Systemic Risk Management</b>			
Global Systemically Important Bank (G-SIB) score, by category	Quantitative	FN-CB-550a.1 FN-IB-550a.1	<ul style="list-style-type: none"> <li>● G-SIB buffer ratio: 1.5% (Based on the "2020 list of global systemically important banks (G-SIBs)" published by the Financial Stability Board (FSB) in November 2020)</li> <li>● G-SIB Indicators</li> </ul> For details, please refer to the following Basel III Disclosure Fiscal 2020 (P.93) <b>GSIB1: Indicators for assessing G-SIBs</b> ( <a href="https://www.mufig.jp/dam/ir/report/annual_report/pdf/baseliii21_en.pdf">https://www.mufig.jp/dam/ir/report/annual_report/pdf/baseliii21_en.pdf</a> )
Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	Discussion and Analysis	FN-CB-550a.2 FN-IB-550a.1	For details, please refer to the following Basel III Disclosure Fiscal 2020 (P.3) <b>Group Business Management</b> ( <a href="https://www.mufig.jp/dam/ir/report/annual_report/pdf/baseliii21_en.pdf">https://www.mufig.jp/dam/ir/report/annual_report/pdf/baseliii21_en.pdf</a> )
<b>Professional Integrity</b>			
Total amount of monetary losses as a result of legal proceedings associated with professional integrity, including duty of care	Quantitative	FN-IB-510b.3	Please refer to the following Form 20-F (P.133) <b>Legal Proceedings</b> ( <a href="https://www.mufig.jp/dam/ir/report/form20-f/pdf/mufg20f2021_en.pdf">https://www.mufig.jp/dam/ir/report/form20-f/pdf/mufg20f2021_en.pdf</a> )
Description of approach to ensuring professional integrity, including duty of care	Discussion and Analysis	FN-IB-510b.4	Please refer to the following <b>MUFG Group Code of Conduct</b> ( <a href="https://www.mufig.jp/english/profile/governance/ethics/">https://www.mufig.jp/english/profile/governance/ethics/</a> ) <b>Compliance Basic Policy</b> ( <a href="https://www.mufig.jp/english/profile/governance/compliance/">https://www.mufig.jp/english/profile/governance/compliance/</a> ) <b>MUFG Basic Policy for Fiduciary Duties</b> ( <a href="https://www.mufig.jp/english/profile/governance/fd/">https://www.mufig.jp/english/profile/governance/fd/</a> )
<b>Employee Incentives &amp; Risk Taking</b>			
Discussion of policies around supervision, control, and validation of traders' pricing of Level 3 assets and liabilities	Discussion and Analysis	FN-IB-550b.3	Please refer to the following Form 20-F (P.F-131) <b>31. FAIR VALUE</b> ( <a href="https://www.mufig.jp/dam/ir/report/form20-f/pdf/mufg20f2021_en.pdf">https://www.mufig.jp/dam/ir/report/form20-f/pdf/mufg20f2021_en.pdf</a> )

Accounting Metric	Category	Code	Response
<b>Activity Metric</b>			
(1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business	Quantitative	FN-CB-000.A	<p>Although the measurement method is not consistent with the metrics recommended by SASB standards, the following information is disclosed as alternative data.</p> <ul style="list-style-type: none"> <li>● Individual deposits: 84,848.5 billion yen</li> <li>● Corporate deposits and others: 80,968 billion yen</li> </ul> <p>For details, please refer to the following Databook for FY2020 (P.24) Assets and liabilities (Non-consolidated) (<a href="https://www.mufig.jp/dam/ir/presentation/2020/pdf/databook2103.pdf">https://www.mufig.jp/dam/ir/presentation/2020/pdf/databook2103.pdf</a>)</p>
(1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate	Quantitative	FN-CB-000.B	<p>Although the measurement method is not consistent with the metrics recommended by SASB standards, the following information is disclosed as alternative data.</p> <ul style="list-style-type: none"> <li>● Loans to SMEs: 39,678 billion yen</li> <li>● Residential mortgage loan balance: 14,983.5 billion yen</li> </ul>
(1) Number and (2) value of (a) underwriting, (b) advisory, and (c) securitization transactions	Quantitative	FN-IB-000.A	<p>Although the measurement method is not consistent with the metrics recommended by SASB standards, the following information is disclosed as alternative data.</p> <p>Mitsubishi UFJ Morgan Stanley Securities Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (P.15) (<a href="https://www.hd.sc.mufig.jp/english/finance/000020022.pdf">https://www.hd.sc.mufig.jp/english/finance/000020022.pdf</a>)</p>
(1) Total registered and (2) total unregistered assets under management (AUM)	Quantitative	FN-AC-000.A	<p>Please refer to the following Databook for FY2020 (P.49) AM / IS (<a href="https://www.mufig.jp/dam/ir/presentation/2020/pdf/databook2103.pdf">https://www.mufig.jp/dam/ir/presentation/2020/pdf/databook2103.pdf</a>)</p>
Total assets under custody and supervision	Quantitative	FN-AC-000.B	<p>Please refer to the following Databook for FY2020 (P.49) AM / IS (<a href="https://www.mufig.jp/dam/ir/presentation/2020/pdf/databook2103.pdf">https://www.mufig.jp/dam/ir/presentation/2020/pdf/databook2103.pdf</a>)</p>

# SCM Index

Stakeholder Capitalism Metrics (SCM) is a framework of non-financial information proposed in "Measuring Stakeholder Capitalism Towards Common Metrics and Consistent Reporting of Sustainable Value Creation", a report compiled by the big four global accounting firms based on the recommendations of the World Economic Forum's International Business Council.

There are two types of metrics in SCM: Core Metrics and Expanded Metrics. This index is prepared in accordance with the Core Metrics, and some of the information are referred to the Expanded Metrics.

