Status of Implementation of the Principles for Responsible Banking (PRB) 2023

Published: September 29, 2023

Mitsubishi UFJ Financial Group (MUFG) is a signatory to the Principles for Responsible Banking (PRB) proposed by the United Nations Environment Programme and Finance Initiative (UNEP FI). Based on the objectives of the Principles for Responsible Banking, which were formulated to encourage banks to conduct business activities that are consistent with the goals of the international society, such as the Sustainable Development Goals (SDGs) and the Paris Agreement, MUFG will further develop its strategy from the perspective of "solving social issues" and strive to strengthen its contribution to international social goals.

Principle 1: Alignment



We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

Business model

Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.

MUFG is a global financial services group that encompasses diversified Group companies, including MUFG Bank, Mitsubishi UFJ Trust and Banking, and Mitsubishi UFJ Morgan Stanley Securities.

We help our customers achieve growth by employing our many strengths. MUFG's operations consist of seven business groups: Digital Service Business, Retail & Commercial Banking Business, Japanese Corporate & Investment Banking Business, Global Corporate & Investment Banking Business, Global Commercial Banking Business, Asset Management & Investor Services Business, and Global Markets Business.

SEC Filings -Form 20 Fiscal Year Ended Mar. 2023

https://www.mufg.j p/dam/ir/report/ann ual_report/pdf/ar20 23_en.pdf



Together, these operations constitute a well-balanced portfolio, through which we provide a range of services to customers. Today, we are globally developing our business in Europe, the Middle East, Africa, the Americas, Asia, and Oceania.	
Our lending balance totaled approximately 109.1 trillion yen at the end of March 2023, of which domestic loans accounted for approximately 60% (67.4 trillion yen) and overseas loans for the remaining 40% (41.7 trillion yen).	
We will help resolve issues confronting customers and society and deliver unique value that only MUFG is capable of creating as we move ahead toward our vision of becoming the world's most trusted financial group.	
Strategy alignment Does your corporate strategy identify and reflect sustainability as strategic p Yes	riority/ies for your bank?
□ No	
Please describe how your bank has aligned and/or is planning to align consistent with the Sustainable Development Goals (SDGs), the Paris and relevant national and regional frameworks.	
Does your bank also reference any of the following frameworks or sust reporting requirements in its strategic priorities or policies to implement	
☑ International Labour Organization fundamental conventions	
☑ UN Global Compact	
☐ UN Declaration on the Rights of Indigenous Peoples	
☑ Any applicable regulatory reporting requirements on environmental on climate risk - please specify which ones: Task Force on Climate-Re Disclosures: TCFD	
☑ Any applicable regulatory reporting requirements on social risk assembler slavery - please specify which ones: Modern Slavery Act 2015 Modern Slavery Act 2018	. •
☐ None of the above	
In alignment with the SDGs and other frameworks, we have	MUFG Sustainabili
defined the following 10 priority issues that must be tackled:	ty Report 2022
· Climate Change Measures & Environmental Protection	https://www.mufg.j
Response to Aging Population & Low Birthrate	p/dam/csr/report/2
· Inclusion & Diversity	022/sr2022_en.pdf
	1



- · Developing Social Infrastructure
- · Supporting Industrial Development & Innovation
- · Ensuring Equal Access to Financial Services
- · Promoting Workstyle Reforms
- · Response to Poverty
- · Reduction of Educational Disparities
- · Overcoming Threats to Health

Furthermore, with a view to helping achieve the goals of the Paris Agreement, we will support a smooth transition to a decarbonized society through our financial services, and proactively contribute to creating a sustainable society by fostering a virtuous cycle between the environment and the economy. Specifically, we aim to achieve net zero greenhouse gas (GHG) emissions across our financed portfolio by 2050 and net zero GHG emissions in our own operations by 2030.

