

Process of Identifying and Resolving Priority Issues

Process for Identifying 10 Priority Issues

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

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

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

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

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

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

STEP3. Extracting (12 issues)

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

Items included in questionnaires or asked at interviews

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

STEP4. Deliberation and determination (10 issues)

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



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

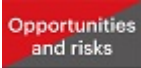
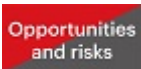


Climate Change Measures & Environmental Protection

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

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

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

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

Main Initiatives

Moving Towards Carbon Neutrality

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

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

[MUFG Carbon Neutrality Declaration](#)

[MUFG Progress Report](#)

Roadmap for Achieving Carbon Neutrality

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

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

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

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

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

	Standard (Base year)	FY2021	Interim Targets for 2030
Power (gCO ₂ e/kWh)	328 (2019)	299	156-192
Oil & Gas (MtCO ₂ e)	84 (2019)	76	(15)% - (28)%
Real estate			
Commercial (kgCO ₂ e/m ²)	65 (2020)	—	44-47 NEW
Residential (kgCO ₂ e/m ²)	27 (2020)	—	23 NEW
Steel (MtCO ₂ e)	22 (2019)	—	(22)% NEW
Shipping (PCA Score*)	PCA+0.6% (2021)	—	PCA≤0% NEW

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

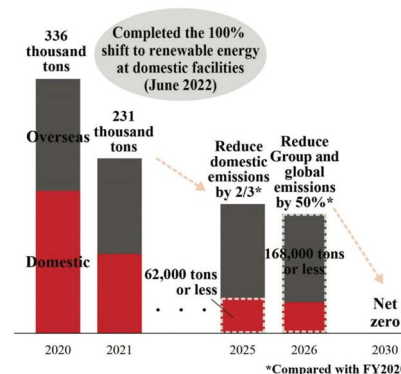
Net Zero GHG Emissions from Our Own Operations