Although the SCM metrics are designed to be used in a wide range of industries and regions, there are some metrics that do not apply to the characteristics of the banking industry or the business activities of MUFG, which is based in Japan. For these items, MUFG is striving to disclose as much information as possible in consideration of the purpose of SCM.

We will continue to expand the content of our disclosure as part of our engagement with all of our stakeholders, including customers, business partners, shareholders and investors.

## ● Principle of Governance

Theme	Core Metrics and Disclosures	Details and related information
Governing purpose	<b>Setting purpose</b> <ul style="list-style-type: none"> <li>● The company's stated purpose, as the expression of the means by which a business proposes solutions to economic, environmental and social issues.</li> <li>● Corporate purpose should create value for all stakeholders, including shareholders.</li> </ul>	MUFG's Approach to Sustainability (P.3)  MUFG Report 2021 (Integrated report) (P.3) <a href="https://www.mufg.jp/dam/ir/report/annual_report/pdf/ir2021_all_en.pdf">https://www.mufg.jp/dam/ir/report/annual_report/pdf/ir2021_all_en.pdf</a>
Quality of governing body	<b>Governance body composition</b> Composition of the highest governance body and its committees by: competencies relating to economic, environmental and social topics; executive or non-executive; independence; tenure on the governance body; number of each individual's other significant positions and commitments, and the nature of the commitments; gender; membership of under-represented social groups; stakeholder representation.	Promotion of Sustainability (P.11)  MUFG Report 2021 (Integrated report) (P.89) <a href="https://www.mufg.jp/dam/ir/report/annual_report/pdf/ir2021_all_en.pdf">https://www.mufg.jp/dam/ir/report/annual_report/pdf/ir2021_all_en.pdf</a>
Stakeholder engagement	<b>Material issues impacting stakeholders</b> A list of the topics that are material to key stakeholders and the company, how the topics were identified and how the stakeholders were engaged.	Priority Environmental and Social Issues MUFG Must Address (P.18)
Ethical behaviour	<b>Anti-corruption</b> 1. Total percentage of governance body members, employees and business partners who have received training on the organization's anti-corruption policies and procedures, broken down by region (a) Total number and nature of incidents of corruption confirmed during the current year, but related to previous years; and (b) Total number and nature of incidents of corruption confirmed during the current year, related to this year. 2. Discussion of initiatives and stakeholder engagement to improve the broader operating environment and culture, in order to combat corruption.	1. Not applicable 2. Compliance (P.121)
	<b>Protected ethics advice and reporting mechanisms</b> 1. A description of internal and external mechanisms for: 1. Seeking advice about ethical and lawful behaviour and organizational integrity; and 2. Reporting concerns about unethical or unlawful behaviour and lack of organizational integrity.	1. Compliance (P.121) 2. Whistle-Blowing Systems (P.123)
Risk and opportunity oversight	<b>Integrating risk and opportunity into business process</b> <ul style="list-style-type: none"> <li>● Company risk factor and opportunity disclosures that clearly identify the principal material risks and opportunities facing the company specifically (as opposed to generic sector risks), the company appetite in respect of these risks, how these risks and opportunities have moved over time and the response to those changes.</li> <li>● These opportunities and risks should integrate material economic, environmental and social issues, including climate change and data stewardship.</li> </ul>	Risk Management (P.119)



Theme	Expanded metrics and disclosures	Details and related information
Governing purpose	<b>Purpose-led management</b> How the company's stated purpose is embedded in company strategies, policies and goals.	MUFG's Approach to Sustainability (P.3)
Quality of governing body	<b>Remuneration</b> 1. How performance criteria in the remuneration policies relate to the highest governance body's and senior executives' objectives for economic, environmental and social topics, as connected to the company's stated purpose, strategy and long-term value. 2. Remuneration policies for the highest governance body and senior executives for the following types of remuneration: <ul style="list-style-type: none"> <li>● Fixed pay and variable pay, including performance-based pay, equity-based pay, bonuses and deferred or vested shares</li> <li>● Sign-on bonuses or recruitment incentive payments</li> <li>● Termination payments</li> <li>● Clawbacks</li> <li>● Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives and all other employees</li> </ul>	1. Corporate Governance (P.114) 2. MUFG Report 2021 (Integrated report) (P.95)  For details, please refer to our corporate governance report.
Risk and opportunity oversight	<b>Economic, environmental and social topics in capital allocation framework</b> How the highest governance body considers economic, environmental and social issues when overseeing major capital allocation decisions, such as expenditures, acquisitions and divestments.	Priority Environmental and Social Issues MUFG Must Address (P.18)

## ● Planet

Theme	Core Metrics and Disclosures	Details and related information
Climate change	<b>Greenhouse gas (GHG) emissions</b> <ul style="list-style-type: none"> <li>● For all relevant greenhouse gases (e.g. carbon dioxide, methane, nitrous oxide, F-gases etc.), report in metric tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e) GHG Protocol Scope 1 and Scope 2 emissions.</li> <li>● Estimate and report material upstream and downstream (GHG Protocol Scope 3) emissions where appropriate.</li> </ul>	ESG Data (Environment) (P.144)
	<b>TCFD implementation</b> <ul style="list-style-type: none"> <li>● Fully implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).</li> <li>● If necessary, disclose a timeline of at most three years for full implementation.</li> <li>● Disclose whether you have set, or have committed to set, GHG emissions targets that are in line with the goals of the Paris Agreement – to limit global warming to well below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C – and to achieve net-zero emissions before 2050.</li> </ul>	Climate Change Measures & Environmental Protection –TCFD Report– (P.44)
Nature loss	<b>Land use and ecological sensitivity</b> Report the number and area (in hectares) of sites owned, leased or managed in or adjacent to protected areas and/or key biodiversity areas (KBA).	There are no sites held within protected areas or biodiversity areas.
Freshwater availability	<b>Water consumption and withdrawal in water-stressed areas</b> <ul style="list-style-type: none"> <li>● Report for operations where material: megalitres of water withdrawn, megalitres of water consumed and the percentage of each in regions with high or extremely high baseline water stress, according to WRI Aqueduct water risk atlas tool.</li> <li>● Estimate and report the same information for the full value chain (upstream and downstream) where appropriate.</li> </ul>	ESG Data (Environment) (P.144)