Moreover, we reference the frameworks and sustainability regulatory reporting requirements indicated above as relevant national and regional frameworks, and are participating in and have endorsed the following initiatives:

- The United Nations Global Compact (UNGC)
- · Partnership for Carbon Accounting Financials (PCAF)
- · Science Based Targets initiative (SBTi)
- · Principles for Responsible Investment (PRI)
- · Global Reporting Initiative (GRI)
- · Sustainability Accounting Standards Board (SASB)
- · The Poseidon Principles
- · The Equator Principles
- Net-Zero Banking Alliance (NZBA)
- · Glasgow Financial Alliance for Net Zero (GFANZ)
- Task Force on Climate-Related Financial Disclosures (TCFD)
- Taskforce on Nature-related Financial Disclosures (TNFD)

MUFG Carbon Neutrality Declaration

https://www.mufg.j p/english/csr/enviro nment/cnd/index.ht ml

Participation in Initiatives

https://www.mufg.j p/english/csr/initiati ves/index.html

MUFG Human Rights Report 2023

https://www.mufg.j p/dam/csr/report/h umanrights/2023_e n.pdf



Principle 2: Impact and Target Setting



We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

2.1 Impact Analysis (Key Step 1)

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly¹ and fulfil the following requirements/elements (a-d)²:

<u>a) Scope:</u> What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.

As described in Principle 1, we provide a range of services through various channels while developing our business globally, with domestic loans accounting for approximately 60% of our lending balance and overseas loans for the remaining approximately 40% (the U.S., the UK, France, and Hong Kong, among others). As such, we performed the impact analysis taking our global lending balance (**) into consideration, rather than limiting the scope to any particular countries or regions.

We analyzed the lending balance of corporate finance by industry, excluding that of Bank Danamon and Krungsri(Bank of Ayudhya). SEC Filings -Form 20 Fiscal Year Ended March 2023

https://www.mufg.j p/dam/ir/report/ann ual_report/pdf/ar20 23_en.pdf

b) *Portfolio composition:* Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope

i) by sectors & industries³ for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or

ii) by products & services and by types of customers for consumer and retail banking portfolios.

¹ That means that where the initial impact analysis has been carried out in a previous period, the information should be updated accordingly, the scope expanded as well as the quality of the impact analysis improved over time.

² Further guidance can be found in the <u>Interactive Guidance on impact analysis and target setting</u>.

³ 'Key sectors' relative to different impact areas, i.e. those sectors whose positive and negative impacts are particularly strong, are particularly relevant here.



If your bank has taken another approach to determine the bank's scale of exposure, please elaborate, to show how you have considered where the bank's core business/major activities lie in terms of industries or sectors.

In considering our portfolio composition, we used the results of the Portfolio Impact Analysis Tool for Banks (v.3) provided by the United Nations Environment Programme Finance

Initiative as a reference and visualized the composition of our balance of lending on a global basis in accordance with the International Standard Industrial Classification (ISIC) codes.

The results are as follows: (This result includes rounding errors.)



ISI	C Code	Lending Balance Percentage
Α	Agriculture, forestry and fishing	0.1%
В	Mining and quarrying	1.6%
С	Manufacturing	22.3%
D	Electricity, gas, steam and air conditioning supply	8.2%
F	Water supply; sewerage, waste management and	0.5%
	remediation activities	0.570
F	Construction	1.5%
G	Wholesale and retail trade; repair of motor vehicles	12.3%
G	and motorcycles	12.570
Н	Transportation and storage	5.3%
	Accommodation and food service activities	0.9%
J	Information and communication	4.0%
Κ	Financial and insurance activities	21.5%
L	Real estate activities	12.1%
М	Professional, scientific and technical activities	1.3%
Ν	Administrative and support service activities	0.9%
0	Public administration and defence; compulsory	4.4%
	social security	4.470
Р	Education	0.3%
Q	Human health and social work activities	0.9%
R	Arts, entertainment and recreation	0.3%
S	Other service activities	0.3%
	Activities of households as employers;	
Т	undifferentiated goods- and services-producing	0.0%
	activities of households for own use	
U	Activities of extraterritorial organizations and bodies	0.0%
*	Unclassifiable	1.1%

The ISIC codes "C. Manufacturing," "K. Financial and insurance activities," and "G. Wholesale and retail trade; repair of motor vehicles and motorcycles" make up the majority of our lending balance composition.



<u>c) Context:</u> What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate?⁴ Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.

This step aims to put your bank's portfolio impacts into the context of society's needs.

Challenges and Priorities in the Main Country (Japan)

We recognize climate change and biodiversity as the important challenges and priorities in Japan, which is MUFG's main country, as well as globally.