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

< Interim targets >

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

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

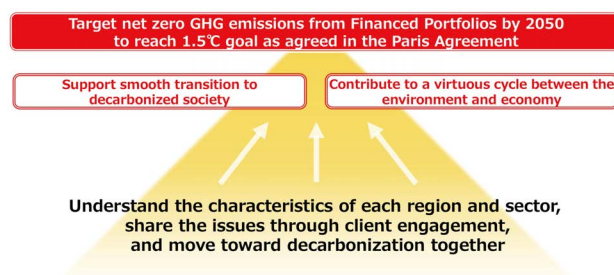


Formulation of a Transition Plan

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

Approach to Achieving Carbon Neutrality

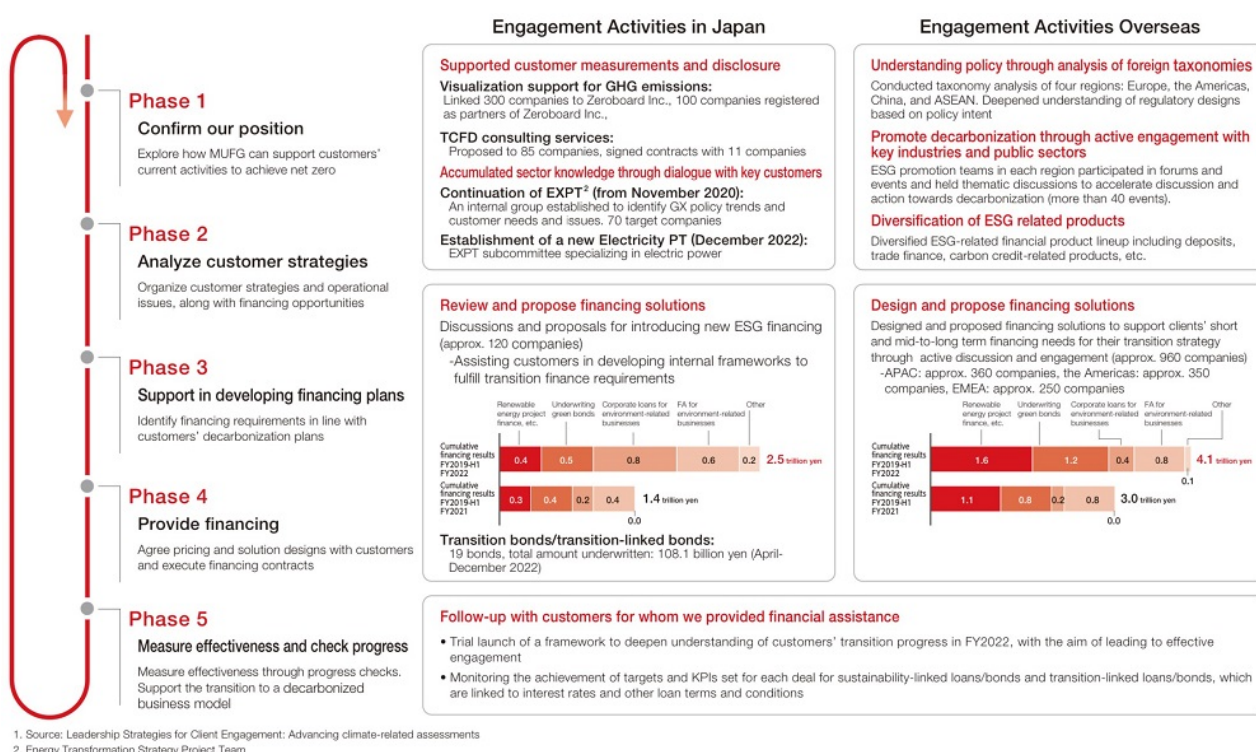
MUFG aims to achieve its priority goals of net-zero emissions and achievement of the 1.5°C target in 2050 by supporting a smooth transition to a decarbonized society and contributing to a virtuous cycle for the environment and the economy. To achieve these goals, we believe that not only net-zero emissions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



Customer Engagement and Support

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

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



Contributing to Global Initiatives

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

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

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

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

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

MUFG Transition Whitepaper 2022

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



Environmental and Social Risk Management in Finance

We implemented MUFG Environmental and Social Policy Framework to manage environmental and social risks associated with our financing^(note). Concerning coal-fired power generation, mining (coal), oil and gas, and other specific sectors in which concerns are raised over environmental and social impacts, including climate change, we have established our finance policy and a due diligence process to identify and assess the environmental and social risks or impacts associated with transactions has been introduced.

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

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

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

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

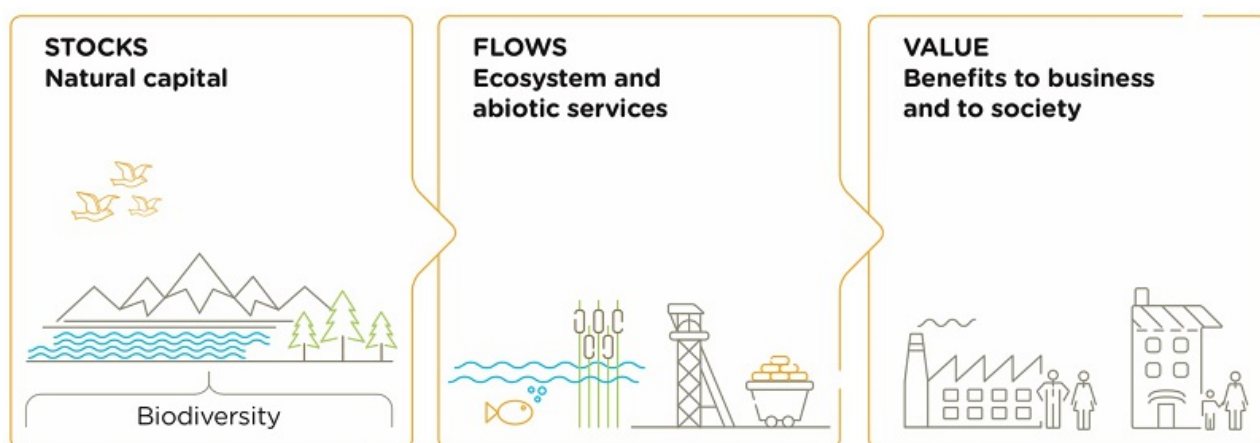
Please see [Disclosure Based on TCFD Recommendations](#) for details.