Theme	Expanded metrics and disclosures	Details and related information
Climate change	<b>Paris-aligned GHG emissions targets</b> <ul style="list-style-type: none"> <li>Define and report progress against time-bound science-based GHG emissions targets that are in line with the goals of the Paris Agreement – to limit global warming to well below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C.</li> <li>This should include defining a date before 2050 by which you will achieve net-zero greenhouse gas emissions, and interim reduction targets based on the methodologies provided by the Science Based Targets initiative, if applicable.</li> <li>If an alternative approach is taken, disclose the methodology used to calculate the targets and the basis on which they deliver on the goals of the Paris Agreement.</li> </ul>	Climate Change Measures & Environmental Protection –TCFD Report– (P.44)
	<b>Impact of GHG emissions</b> <ul style="list-style-type: none"> <li>Report wherever material along the value chain (GHG Protocol Scope 1, 2 &amp; 3) the valued impact of greenhouse gas emissions.</li> <li>Disclose the estimate of the societal cost of carbon used and the source or basis for this estimate.</li> </ul>	ESG Data (Environment) (P.144)

### ● People

Theme	Core Metrics and Disclosures	Details and related information
Dignity and equality	<b>Diversity and inclusion (%)</b> Percentage of employees per employee category, by age group, gender and other indicators of diversity (e.g. ethnicity).	Approach to Priority Issues – Inclusion & Diversity (P.25) ESG Data (Social) (P.149)
	<b>Pay equality (%)</b> Ratio of the basic salary and remuneration for each employee category by significant locations of operation for priority areas of equality: women to men, minor to major ethnic groups, and other relevant equality areas.	ESG Data (Social) (P.149)
	<b>Wage level (%)</b> 1. Ratios of standard entry level wage by gender compared to local minimum wage. 2. Ratio of the annual total compensation of the CEO to the median of the annual total compensation of all its employees, except the CEO.	ESG Data (Social) (P.149)
	<b>Risk for incidents of child, forced or compulsory labour</b> An explanation of the operations and suppliers considered to have significant risk for incidents of child labour, forced or compulsory labour. Such risks could emerge in relation to: (a) type of operation (such as manufacturing plant) and type of supplier; and (b) countries or geographic areas with operations and suppliers considered at risk.	Risk Management (P.119) Human Rights Due Diligence (P.100)
Health and well-being	<b>Health and safety (%)</b> 1. The number and rate of fatalities as a result of work-related injury; high-consequence work-related injuries (excluding fatalities); recordable work-related injuries; main types of work-related injury; and the number of hours worked. 2. An explanation of how the organization facilitates workers' access to non-occupational medical and healthcare services, and the scope of access provided for employees and workers.	1. ESG Data (Social) (P.149) 2. Health and Productivity Management (P.101)
Skills for the future	<b>Training provided</b> <ul style="list-style-type: none"> <li>Average hours of training per person that the organization's employees have undertaken during the reporting period, by gender and employee category (total number of hours of training provided to employees divided by the number of employees).</li> <li>Average training and development expenditure per full time employee (total cost of training provided to employees divided by the number of employees).</li> </ul>	Human Resource Development Program (P.82) ESG Data (Social) (P.149)

Theme	Expanded metrics and disclosures	Details and related information
Dignity and equality	<b>Discrimination and harassment incidents (#) and the total amount of monetary losses (\$)</b> Number of discrimination and harassment incidents, status of the incidents and actions taken, and the total amount of monetary losses as a result of legal proceedings associated with: (a) law violations; and (b) employment discrimination.	Whistle-Blowing Systems (P.123)  ESG Data (Social) (P.149)
	<b>Freedom of association and collective bargaining at risk (%)</b> 1. Percentage of active workforce covered under collective bargaining agreements. 2. An explanation of the assessment performed on suppliers for which the right to freedom of association and collective bargaining is at risk, including measures taken by the organization to address these risks.	1. ESG Data (Social) (P.149) 2. Please refer to the following websites of each group company. MUB "Modern Slavery Act 2015 and Commonwealth Modern Slavery Act 2018" <a href="https://www.bk.mufg.jp/global/csr/statement/sht/">(https://www.bk.mufg.jp/global/csr/statement/sht/)</a>
Health and well-being	<b>Employee well-being</b> The number of fatalities as a result of work-related ill-health, recordable work-related ill-health injuries, and the main types of work-related ill-health for all employees and workers.	ESG Data (Social) (P.149)
Skills for the future	<b>Number of unfilled skilled positions</b> 1. Number of unfilled skilled positions. 2. Percentage of unfilled skilled positions for which the company will hire unskilled candidates and train them	ESG Data (Social) (P.149)