<Climate change >

- TCFD was established by the Financial Stability Board to develop recommendations for the information that financial institutions and companies should disclose the risks and opportunities for their business created by climate change, and thereby provide the information necessary for investors to make better decisions.
- ➤ At COP27(The 27th Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change), the Sharm el-Sheikh Implementation Plan was adopted. The plan calls on the Parties to the Convention to reinforce their climate change measures.
- ➤ In October 2020, the Japanese government declared a goal of achieving carbon neutrality by 2050. In addition, at its Global Warming Prevention Headquarters and at a climate summit hosted by the U.S., Japan announced an ambitious target consistent with the 2050 goal (to cut GHG emissions by 46% from 2013 levels by fiscal 2030).

<Natural capital and biodiversity >

➤ TNFD was established by four organizations, namely the United Nations Development Programme (UNDP), the World Wildlife Fund (WWF), the United Nations Environment Programme Finance Initiative (UNEP FI), and a UK non-governmental organization (NGO), with the goal of providing a framework for financial institutions and companies to disclose nature-attributed risks and to take action, and shifting the global flow of funds to one that has a positive impact on nature. The final version of the

Priority Issues

https://www.mufg.j p/english/csr/materi ality/index.html

MUFG Report 2023 (JGAAP)

https://www.mufg.jp /dam/ir/report/annua l_report/pdf/ir2023_a ll_en.pdf

MUFG Progress Report 2023

https://www.mufg.j p/dam/csr/report/pr ogress/202304_en.p df

⁴ Global priorities might alternatively be considered for banks with highly diversified and international portfolios.



TNFD framework was disclosed in September 2023.

- At COP15(the 15th Conference of the Parties to the United Nations Convention on Biological Diversity), the Kunming-Montreal Biodiversity Framework was adopted as an international target. Then, it set the 2050 vision and 23 action targets. The "30 by 30" target was globally agreed upon as an action target to achieve.
- ➤ In addition, the National Biodiversity Strategy and Action Plan of Japan 2023-2030 was formulated in March 2023 as Japan's national strategy for achieving the abovedescribed global targets.

MUFG's Challenges and Priorities

As described under Principle 1, with the conviction that environmental and social sustainability are essential to achieving sustainable growth for MUFG, we are engaging in value creation in which the execution of management strategies goes in tandem with the pursuit of solutions for social issues. We have defined the following 10 priority issues that must be tackled to help achieve environmental and social sustainability in light of our Purpose. "Committed to empowering a brighter future", with an eye to better fulfilling society's expectations in areas where MUFG's capabilities can be brought to bear:

- Climate Change Measures & Environmental Protection
- Response to Aging Population & Low Birthrate
- Inclusion & Diversity
- Developing Social Infrastructure
- Supporting Industrial Development & Innovation
- Ensuring Equal Access to Financial Services
- Promoting Workstyle Reforms
- Response to Poverty
- Reduction of Educational Disparities
- Overcoming Threats to Health

We recognize Climate Change Measures & Environmental Protection as an issue that requires special attention, in



light of recent global trends and moves made by the Japanese government.

<Climate change >

- We announced the MUFG Carbon Neutrality Declaration in May 2021, and are implementing various measures to achieve net zero GHG emissions from our financed portfolio by 2050 and net zero GHG emissions from our own operations by 2030.
- ➤ In April 2022 and April 2023, we published the MUFG Progress Report to inform a wide range of stakeholders about MUFG's initiatives.
- ➤ Furthermore, we have actively communicated our views globally through the MUFG Transition White Paper, which was published in October 2022 and summarizes the decarbonization efforts of Japanese companies as well as the energy policy of Japan.
- <Natural capital and biodiversity >
- MUFG recognizes that loss of biodiversity poses a risk to the investments and financing of financial institutions. As actions taken by companies to preserve biodiversity may also provide business opportunities for financial institutions, we believe that an appropriate evaluation of risks and opportunities is essential.
- Based on these ideas, to promote efforts related to biodiversity, in February 2022 MUFG joined the Task Force on Nature-related Financial Disclosures (TNFD) Forum, which was launched in June 2021, and also participated in a meeting of the TNFD Consultation Group of Japan, which was established in June 2022.
- Additionally, referring to the LEAP(Locate, Evaluate, Assess, Prepare) approach, we have started to analyze natural capital-related risks. Specifically, we are using a risk analysis tool called ENCORE to analyze our dependence and impacts on the natural environment.