Initiatives for Protecting Natural Capital and Biodiversity

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

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

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

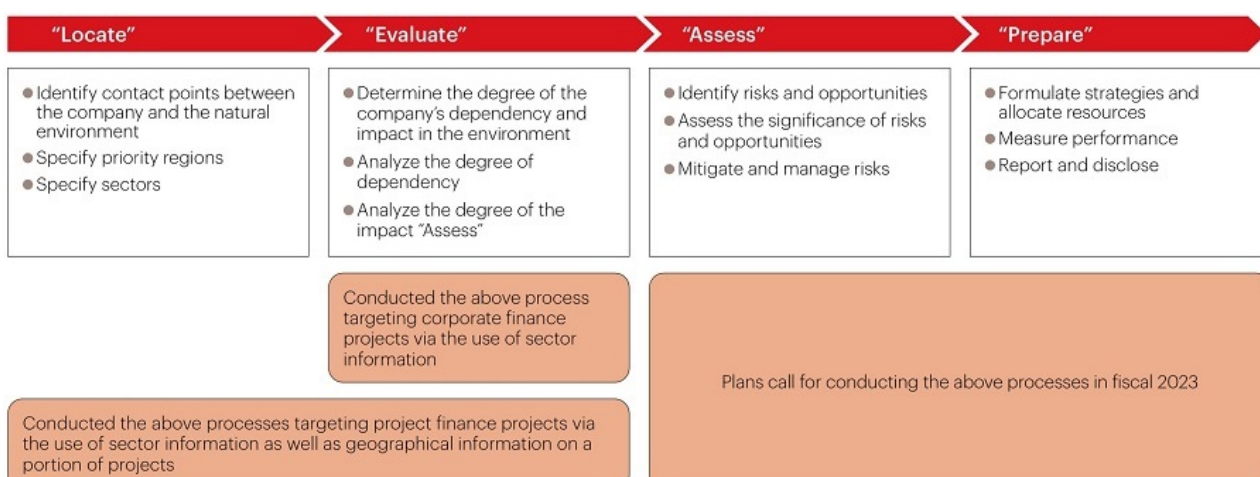


(Source: NATURAL CAPITAL PROTOCOL P.12)

Initiatives to Address the TNFD Disclosure

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

Analysis Process Utilizing the LEAP Approach



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

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

Response to Aging Population & Low Birthrate

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

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

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

Main Initiatives

Main Initiatives in Each Issue Category

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

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

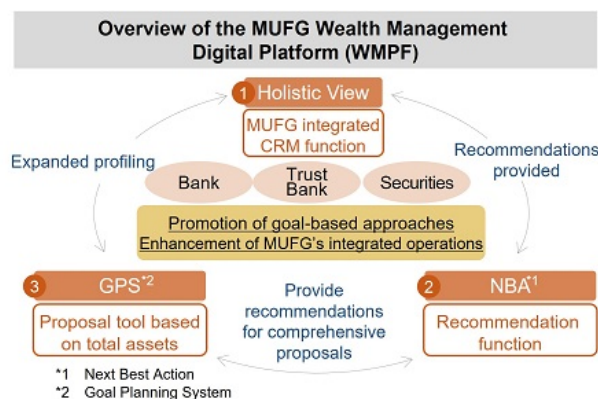
Succession of Businesses and Assets

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

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

Utilization of the MUFG Wealth Management Digital Platform (WMPF)

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



MUFG Inheritance Research Institute

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

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

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

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

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



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

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

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

Details are available below.