## ● Prosperity

Theme	Core Metrics and Disclosures	Details and related information
Employment and wealth generation	<b>Absolute number and rate of employment</b> <ul style="list-style-type: none"> <li>● Total number and rate of new employee hires during the reporting period, by age group, gender, other indicators of diversity and region.</li> <li>● Total number and rate of employee turnover during the reporting period, by age group, gender, other indicators of diversity and region</li> </ul>	ESG Data (Social) (P.149)
	<b>Economic contribution</b> 1. Direct economic value generated and distributed (EVG&D), on an accruals basis, covering the basic components for the organization's global operations, ideally split out by: <ul style="list-style-type: none"> <li>● Revenues</li> <li>● Operating costs</li> <li>● Employee wages and benefits</li> <li>● Payments to providers of capital</li> <li>● Payments to government</li> <li>● Community investment</li> </ul> 2. Financial assistance received from the government: total monetary value of financial assistance received by the organization from any government during the reporting period.	1. Social Contribution Activities (P.105) 2. (Not applicable)
	<b>Financial investment contribution</b> <ul style="list-style-type: none"> <li>● Total capital expenditures (CapEx) minus depreciation, supported by narrative to describe the company's investment strategy.</li> <li>● Share buybacks plus dividend payments, supported by narrative to describe the company's strategy for returns of capital to shareholders.</li> </ul>	Please refer to the following MUFG Report 2021 (Integrated report) (P.43) <a href="https://www.mufg.jp/dam/ir/report/annual_report/pdf/ir2021_all_en.pdf">https://www.mufg.jp/dam/ir/report/annual_report/pdf/ir2021_all_en.pdf</a>
Innovation of better products and services	<b>Total R&amp;D expenses</b> Total costs related to research and development.	Approach to Priority Issues (P.18)
Community and social vitality	<b>Total tax paid</b> The total global tax borne by the company, including corporate income taxes, property taxes, non-creditable VAT and other sales taxes, employer-paid payroll taxes, and other taxes that constitute costs to the company, by category of taxes.	Please refer to the following MUFG Report 2021 (Integrated report) (P.43) <a href="https://www.mufg.jp/dam/ir/report/annual_report/pdf/ir2021_all_en.pdf">https://www.mufg.jp/dam/ir/report/annual_report/pdf/ir2021_all_en.pdf</a>

Theme	Expanded metrics and disclosures	Details and related information
Employment and wealth generation	<b>Infrastructure investments and services supported</b> Qualitative disclosure to describe the below components: 1. Extent of development of significant infrastructure investments and services supported. 2. Current or expected impacts on communities and local economies, including positive and negative impacts where relevant. 3. Whether these investments and services are commercial, in-kind or pro bono engagements.	Approach to Priority Issues (P.18)
	<b>Social value generated</b> 1. Examples of significant identified indirect economic impacts of the organization, including positive and negative impacts. 2. Significance of the indirect economic impacts in the context of external benchmarks and stakeholder priorities (e.g. national and international standards, protocols, policy agendas).	Approach to Priority Issues (P.18)
Innovation of better products and services	<b>Social value generated</b> Percentage of revenue from products and services designed to deliver specific social benefits or to address specific sustainability challenges.	Approach to Priority Issues (P.18)
Community and social vitality	<b>Total Social Investment</b> Total Social Investment (TSI) sums up a company's resources used for "S" in ESG efforts defined by CECP Valuation Guidance.	Social Contribution Activities (P.105)

# Status of Implementation of the Principles for Responsible Banking (PRB)



MUFG is a signatory to the Principles for Responsible Banking (PRB) proposed by the United Nations Environment Programme and Finance Initiative (UNEP FI). Based on the objectives of the Principles for Responsible Banking, which were formulated to encourage banks to conduct business activities that are consistent with the goals of the international society, such as the SDGs and the Paris Agreement, MUFG will further develop its strategy from the perspective of "solving social issues" and strive to strengthen its contribution to international social goals.

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)/ Link(s) to bank's full response/ relevant information
<b>Principle 1: Alignment</b> We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.		
<b>[1.1]</b> Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant the technologies financed across the main geographies in which your bank has operations or provides products and services.	<p>Mitsubishi UFJ Financial Group ("MUFG") is a global financial services group that encompasses diversified Group companies, including MUFG Bank, Mitsubishi UFJ Trust and Banking, and Mitsubishi UFJ Morgan Stanley Securities.</p> <p>We help our customers achieve growth by employing our many strengths. MUFG's operations consist of seven business groups: Digital Service Business, Retail &amp; Commercial Banking Business, Japanese Corporate &amp; Investment Banking Business, Global Corporate &amp; Investment Banking Business, Global Commercial Banking Business, Asset Management &amp; Investor Services Business, and Global Markets Business. Together, these operations constitute a well-balanced portfolio, through which we provide a range of services to customers. Today, we are developing our business in Europe, the Middle East, Africa, the Americas, Asia, and Oceania.</p> <p>Our lending balance totalled approximately 107.5 trillion yen at the end of March 2021 of which domestic loans accounted for approximately 60% and overseas loans the remainder.</p> <p>We will help resolve issues confronting customers and society and deliver unique value that only MUFG is capable of creating as we move ahead toward our vision of becoming the world's most trusted financial group.</p>	Annual Report 2021, P.17-20  Investor Meeting Presentation – FY Ended Mar. 2021, P.11-13 ( <a href="https://www.mufg.jp/english/ir/presentation/2021/">https://www.mufg.jp/english/ir/presentation/2021/</a> )
<b>[1.2]</b> Describe how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.	<p>With the conviction that environmental and social sustainability are essential to achieving sustainable growth for MUFG, we have defined "MUFG's Sustainability Management" as the engagement 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.</p> <p>Based on the degree of relevance of MUFG as a financial institution to global megatrends and the financial industry, as well as the opinions of outside experts, we have identified the 10 priority issues to be addressed, considering both societal expectations and affinity with MUFG's business areas. These issues are now incorporated into business strategies, with each business group pursuing its own strategic measures addressing specific environmental and social issues. Rallying the entire strength of the Group, we are thus striving to help resolve various issues society is now confronting, with the aim of embodying our Purpose and empowering our stakeholders to take the next step forward. We have set sustainable finance goals that will lead to solutions to environmental and social issues.</p> <p>In addition, we establish the MUFG Environmental Policy Statement, the MUFG Human Rights Policy, and the MUFG Environmental and Social Policy Framework, and are contributing to international goals by complying with the Equator Principles.</p> <p>In May 2021, we announced the "MUFG Carbon Neutrality Declaration" and became the first Japanese bank committing to achieve net zero emissions in our finance portfolio. In addition to aiming to achieve net zero emissions in our finance portfolio by 2050, we will set and disclose an interim target for 2030 by the end of fiscal 2022, and report on our progress on an annual basis.</p>	MUFG Sustainability Report 2021, P.3, 4, 9, 10, 17-36, 50-52, 69-71 ( <a href="https://www.mufg.jp/english/csr/report/">https://www.mufg.jp/english/csr/report/</a> )