We believe that efforts in the two aforementioned areas ("Climate change" and "Natural capital and biodiversity")



will gain momentum, especially given their alignment with global targets and the Japanese government's commitment to international conventions. Consequently, MUFG can significantly enhance its impact in these areas through our products and services. We, therefore, prioritize these two areas for special consideration in the final selection of the most impactful areas.

Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2)5? Please disclose.

With reference to the analysis from UNEP-FI's provided tool, MUFG has identified and prioritized areas meeting the following conditions as significant impact areas:

- Areas in which sectors to focus on further are easily identified
- Areas with a global impact, such as those with global targets

Consequently, in alignment with global trends and significant focus in major countries, and considering our concentrated impact in specific sectors, we have identified the following two topics as priority issues and designated them as significant impact areas to prioritize:

Climate change

Natural capital and biodiversity

The top 10 positive and negative impact areas identified through an analysis performed using UNEP-FI's provided tool are shown below.

Positive impact areas

1: Availability, accessibility, affordability, quality of resources & services (98.87%); 2: Livelihood (98.87%);

3: Healthy economies (87.87%); 4: Health & safety

⁵ To prioritize the areas of most significant impact, a qualitative overlay to the quantitative analysis as described in a), b) and c) will be important, e.g. through stakeholder engagement and further geographic contextualisation.



(85.87%); 5: **Climate stability** (80.41%); 6: Infrastructure (74.62%); 7: Circularity (61.29%); 8: **Biodiversity & healthy ecosystems** (56.35%); 9: Equality & justice (52.54%); 10: Integrity & security of person (29.10%)

Negative impact areas

1: Health & safety (98.87%); 2: Livelihood (98.87%); 3: Circularity (98.87%); 4: Climate stability (95.97%); 5: Biodiversity & healthy ecosystems (87.26%); 6: Availability, accessibility, affordability, quality of resources & services (87.13%); 7: Integrity & security of person (63.21%); 8: Healthy economies (60.58%); 9: Equality & justice (59.23%); 10: Strong institutions, peace & stability (59.14%)

<u>d)</u> For these (min. two prioritized impact areas): <u>Performance measurement</u>: Has your bank identified which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context.

In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank's current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank's activities and provision of products and services. If you have identified climate and/or financial health&inclusion as your most significant impact areas, please also refer to the applicable indicators in the Annex.

If your bank has taken another approach to assess the intensity of impact resulting from the bank's activities and provision of products and services, please describe this.

The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact.

Climate change

The NZBA Guidelines define nine carbon-intensive sectors that should be prioritized when setting targets: power generation, oil and gas, coal, residential real estate, iron and steel, aluminum, cement, transport, and agriculture. Within these sectors, MUFG gives particular priority to the power and oil & gas sectors for the following reasons:

1. CO2 emissions from the power sector account for

MUFG Carbon Neutrality Declaration

https://www.mufg.jp /english/csr/environ ment/cnd/index.html



- approximately 40% of global CO2 emissions. The power sector is expected to take a leading role in promoting decarbonization across industries through electrification.
- Oil & gas are widely consumed by industry and households, accounting for approximately 50% of global CO2 emissions from fuels and therefore important for reducing GHG emissions.
- 3. Both sectors within the MUFG portfolio have relatively high levels of financed emissions.
- ➤ In view of the above, MUFG has set targets for these areas (net zero GHG emissions from our financed portfolio (power and oil & gas sectors)).
- ➤ Furthermore, we use GHG emissions intensity (gCO2e/kWh), a measure of emission efficiency, as the metric to assess the performance of the power sector. This approach is necessary as the sector must meet the rising demand for electricity while also advancing its transition to clean energy sources. On the other hand, we have chosen to use absolute GHG emissions (MtCO2e) as the metric to evaluate performance in the oil & gas sector to directly capture fossil fuel burns.