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



Response to the Elderly

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

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

Financial Gerontology

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

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

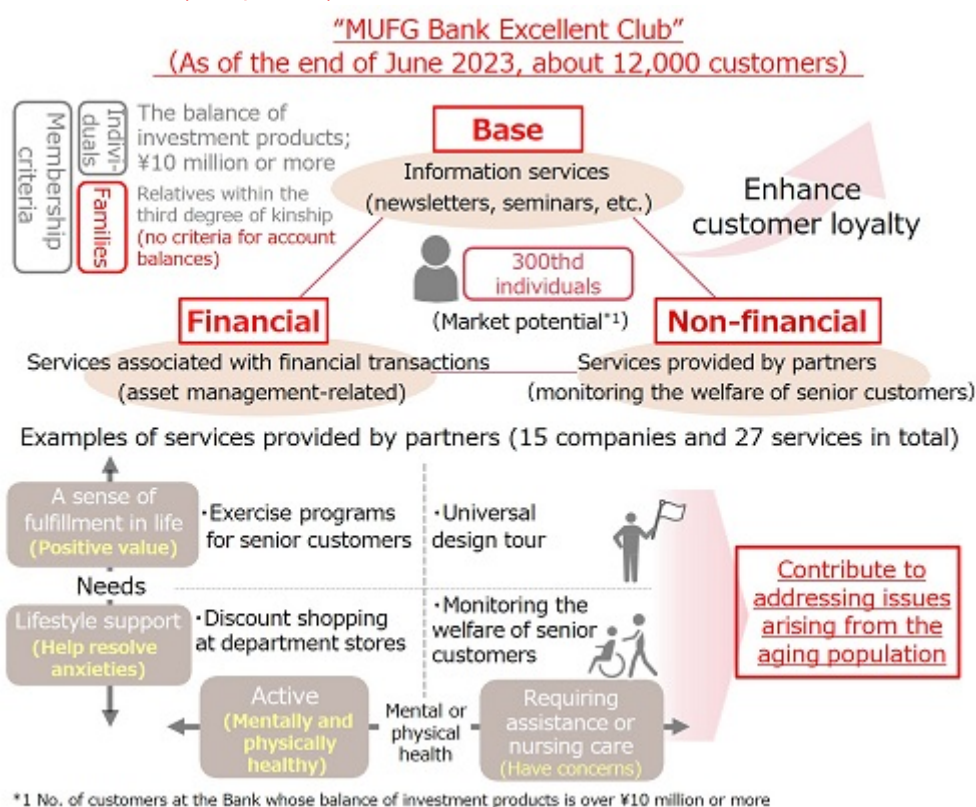
Excellent Club

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

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

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

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



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

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

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

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

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


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

Asset Building

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

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

Money Canvas

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

MUFG Financial Education Institute

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

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

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

Support for Next Generation

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

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



Financial and Economic Education

Support for Employees

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

Diversity, Equity & Inclusion

Inclusion & Diversity

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

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

Main Initiatives

Promoting Diversity, Equity & Inclusion (DEI)



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

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

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

Thinking on DEI

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

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

Compensation System

MUFG's compensation system for Executives is aimed at ensuring the achievement of short-term performance targets and intended to better incentivize these individuals to contribute to a medium- to long-term improvement in corporate value and encourage them to take on the challenge of driving innovation.

In FY2022, we added DEI targets to qualitative assessment indicators for determining the amount of bonuses vis-à-vis the execution status of the recipients' duties to facilitate management efforts to promote and secure the robust employee understanding of DEI.

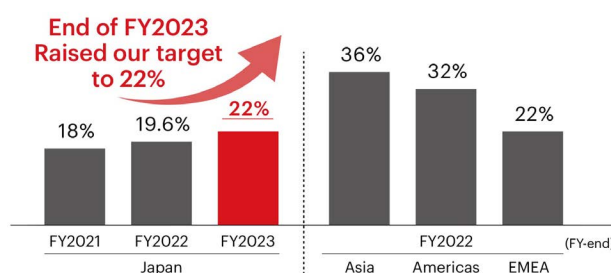
Raising the Target for the Ratio of Women in Management in Japan from 20% to 22%

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

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

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

Ratio of Female Managers*1



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

Encouraging Male Employees to Participate in Childcare

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

Ratio of male employees taking childcare leave

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

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

The Gender Pay Gap and Initiatives to Eliminate It

■ The Gender Pay Gap

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

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

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

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

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

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

(note) Core Officer only at targeted companies.