**Principle 2: Impact and Target Setting**

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

**[2.1] Impact Analysis:**

Show that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfills the following elements:

**a) Scope:**

The bank's core business areas, products/services across the main geographies that the bank operates in have been as described under 1.1. have been considered in the scope of the analysis.

**b) Scale of Exposure:**

In identifying its areas of most significant impact the bank has considered where its core business/its major activities lie in terms of industries, technologies and geographies.

**c) Context & Relevance:**

Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates.

**d) Scale and intensity/salience of impact:**

In identifying its areas of most significant impact, the bank has considered the scale and intensity/salience of the (potential) social, economic and environmental impacts resulting from the bank's activities and provision of products and services.

(your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d)) Show that building on this analysis, the bank has

- Identified and disclosed its areas of most significant (potential) positive and negative impact
- Identified strategic business opportunities in relation to the increase of positive impacts / reduction of negative impacts

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

We have defined following 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.

- Climate Change Measures & Environmental Protection
- Response to Aging Population & Low Birthrate
- Inclusion & Diversity
- Developing Social Infrastructure
- Supporting Industrial Development & Innovation
- Ensuring Equal Access to Financial Services
- Promoting Workstyle Reforms
- Response to Poverty
- Reduction of Educational Disparities
- Overcoming Threats to Health

We recognize climate change measures & environmental protection as an issue that requires special attention, in light of recent trends, the Japanese government's 2050 carbon neutral declaration, and the scale of our business exposure.

In May 2021, we announced the "MUFG Carbon Neutrality Declaration" and became the first Japanese bank committing to achieve net zero emissions in our finance portfolio.

In addition to aiming to achieve net zero emissions in our finance portfolio by 2050, we will set and disclose an interim target for 2030 by the end of fiscal 2022, and report on our progress on an annual basis.

Based on the TCFD recommendations, the amounts and percentage of carbon-related assets (credit amounts) in our credit portfolio is 15.7 trillion yen (10.3%), including 8.0 trillion yen (5.2%) in the energy sector and 7.7 trillion yen (5.0%) in the utility sector as of March 31, 2021.

Environmental and social issues are now incorporated into business strategies, with each business group pursuing its own strategic measures addressing specific environmental and social issues. Rallying the entire strength of the Group, we are thus striving to help resolve various issues society is now confronting, with the aim of embodying our Purpose and empowering our stakeholders to take the next step forward. In addition, we have set sustainable finance goals that will lead to the resolution of issues in the social field, such as "supporting industrial development & innovation" and "developing social infrastructure" and in the environmental field, such as "climate change measures & environmental protection".

MUFG Sustainability Report 2021, P.3, 4, 9, 10, 18-36, 50-52, 74 (<https://www.mufig.jp/english/csr/report/>)

Annual Report 2021, P.76 ([https://www.mufig.jp/english/ir/report/annual\\_report/](https://www.mufig.jp/english/ir/report/annual_report/))

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Impact Analysis.

With the conviction that environmental and social sustainability are essential to achieving sustainable growth for MUFG, we are engaged in value creation employing an integrated approach in which the execution of management strategies goes in tandem with the pursuit of solutions for environmental and social issues. This is MUFG's definition of sustainability management. We have defined following 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. We recognize climate change measures & environmental protection as an issue that requires special attention, in light of recent trends, the Japanese government's 2050 carbon neutral declaration, and the scale of our business exposure. In May 2021, we announced the " MUFG Carbon Neutrality Declaration" and became the first bank in Japan to publicize its commitment to achieving a net zero status in terms of GHG emissions from its investment and financing portfolio.

**[2.2] Target Setting**

Show that the bank has set and published a minimum of two Specific, Measurable (can be qualitative or quantitative), Achievable, Relevant and Time-bound (SMART) targets, which address at least two of the identified "areas of most significant impact", resulting from the bank's activities and provision of products and services.

Show that these targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. The bank should have identified a baseline (assessed against a particular year) and have set targets against this baseline.

Show that the bank has analysed and acknowledged significant (potential) negative impacts of the set targets on other dimensions of the SDG/climate change/society's goals and that it has set out relevant actions to mitigate those as far as feasible to maximize the net positive impact of the set targets.

MUFG have set the following targets for our approach to sustainability.

**Sustainable Finance Goals**

MUFG aim to provide a total of 35 trillion yen in sustainable finance by fiscal 2030 (17 trillion yen in the social sector and 18 trillion yen in the environmental sector) to contribute to solving issues in the social field such as "supporting industrial development & innovation" and "developing social infrastructure" and in the environmental field, such as "climate change measures & environmental protection". The scope of our sustainable finance includes financing for the following businesses (including loans, investments in funds, project finance, syndicated loans, underwriting of stocks and bonds, and financial advisory services).

(Social area)

- Businesses contributing to the development of start-ups, 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.

(Environment)

- Businesses contributing to the adaptation to and moderation of climate change, including renewable energy, energy efficiency improvement, and green buildings.