Natural capital and biodiversity

- ➤ This area is included for the first time in this disclosure, and we are currently working on analyzing risks and opportunities related to natural capital in preparation for disclosure in line with the TNFD recommendations.
- ➤ Specifically, we are using a risk analysis tool called ENCORE

 (Exploring Natural Capital Opportunities, Risks and Exposure) to assess our dependence and effects on the natural environment. We will evaluate our next steps based on the results of this analysis and in consideration of global trends.



Self-assessment summary:				
Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts? ⁶				
Scope:		⊠ Yes	□ In progress	□ No
Portfolio co	omposition:	⊠ Yes	□ In progress	□ No
Context:			☐ In progress	□ No
Performan	ce measurement:		☐ In progress	□ No
Which most s the impact an	significant impact are	as have you	u identified for your b	oank, as a result of
Climate chang	e,Natural capital and b	oiodiversity		
How recent is the data used for and disclosed in the impact analysis?				
⊠ Up to 6	6 months prior to public	cation		
□ Up to	12 months prior to publ	ication		
□ Up to	18 months prior to publ	ication		
□ Longe	r than 18 months prior	to publicatio	n	

⁶ You can respond "Yes" to a question if you have completed one of the described steps, e.g. the initial impact analysis has been carried out, a pilot has been conducted.



2.2 Target Setting (Key Step 2)

Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.

The targets7 have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:

<u>Alignment:</u> which international, regional or national policy frameworks to align your bank's portfolio with⁸ have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks.

You can build upon the context items under 2.1.

Climate change

- ➤ Following the NZBA Guidelines, we set targets that are scientifically "well below 2 degrees Celsius, preferably to 1.5 degrees Celsius," as agreed in the Paris Agreement.
- Accordingly, the 2030 interim targets for the power and oil
 & gas sectors were set at levels, well below IEA's less-than
 2 degrees Celsius, aiming for those consistent with 1.5
 degrees Celsius scenario.

Natural capital and biodiversity

Going forward, we will consider aligning with the goals agreed upon at COP15 and the National Biodiversity Strategy and Action Plan of Japan 2023-2030.

MUFG Carbon Neutrality Declaration

https://www.mufg.jp /english/csr/environ ment/cnd/index.html

b) Baseline: Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.

You can build upon the performance measurement undertaken in 2.1 to determine the baseline for your target.

A package of indicators has been developed for climate change mitigation and financial health & inclusion to guide and support banks in their target setting and implementation journey. The overview of indicators can be found in the <u>Annex</u> of this template.

If your bank has prioritized climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex, using an overview table like below including the impact area, all relevant indicators and the corresponding indicator codes:

Impact area	Indicator	Response
	code	
Climate		
change		
mitigation		



Impact area	Indicator code	Response
Financial		
health &		
inclusion		

In case you have identified other and/or additional indicators as relevant to determine the baseline and assess the level of alignment towards impact driven targets, please disclose these.

Climate change

> The 2019 baseline metrics are as follows:

✓ Power sector: 328gCO₂e/kWh
 ✓ Oil & gas sector: 84MtCO₂e

➤ Following the NZBA Guidelines, we set targets based on the baselines above that are scientifically "well below 2 degrees Celsius, preferably to 1.5 degrees Celsius," as agreed to in the Paris Agreement.

Natural capital and biodiversity

> The baselines have not been established yet.

Note: As mentioned above, we are currently working on analyzing natural capital-related risks and opportunities as part of our preparations for disclosure, in line with the TNFD recommendations, and will consider setting the baselines later on.

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https://www.mufg.jp /dam/csr/report/prog ress/202304_en.pdf

SMART targets (incl. key performance indicators (KPIs)⁹): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.

Climate change

➤ Target: Net zero GHG emissions across our financed portfolio by 2050

MUFG Progress Report 2023

⁷ Operational targets (relating to for example water consumption in office buildings, gender equality on the bank's management board or business-trip related greenhouse gas emissions) are not in scope of the PRB.

⁸ Your bank should consider the main challenges and priorities in terms of sustainable development in your main country/ies of operation for the purpose of setting targets. These can be found in National Development Plans and strategies, international goals such as the SDGs or the Paris Climate Agreement, and regional frameworks. Aligning means there should be a clear link between the bank's targets and these frameworks and priorities, therefore showing how the target supports and drives contributions to the national and global goals.

⁹ Key Performance Indicators are chosen indicators by the bank for the purpose of monitoring progress towards targets.