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

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

Promoting Understanding of LGBTQ

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

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

Active Participation of People with Disabilities

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

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

Active Participation of Senior Personnel

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

Nurturing Global Human Resources

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

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

External Evaluation

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



Promotion through Financial Functions and Social Contribution Activities

Issuance of Gender Bonds by Krungsri (Bank of Ayudhya)

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



Donations for Supporting Women's Health

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

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

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



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

Developing Social Infrastructure

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

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

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

Main Initiatives

Solving Social Issues Using Social Loans

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

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

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

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

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



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

In recognition of the initiatives described above, MUFG was chosen in 2022 as “Global Bank of the Year” by Project Finance International (PFI), a leading publication company in the project financing industry.

Looking ahead, we will continue supporting projects that empower our stakeholders, by leveraging our world-leading specialist expertise, extensive experience, and our robust global network.

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

Installation of Mobility Infrastructure Using MUFG Assets

■ Installation of electric micromobility sharing stations at bank locations

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

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



New sharing station installed at the Ebisu Branch

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

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

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

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

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

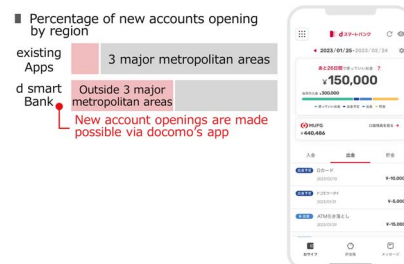
Efforts for Financial and Digital Platform Operator

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

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

■ Digital account services (d smart bank)

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

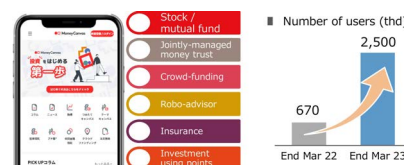


■ Addition of easy deferred payments to our product lineup

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

■ Money Canvas Asset management platform

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



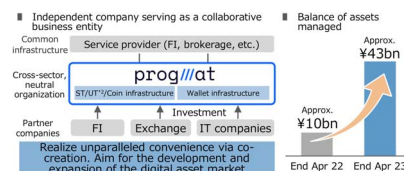
Response to Aging Population & Low Birthrate

■ Progmatt: Digital asset platform

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

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

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



Security Measures to Counter Growing Threats

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

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

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

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

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

Risk Management

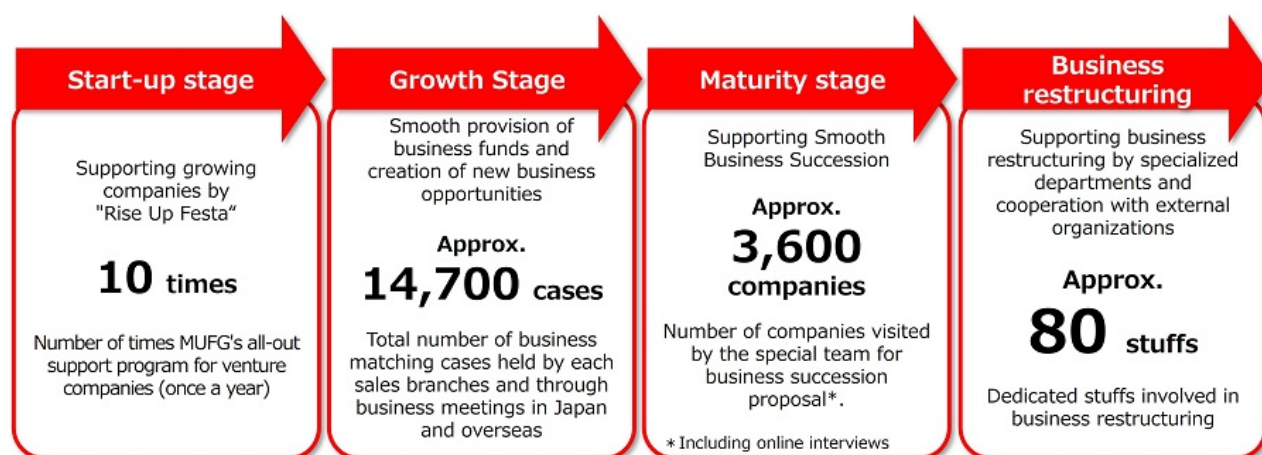
Supporting Industrial Development & Innovation