**CO<sub>2</sub> Reduction Targets for Renewable Energy Project Financing**

As part of the effort to quantitatively identify and disclose the environmental impact of our financing, we have set a target to reduce CO<sub>2</sub> emissions by a cumulative total of 70 million tons\*<sup>1</sup> between FY 2019 and FY 2030 through project financing for renewable energy projects. This is equivalent to the annual CO<sub>2</sub> emissions from about half the households in Japan\*<sup>2</sup>.

\*<sup>1</sup> Cumulative total of CO<sub>2</sub> reduction benefits for one year, calculated from the amount of electricity generated by renewable energy projects underwritten in each fiscal year, facility utilization rates, and emission factors. The values take into account MUFG's contribution in the underwriting phase.

\*<sup>2</sup> Prepared by MUFG based on a survey by the Ministry of the Environment entitled Statistical Survey of CO<sub>2</sub> Emissions from the Household Sector (Household CO<sub>2</sub> Statistics).

**[MUFG Carbon Neutrality Declaration]****GHG emissions from its investment and financing portfolio**

In May 2021, we announced the MUFG Carbon Neutrality Declaration and became the first bank in Japan to publicize its commitment to achieving a net zero status in terms of GHG emissions from its investment and financing portfolio. We aim to achieve net zero status in terms of GHG emissions from its investment and financing portfolio by 2050, and will set and disclose an interim target for 2030 in fiscal 2022, reporting progress on an annual basis.

**Credit amounts Related to Coal-Fired Power Generation (balance of lending)**

In order to contribute to the resolution of a priority issue "Climate Change Measures & Environmental Protection", the MUFG Environmental and Social Policy Framework stipulates that in principle we will not provide financing to new coal-fired power generation projects. We will reduce the balance of financing to project finance to coal-fired power generation, which was US\$3,580 million at the end of fiscal 2019, by 50% in fiscal 2030 compared to fiscal 2019, and to zero by fiscal 2040. We also plan to set and disclose a balance target for corporate credit for coal-fired power generation by the end of fiscal 2022.

In the MUFG Carbon Neutrality Declaration, we have committed to achieving net zero greenhouse gas emissions in our own operations by 2030.

In addition, each Group company has set medium- and long-term environmental goals that contribute to the reduction of waste and the prevention of air pollution, and is working to achieve these goals, as well as setting goals for the targets for female representation in managerial positions.

MUFG Sustainability Report 2021, P.9, 10, 37, 50-52, 71, 72, 75, 147, 152  
(<https://www.mufig.jp/english/csr/report/>)

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Target Setting.

We aim to achieve a cumulative total of 35 trillion yen in sustainable finance by FY2030 to help resolve social issues, including "supporting industrial development & innovation" and "developing social infrastructure", and environmental issues, including "climate change measures & environmental protection" (increasing positive impacts). Furthermore, we have set a target balance for coal-fired power generation projects financing and have announced the "MUFG Carbon Neutrality Declaration," which commits to achieving a net zero status in terms of GHG emissions from its investment and financing portfolio to help address issues associated with "climate change measures & environmental protection" (reducing negative impacts).

**[2.3] Plans for Target Implementation and Monitoring**

Show that your bank has defined actions and milestones to meet the set targets.

Show that your bank has put in place the means to measure and monitor progress against the set targets. Definitions of key performance indicators, any changes in these definitions, and any rebasing of baselines should be transparent.

As part of efforts to strengthen its sustainability promotion system, MUFG has a governance system to monitor its sustainability initiatives, including progress towards targets.

The Sustainability Committee meets at least once a year, in principle, to deliberate on MUFG's efforts to address environmental and social issues. The committee discuss and report on the content of deliberations, such as the confirmation of the status of sustainability initiatives, including the monitoring of the progress toward targets, and the integration and strengthening of the management plan, to the Board of Directors and the Executive Committee.

In May 2021, we announced the "MUFG Carbon Neutrality Declaration" and became the first Japanese bank committing to achieve net zero emissions in our finance portfolio.

In addition to aiming to achieve net zero emissions in our finance portfolio by 2050, we will set and disclose an interim target for 2030 by the end of fiscal 2022, and report on our progress on an annual basis.

We engaged two external experts in the environmental and social fields as permanent external advisors. Board members exchange views with the advisors and use advice and recommendations from their expertise in MUFG's sustainability initiatives.

In addition, we established the position of Chief Sustainability Officer (CSuO) to clarify the responsibilities related to the promotion of sustainability. For the time being, the officer in charge of corporate planning and strategy will also serve as the CSuO to enhance the promotion of sustainability, including integration with our core business.

The Sustainability Office of the Corporate Planning Division is in charge of planning for sustainability management, and is accelerating the company-wide implementation of sustainability-oriented management.

Furthermore, from the perspective of strengthening the system to support the realization of the "MUFG Carbon Neutrality Declaration" announced in May 2021, we have established a project team on a Group and global basis, including overseas partner banks, to support the Group's operating companies and bases in each region to lead the way in decarbonization while taking into account the characteristics and circumstances of each region.

MUFG Sustainability Report 2021, P.9, 10, 12, 50-54, 117, 118  
(<https://www.mufg.jp/english/csr/report/>)

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Plans for Target Implementation and Monitoring.

We have a governance system to monitor our sustainability initiatives including progress towards targets, thereby strengthening our sustainability promotion system.

**Principle 3: Clients and Customers**

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

**[3.1]**

Provide an overview of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its customers. This should include high-level information on any programmes and actions implemented (and/or planned), their scale and, where possible, the results thereof.

With the conviction that environmental and social sustainability are essential to achieving sustainable growth for MUFG, and we aim to operate our business in a manner that integrates the resolution of environmental and social issues with MUFG's management strategies.