➤ Interim targets for 2030

✓ Power sector: 156-192gCO₂e/kWh

✓ Oil & gas sector: 15-28% reduction from the baseline

https://www.mufg.jp /dam/csr/report/prog ress/202304 en.pdf

Natural capital and biodiversity

➤ Target: Identify risks and opportunities related to biodiversity and disclose them in accordance with the TNFD framework during fiscal 2024.

d) Action plan: which actions including milestones have you defined to meet the set targets? Please describe.

Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.

Climate change

- ➤ Power sector: MUFG will support its customers' green, transition, and innovation efforts and promote renewable energy on a global basis.
- ➤ Oil & gas sector: MUFG will support its customers' efforts to reduce emissions through engagement.
- ➤ In addition, we check each deal in accordance with the MUFG Environmental and Social Policy Framework when engaging in the above-mentioned financing. For large-scale deals, we take actions based on the Equator Principles.

Natural capital and biodiversity

As mentioned in "2.1 d)," we are currently working on analysis and identification of risks and opportunities related to natural capital in line with the TNFD framework.

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https://www.mufg.jp /dam/csr/report/prog ress/202304_en.pdf

MUFG

Environmental and Social Policy Framework

https://www.mufg.jp /english/csr/policy/in dex.html

The Equator Principles

https://www.mufg.jp /english/csr/environ ment/equator/index. html



Self-assessment	summary				
Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your					
	first area of most significant impact: (Climate change)	second area of most significant impact: (Natural capital and biodiversity)	(If you are setting targets in more impact areas)your third (and subsequent) area(s) of impact: (None)		
Alignment	⊠ Yes	□ Yes	□ Yes		
	☐ In progress	☑ In progress	☐ In progress		
	□ No	□ No	⊠ No		
Baseline	⊠ Yes	□ Yes	□ Yes		
	☐ In progress	☑ In progress	☐ In progress		
	□ No	□ No	⊠ No		
SMART targets	⊠ Yes	□ Yes	□ Yes		
	☐ In progress	☑ In progress	☐ In progress		
	□ No	□ No	⊠ No		
Action plan	⊠ Yes	□ Yes	□ Yes		
	☐ In progress	☑ In progress	☐ In progress		
	□ No	□ No	⊠ No		



2.3 Target implementation and monitoring (Key Step 2)

For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target.

Report on your bank's progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

Or, in case of changes to implementation plans (relevant for 2nd and subsequent reports only): describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

Climate change

> Examples of achievements related to the action plan mentioned in "2.2 d)" are provided below.

Collaborated with Zeroboard Inc. and Japan Credit Rating Agency Ltd. to develop a sustainability-linked loan framework for a Japanese trading company to encourage the calculation, disclosure, and reduction of GHG emissions throughout the supply chain

- Selected as a model case for the 2022 Green Finance Model
 Case Creation Project by the Ministry of the Environment
- Underwriting of transition bonds issued by a power company. Total amount of issuance: 20 billion yen
- Underwriting of transition bonds issued by a petroleum company. Total amount of issuance: 20 billion yen
- Underwriting of transition bonds issued by a heavy industry manufacturer. Total amount of issuance: 10 billion yen
- Underwriting of transition-linked bonds issued by a petroleum company. Total amount of issuance: 100 billion yen
- Origination of a transition-linked loan to a food industry company. Total amount: 50 billion yen
- Origination of a transition-linked loan to an airline company. Total amount: Approximately 26.5 billion yen
- Green loan for a biogas power generation project: 3.5 billion yen
- ➤ In addition, the metrics set in section 2.2 (GHG emissions

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https://www.mufg.jp /dam/csr/report/prog ress/202304_en.pdf



intensity for the power sector and absolute GHG emissions for the oil & gas sector) are 299gCO2e/kWh and 76MtCO2e, in FY2021 performance.

Natural capital and biodiversity

In this disclosure, there are no matters to be included regarding implementation and monitoring of newly established significant impact area targets.