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

MUFG's recognition	Opportunities and risks 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.
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Main Initiatives

Supporting Every Business Stage



Hosting of "MUFG ICJ ESG Accelerator in Tokyo"

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

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

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

Holding the 10th Rise Up Festa

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

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

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

Financing Support for Energy Startup PowerX, Inc.

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

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

< PowerX Charge Station >



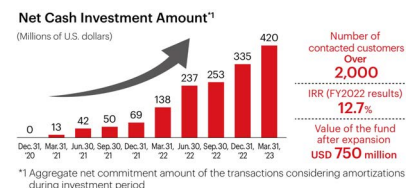
Nationwide, PowerX is rolling out ultra-fast EV charging stations using 100% energy from renewable sources.

Mars—Supporting Startups via the Use of AI Technologies

Initiatives Undertaken by Mars Growth Capital

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

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

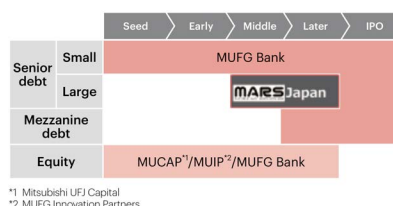
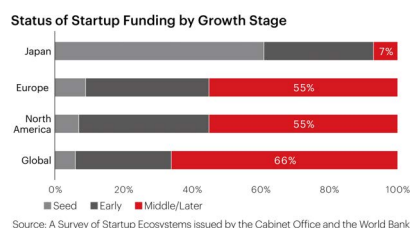


Launching Mars Japan

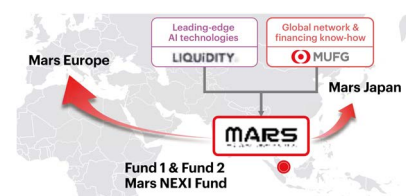
Pre-unicorn companies in middle or later stages often need to receive large-size debt financing to achieve growth. However, compared to countries abroad, Japan has far fewer major lenders capable of such financing. Because of this, domestic pre-unicorn companies tend to be dependent solely on equity-based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

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

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



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



Contributing to Development and Solutions in the Space Industry

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

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

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

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

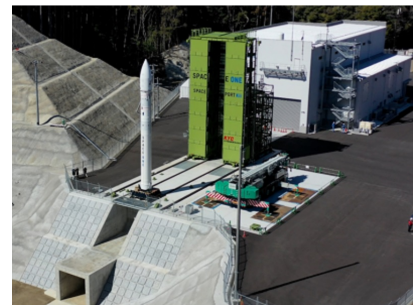
Support for a Small Rocket-based Satellite Launch Business: Collaboration with Space One

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

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

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

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



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

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

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

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

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



Astroscale Holdings' ADRAS-J commercial debris removal demonstration satellite

Support for Regional Revitalization

[MUIC Kansai]

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

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

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

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

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

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



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

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

MUIC Kansai

Signing of Partnership Agreement with ES CON FIELD HOKKAIDO

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

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

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

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



ALL JAPAN Tourist Area Regeneration/Revitalization Fund

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

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

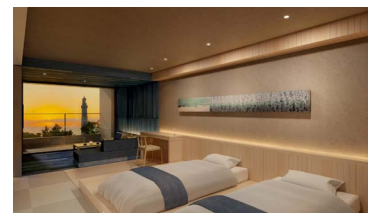
The number of investment projects totaled 37 (15 real estate investments and 22 venture investments). Some of these projects are listed below.