We support our customers in their transition to a sustainable business model, both in terms of business opportunities and business risks.

MUFG Sustainability Report 2021, P.3, 4, 18-36, 57, 69-72  
(<https://www.mufg.jp/english/csr/report/>)

	<p>MUFG considers the pursuit of sustainability to be one of its most important management issues.</p> <p>With the conviction that environmental and social sustainability are essential to achieving sustainable growth for MUFG, we are engaged in value creation employing an integrated approach in which the execution of management strategies goes in tandem with the pursuit of solutions for environmental and social issues.</p> <p>We have reviewed 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. As a result of this review, we have freshly defined the 10 priority issues.</p> <p>In July 2021, we established Sustainable Business Division by reorganizing and upgrading the Sustainable Business Office into an independent division, with the aim of further promoting solutions for sustainable businesses.</p> <p>The Division seeks solutions to medium-to-long-term environmental and social issues faced by our customers and provides them with information and functionality, thereby supporting their transition to enhanced energy efficiency and facilitating innovation that employs clean energy technologies.</p> <p>Regarding business risks, in 2018, we launched the MUFG Environmental Policy Statement and the MUFG Human Rights Policy Statement as our basic policies to address environmental and social issues, as well as the MUFG Environmental and Social Policy Framework which outlines more specific measures. We review processes to identify and assess environmental and social risks and impacts based on the MUFG Environmental and Social Policy Framework (standard and enhanced due diligence) and environmental and social considerations based on the Equator Principles.</p>	
<p><b>[3.2]</b></p> <p>Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. This should include information on actions planned/implemented, products and services developed, and, where possible, the impacts achieved.</p>	<p>MUFG uses its functions and businesses as a financial institution to provide various initiatives, products, and services to address the environmental and social issues it has determined. Examples are as follows.</p> <p><b>Sustainability Linked Loans</b></p> <p>MUFG Bank has developed a loan product called the Sustainability Linked Loan (SLL), in which terms and conditions of the loan will be adjusted based on the sustainability performance target (SPT) aligned with the customer's ESG strategy. Specifically, we set a performance target linked to the customer's sustainability targets, such as the target reduction in CO<sub>2</sub> emissions and ESG assessments, and by adjusting loan conditions according to the customer's performance in achieving the set target, we promote and support the customer's environmental and social initiatives and sustainable economic activities.</p> <p><b>ESG Management Support Loan</b></p> <p>This corporate loan product is designed to evaluate and support customers' ESG initiatives. In addition to the usual screening process, we evaluate customer initiatives and score them in cooperation with Mitsubishi UFJ Research and Consulting and Japan Credit Rating Agency to extend financing accordingly.</p>	<p>MUFG Sustainability Report 2021, P.38, 39 (<a href="https://www.mufig.jp/english/csr/report/">https://www.mufig.jp/english/csr/report/</a>)</p>
<p><b>Principle 4: Stakeholders</b> We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.</p>		
<p><b>[4.1]</b></p> <p>Describe which stakeholders (or groups/types of stakeholders) your bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed/results achieved.</p>	<p>MUFG categorizes its stakeholders involved with its business activities into the following categories: customers, business partners, employees, shareholders and investors, communities and society, and the environment. Through constructive dialogue with each stakeholder, we will gain new insights and they will deepen their understanding of MUFG, and by taking into account the interests of our stakeholders and the social issues they face, we will strive to build a relationship of trust and collaboration that will lead to the sustainable growth of MUFG and the improvement of our corporate value over the medium to long term.</p> <p>In addition, we engaged two external experts in the environmental and social fields as permanent external advisors. Board members exchange views with the advisors and use advice and recommendations from their expertise in MUFG's sustainability initiatives.</p>	<p>MUFG Sustainability Report 2021, P.13-16, 22, 54, 118, 133, 159-163 (<a href="https://www.mufig.jp/english/csr/report/">https://www.mufig.jp/english/csr/report/</a>)</p>

Following the announcement of the MUFG Carbon Neutrality Declaration in May 2021, MUFG joined the Net Zero Banking Alliance (NZBA) established by the United Nations Environment Programme Finance Initiative (UNEP FI) in June of the same year. In addition, MUFG has joined the Partnership for Carbon Accounting Financials (PCAF), an international initiative aimed at standardizing the measurement and disclosure of GHG emissions by investment and financing entities. MUFG has been selected as one of the 12 banks in the steering Group, which is responsible for coordinating decision-making and strategy in the NZBA.

Moreover, MUFG participates in and endorses a variety of initiatives to meet its social responsibilities as a financial institution, respond to the demands of the international community and contribute to the realization of a sustainable society. In January 2021, we endorsed and committed to the Stakeholder Capitalism Metrics, a set of indicators to measure stakeholders' capitalistic level, which is proposed by the World Economic Forum.

#### Principle 5: Governance & Culture

We will implement our commitment to these Principles through effective governance and a culture of responsible banking.

##### [5.1]

Describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the Principles.

As part of efforts to strengthen its sustainability promotion system, MUFG has a governance system to monitor its sustainability initiatives, including progress towards targets.

The Sustainability Committee meets at least once a year, in principle, to deliberate on MUFG's efforts to address environmental and social issues. The committee discuss and report on the content of deliberations, such as the confirmation of the status of sustainability initiatives, including the monitoring of the progress toward targets, and the integration and strengthening of the management plan, to the Board of Directors and the Executive Committee.

We engaged two external experts in the environmental and social fields as permanent external advisors. Board members exchange views with the advisors and use advice and recommendations from their expertise in MUFG's sustainability initiatives.

In addition, we established the position of Chief Sustainability Officer (CSuO) to clarify the responsibilities related to the promotion of sustainability. For the time being, the officer in charge of corporate planning and strategy will also serve as the CSuO to enhance the promotion of sustainability, including integration with our core business.

