

Sustainability Highlights

Sustainable Finance

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



Strengthening Sustainability Management

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

Revision of the MUFG Environmental and Social Policy Framework

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

Mining (coal)	Palm oil	Forestry
Human trafficking	Conflict areas	

<Sectors reviewed in FY 2023>

Net zero GHG emissions from our financed portfolio

■ Disclosure of Progress and New Targets

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

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

■ Credit balance targets for coal-fired power generation

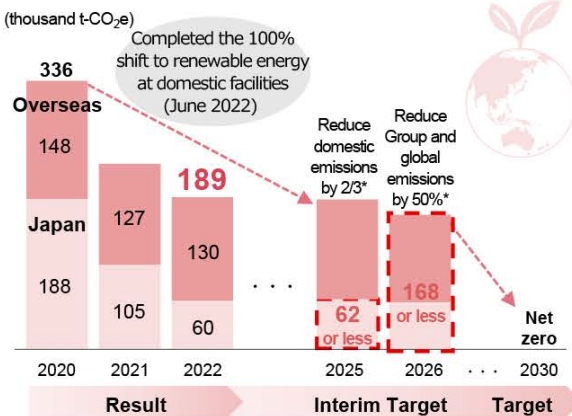
	FY2021	FY2022	Target (FY2040)
Project finance (Billions of US\$)	2.95	2.58	Zero*
Corporate Finance (billion yen)	Approx. 90	Approx. 80	Zero*

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

Engagement Activities

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

GHG Emissions from Our Own Operations (Scope1, 2)



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

* Compared with FY2020

MUFG Transition White Paper



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

Contribution to international discussions to develop frameworks for transition finance

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

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



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

Materialize Measures for Natural Capital and Biodiversity

Beginning of risk analysis aimed at TNFD* disclosure

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

* Taskforce on Nature-related Financial Disclosures

Respecting Human Rights

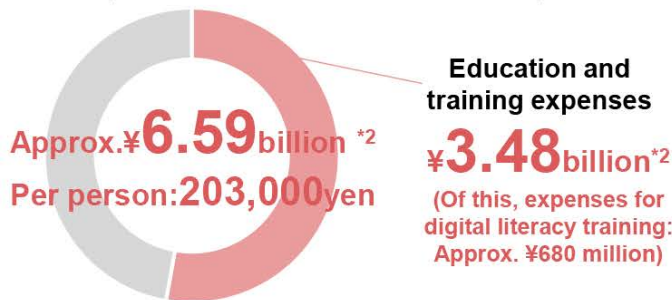
Publication of the MUFG Human Rights Report 2023

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



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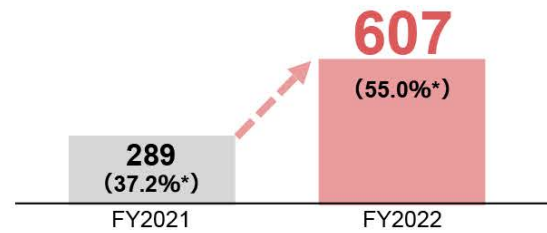
Development- and recruitment-related expenses^{*1}



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

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

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



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

Opportunities for work in Japan and overseas

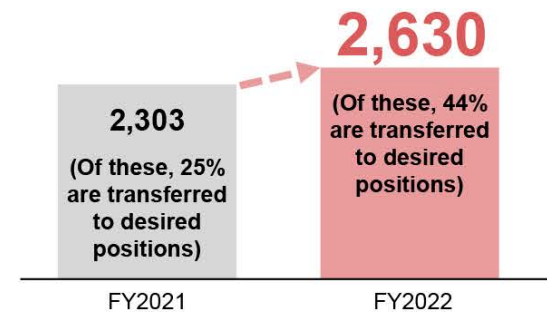
We proactively provide employees with opportunities to acquire diverse competencies and realize their potential in the global stage by seconding them to entities within and outside the Group or dispatching them to countries abroad.



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

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

Enhance opportunities for employees to challenge different assignment within the Group



Returns to employees/Financial wellness

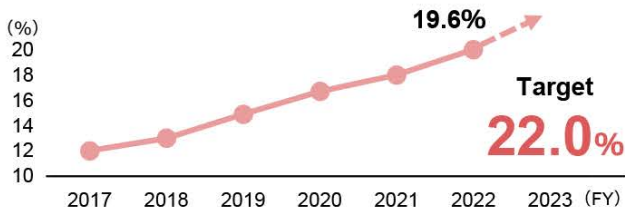
Raised wages

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

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

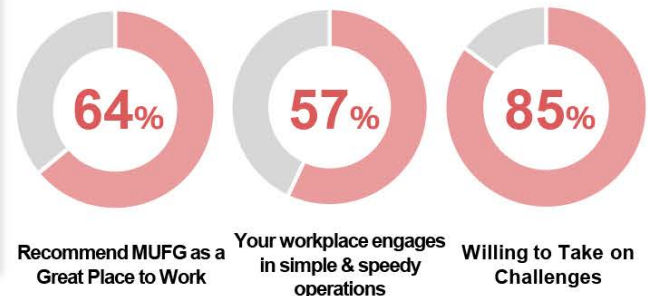
Ratio of Women in Management in Japan*

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



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

Group Awareness and Engagement Survey



Expenses for social contribution activities

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

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

■ MUFG SOUL

Participants
3,423

Framework of funding for ideas for solving social issues that are planned by employees

8,360 million yen

ESG Evaluation

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

* lower scores are better

4th NIKKEI SDGs Management Grand Prix

Grand Prix

Highlights of MUFG Sustainability Report 2023

Environment

Disclosure Based on TCFD Recommendations

Governance

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

Strategy

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

Risk Management

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

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

Metrics and Targets

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

Natural Capital and Biodiversity

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

Society

Respecting Human Rights

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

* Japan Center for Engagement and Remedy on Business and Human Rights

Human Capital

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

Governance

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

External Evaluation

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