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

Examples of Investment Projects

KAI Izumo (Izumo City, Shimane Prefecture)

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



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

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



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

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



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

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



Interest Rate Subsidy Program to Support Regional Revitalization

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

Interest Rate Subsidy Program to Support Comprehensive Special Zones

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

Ensuring Equal Access to Financial Services

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

MUFG's recognition	<div data-bbox="368 629 512 696"> Opportunities and risks </div> 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.
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Main Initiatives

Capturing Digital Financial Needs in Asia

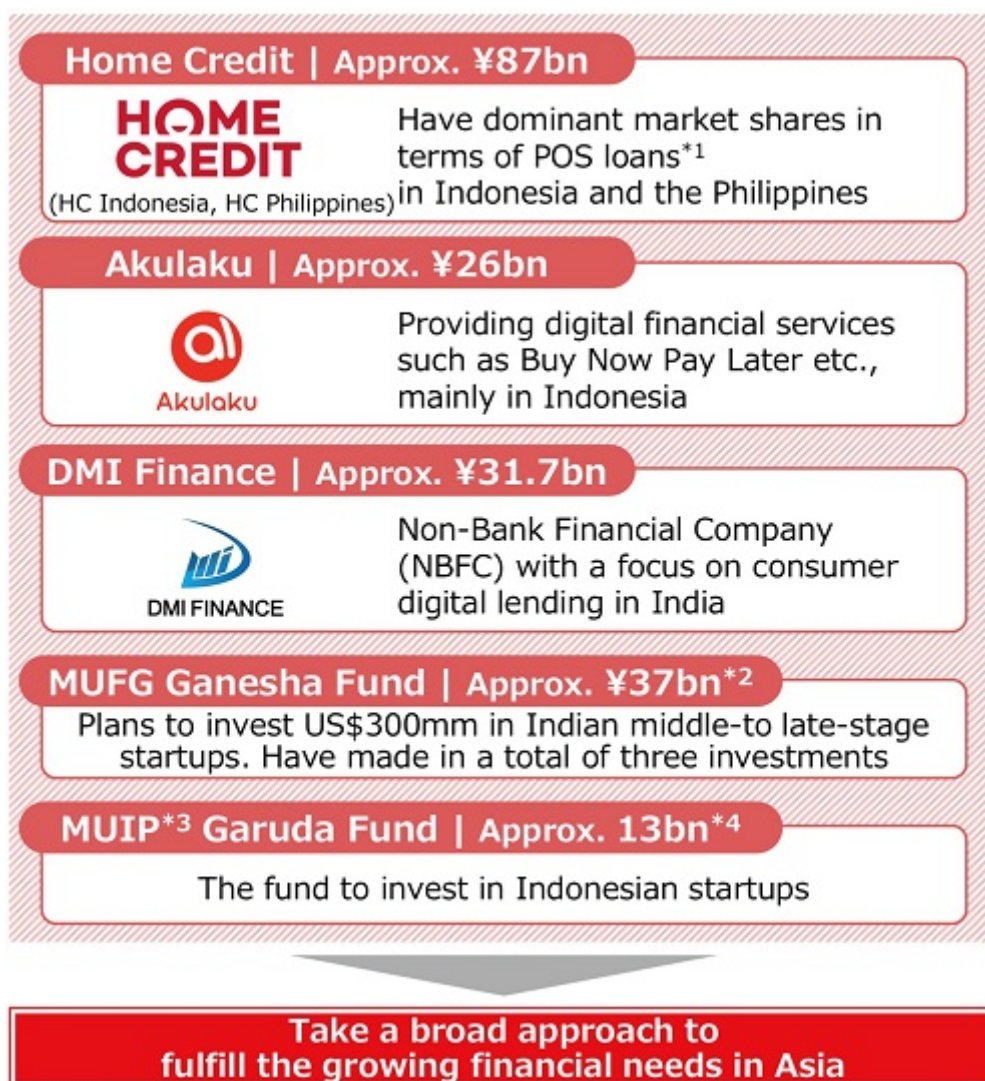
MUFG has positioned Asia as our second “home market” and has been proactively pushing ahead with investment in the ASEAN region with the aim of capturing opportunities arising from the region’s burgeoning economic growth. To date, MUFG has invested in four commercial banks in Thailand, Indonesia, Vietnam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