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 clearly states the company's commitment to proactively disclose information on the environment, including climate change.

To advance our sustainability management, in fiscal 2021, we revised performance-linked indices used for the determination of executive compensation. The revised indices incorporate the degree of improvement in external ESG evaluation granted to MUFG by ESG rating agencies.

The Sustainability Office of the Corporate Planning Division is in charge of planning for sustainability management, and is accelerating the company-wide implementation of sustainability-oriented management.

Furthermore, from the perspective of strengthening the system to support the realization of the "MUFG Carbon Neutrality Declaration" announced in May 2021, we have established a project team on a Group and global basis, including overseas partner banks, to support the Group's operating companies and bases in each region to lead the way in decarbonization while taking into account the characteristics and circumstances of each region.

MUFG Sustainability Report 2021, P.9, 10, 12, 50-55, 117, 118  
(<https://www.mufg.jp/english/csr/report/>)



<p><b>[5.2]</b> Describe the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees. This should include a high-level overview of capacity building, inclusion in remuneration structures and performance management and leadership communication, amongst others.</p>	<p>MUFG is strongly focused on encouraging each employee's self-directed career building and, to this end, supports their growth and their ability to respond to challenges. Accordingly, we have positioned the Career Challenge System as a framework for gaining a variety of experience. We have a variety of programs within and outside the Group.</p> <p>We hold in-house education and training sessions to promote a better understanding of sustainability. Also, to advance the integration of the resolution of social issues in our management strategy, the Sustainability Office shares information, makes proposals, and exchanges opinions with related departments regarding the concept of sustainability, the external environment, and awareness of issues in the formulation of sustainability-related policies and business strategies, the promotion of various initiatives, and the preparation of the Annual and Sustainability reports.</p>	<p>MUFG Sustainability Report 2021, P.82-84 (<a href="https://www.mufig.jp/english/csr/report/">https://www.mufig.jp/english/csr/report/</a>)</p>
<p><b>[5.3] Governance Structure for Implementation of the Principles</b> Show that your bank has a governance structure in place for the implementation of the PRB, including:</p> <ul style="list-style-type: none"> <li>a) target-setting and actions to achieve targets set</li> <li>b) remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected.</li> </ul>	<p>With the governance structure mentioned in 5.1, MUFG promotes initiatives based on the Principles for Responsible Banking (PRB).</p>	<p>MUFG Sustainability Report 2021, P.9, 10, 12, 50-55, 117, 118 (<a href="https://www.mufig.jp/english/csr/report/">https://www.mufig.jp/english/csr/report/</a>)</p>
<p>Please provide your bank's conclusion/ statement if it has fulfilled the requirements regarding Governance Structure for Implementation of the Principles.</p>		
<p>MUFG is strengthening its sustainability promotion system in order to achieve a sustainable environment and society, as well as the sustainable growth of the group. We established the Sustainability Committee, with the aim of intensively discussing initiatives to resolve environmental and social issues. The Committee meets at least once a year, in principle, to discuss and report on the content of deliberations to the Board of Directors and the Executive Committee.</p>		
<p><b>Principle 6: Transparency &amp; Accountability</b> We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.</p>		
<p><b>[6.1] Progress on Implementing the Principles for Responsible Banking</b> Implementing the Principles for Responsible Bankin</p> <p>Show that your bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory) in addition to the setting and implementation of targets in minimum two areas (see 2.1-2.4).</p> <p>Show that your bank has considered existing and emerging international/ regional good practices relevant for the implementation of the six Principles for Responsible Banking. Based on this, it has defined priorities and ambitions to align with good practice.</p> <p>Show that your bank has implemented/ is working on implementing changes in existing practices to reflect and be in line with existing and emerging international/regional good practices and has made progress on its implementation of these Principles.</p>	<p>To enhance transparency and accountability, we are sharing information about our sustainability initiatives through a new Sustainability Report in addition to our existing annual report and websites.</p> <p>Other than principles 1-5 mentioned above, we are also working on the following.</p> <ul style="list-style-type: none"> <li>● MUFG has built a structure for contributing to the resolution of the priority issues outside its business. We also established a new framework to contribute an amount equivalent to 1.0% of the Group's net business profits in the previous fiscal year to social contribution activities (in the form of donations, etc.).</li> <li>● We are working to tighten the MUFG Environmental and Social Policy Framework.</li> <li>● In the MUFG Carbon Neutrality Declaration, we have committed ourselves to achieving net zero greenhouse gas emissions by 2030. At the Bank, the Trust Bank and the Securities (offices in Japan), we will take the initiative in switching 100% of the electricity consumed by MUFG to renewable energies. Specifically, we aim to Stimulation of the trading market by using Non-Fossil Certificate* and promotion of the use of renewable energy, and the Bank has already switched to 100% renewable energy in practical terms in June 2021.</li> </ul> <p><small>*A system that extracts the non-fossil value of electricity generated from non-fossil power sources and makes it possible to buy and sell it using certificates. In September 2021, we established a new company with supporting partner companies to create a fund that invests in renewable energy. The fund will contribute to the spread of renewable energy by not only "producing" renewable energy power, but also "retailing" and "using" renewable energy power triggered by the demand for renewable energy power by MUFG, its partners and related parties.</small></p>	<p>MUFG Sustainability Report 2021, P.21, 69-71, 105-108 (<a href="https://www.mufig.jp/english/csr/report/">https://www.mufig.jp/english/csr/report/</a>)</p>
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing the Principles for Responsible Banking</p>		
<p>To enhance transparency and accountability, we disclose about our sustainability initiatives through annual report, sustainability report and websites. We will implement a variety of initiatives to further strengthen our sustainability efforts.</p>		