Principle 3: Clients and Customers



We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

3.1	Client	engag	ement
•	•••		••••

•	nk have a policy or eng stainable practices?	gagement process with clients and customers ¹⁰ in place to
⊠ Yes	☐ In progress	□ No
Does your bar negative impa		ectors in which you have identified the highest (potential)
⊠ Yes	☐ In progress	□ No
customers to eactivities 11). It	encourage sustainabl should include inform nts' transition, selecte	ed with and/or is planning to work with its clients and le practices and enable sustainable economic nation on relevant policies, actions planned/implemented ed indicators on client engagement and, where possible,

This should be based on and in line with the impact analysis, target-setting and action plans put in

MUFG's Credit Committee has developed a qualitative framework to evaluate our clients' transition efforts, for which pilot operation started in FY2022.

The details of the framework are described below. We also plan to incorporate risk quantification and management models in the future.

place by the bank.

Strategy

- Commitment to net zero emissions from our own operations and setting of ambitious reduction targets
- Roadmap for achieving goals and interim targets

Execution and Feasibility

- Financial base and financing ability to make necessary investments
- Highly feasible business plan
- Specific initiatives leading to emissions reductions have been undertaken

MUFG Climate Change Initiatives

https://www.mufg.j p/dam/ir/presentati on/2023/pdf/slides2 30525_en.pdf



Governance

Management's strong commitment to reducing emissions

Furthermore, the above framework is also utilized (among other things) to verify projects in carbon-intensive sectors and to support our customers' transition efforts.

- <Power Project Team (domestic)>
- ✓ Understand GX policy trends and client needs and issues. Bring together such knowledge to verify and discuss projects
- ✓ Discussions at the general manager level, chaired by directors and accompanied by an internal advisor familiar with the power system and business
- <ESG Consultation Process (overseas)>
- ✓ Implement a consultation process for projects based on regional characteristics. Confirm the importance of the projects in terms of the client's transition strategy and conduct monitoring

3.2 Business opportunities

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).

MUFG uses its functions and business as a financial institution to implement various initiatives and provide various products and services to address climate change and biodiversity, which we have identified as priority issues. The following are some of our main products and services:

Sustainability-Linked Loans

Sustainability Management

https://www.mufg.j p/english/csr/group csr/index.html

Disclosure Based on TCFD

¹⁰ A client engagement process is a process of supporting clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.

¹¹ Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.



This is a financial product with a variable interest rate that changes according to the customer's achievement of ESG-related targets. Specifically, we set a performance target linked to the customer's sustainability targets, such as the target reduction in CO2 emissions or ESG assessments, and by adjusting loan conditions according to the customer's performance in achieving the target set, we promote and support the customer's environmental and social initiatives and sustainable economic activities.

During the reporting period, we executed a trial launch of a framework to deepen understanding of customers' transition progress in FY2022, with the aim of leading to effective engagement. We monitor the achievement of targets and KPIs set for each deal for sustainability-linked loans/bonds and transition-linked loans/bonds, which are linked to interest rates and other loan terms and conditions.

In addition, we consider and propose financial solutions for domestic and overseas customers in the following manner: Domestic: We conduct discussions and proposals for introducing new ESG financing

Overseas: We design and propose financing solutions to support customers' short and mid-to-long term financing needs for their transition strategy through active discussion and engagement

Financing with Incentives Promoting Reduction of GHG Emissions

(Collaboration with Japan Credit Rating Agency, Ltd. (JCR)) We collaborate with JCR, an agency with an extensive track record in evaluations for sustainable finance, and have developed a sustainable financing scheme that offers incentives for reducing GHG emissions by combining MUFG Bank's customer base and financial expertise with Zeroboard Inc.'s services.

Recommendation s "Governance"

https://www.mufg.j p/english/csr/enviro nment/tcfd/governa nce/index.html

Disclosure Based on TCFD Recommendation s "Strategy"

https://www.mufg.j p/english/csr/enviro nment/tcfd/strategy /index.html

Corporate Governance

https://www.mufg.j p/english/csr/gover nance/corporate/ind ex.html

Participation in Initiatives

https://www.mufg.j p/english/csr/initiati ves/index.html

SASB/SCM/PRB

https://www.mufg.j p/english/csr/report /indices/index.html

MUFG Progress Report 2023



TCFD Consulting Service (in collaboration with Tokio Marine & Nichido Fire Insurance Co., Ltd.)