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

Investment in Digital Financial Players

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

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



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

Collaboration with Grab

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

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

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

Promoting Workstyle Reforms

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

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

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

Main Initiatives

Promotion of Smart Work

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



The Development of a Working Environment Supportive of Remote Working

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

Paperless Initiatives

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

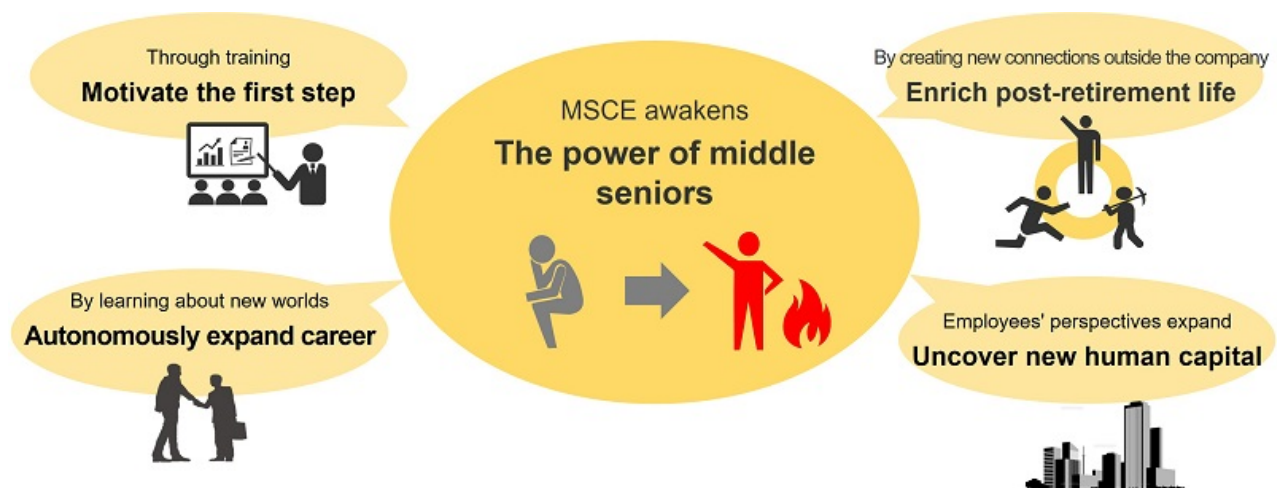
Autonomous Career Development for "Middle Senior" Workers

Establishment of the "Middle Senior Career Expansion Consortium"

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

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

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



Response to Poverty

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

MUFG's recognition	<table> <tr> <td data-bbox="367 705 526 743">Risks</td><td data-bbox="526 705 1433 869">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).</td></tr> </table>	Risks	Poverty often results in a variety of other problems posing serious threats to social stability (e.g., public health, hygiene and security) and human rights (e.g., sufficiency in food, clothing and housing) as well as to the formation of a basis for sustainable economic growth (e.g., educational equality).
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Main Initiatives

Continuous Support

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

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

Supporting Dining Services for Disadvantaged Children

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

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



Corporate Social Responsibility Activities

Children's Poverty Symposium

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



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

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

Reduction of Educational Disparities

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

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

Main Initiatives

Establishing the Ashinaga MUFG Scholarship

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



Supporting Charities that aim to empower girls in South Africa

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

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

Contributing to Improving the Quality of Education

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



Overcoming Threats to Health

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

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

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

Main Initiatives

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

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

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



Krungsri Breast Cancer Awareness Project

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

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

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



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Initiatives Related to Food and Nutrition

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

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

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

Initiative for the Creation of a Japanese Nutrient Profile

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

Sponsorship of the SKS Japan Foodtech Event

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