Two financial institutions that focus on long-term engagement have joined forces to address TCFD disclosure issues for customers. These issues include climate change risk/opportunity analysis and the formulation of strategies. By leveraging the complementary strengths of these two institutions, we now provide consulting services with an eye to providing solutions.

https://www.mufg.j p/dam/csr/report/pr ogress/202304_en. pdf

Green Deposit

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



Principle 4: Stakeholders



We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

4.1 Stakeholder identification and consultation

Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups¹²) you have identified as relevant in relation to the impact analysis and target setting process?

	□ In progress	\square N
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Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

MUFG categorizes the stakeholders involved with its business activities into the following categories: customers, business partners, employees, shareholders and investors, communities and society, and the environment. Through constructive dialogue with each stakeholder, we will gain new insights and they will deepen their understanding of MUFG, and by taking into account the interests of our stakeholders and the social issues they face, we will strive to build a relationship of trust and cooperation that will lead to the sustainable growth of MUFG and the improvement of our corporate value over the medium to long term. In addition, we have engaged three external experts in the environmental and social fields as permanent external advisors. Board members exchange views with the advisors and use advice and recommendations based on their expertise in MUFG's sustainability initiatives. Following the announcement of the MUFG Carbon

Neutrality Declaration in May 2021, MUFG joined the Net-

Sustainability Management

https://www.mufg.j p/english/csr/group csr/index.html

Disclosure Based on TCFD Recommendation s "Governance"

https://www.mufg.j p/english/csr/enviro nment/tcfd/governa nce/index.html

Disclosure Based on TCFD

¹² Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organizations



Zero Banking Alliance (NZBA) established by the United Nations Environment Programme Finance Initiative (UNEP FI) in June of the same year. In addition, MUFG has joined the Partnership for Carbon Accounting Financials (PCAF), an international initiative aimed at standardizing the measurement and disclosure of financed emissions. MUFG has also been selected as one of the 12 banks in the Steering Group, which is responsible for coordinating decision-making and strategy in the NZBA. In December 2021, MUFG was appointed Chair of the Financing and Engagement Work Track group, leading the development of a global framework for transition finance.

Moreover, MUFG participates in and endorses a variety of initiatives to meet its social responsibilities as a financial institution, respond to the demands of the international community, and contribute to the realization of a sustainable society. In January 2021, we endorsed and committed to the Stakeholder Capitalism Metrics, a set of indicators to measure stakeholders' capitalistic level which was proposed by the World Economic Forum.

Recommendation s "Strategy"

https://www.mufg.j p/english/csr/enviro nment/tcfd/strategy /index.html

Corporate Governance

https://www.mufg.j p/english/csr/gover nance/corporate/ind ex.html

Participation in Initiatives

https://www.mufg.j p/english/csr/initiati ves/index.html

SASB/SCM/PRB

https://www.mufg.j p/english/csr/report /indices/index.html



Principle 5: Governance & Culture



We will implement our commitment to these Principles through effective governance and a culture of responsible banking

5.1 Governance Structure for Implementation of the Principles

Does your bank have a governance system in place that incorporates the PRB?

 □ No

Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
- remuneration practices linked to sustainability targets.

Sustainability-related issues are managed by the Executive Committee with various management sub-committees, subject to the oversight of the Board of Directors. The Sustainability Committee, which is a sub-committee formed under the Executive Committee and is chaired by the Chief Sustainability Officer, regularly deliberates policies on addressing sustainability-related matters, including primary targets, risks and opportunities arising from such matters, and monitors the progress on the MUFG Group's measures designed to address such matters. It reports to the Executive Committee and, if needed, to the Board of Directors at least annually.

If the target or milestone is not achieved or unexpected negative impacts are detected, the committee reports the matter, including remedial actions.

The Executive Committee is established as a decisionmaking body for business execution and discusses and decides on important matters related to management of SEC Filings -Form 20 Fiscal Year Ended Mar. 2023

https://www.mufg.j p/dam/ir/report/ann ual_report/pdf/ar20 23_en.pdf



the operations of the MUFG Group based on the basic policies determined by the Board of Directors.

The Board of Directors oversees management of sustainability-related matters in line with its business strategy, risk management, and financial oversight. Such oversight is performed based on, among other things, a plan-do-check-act, or PDCA, cycle. The Board of Directors deems sustainability-related matters including climate change to be of high-priority importance and accordingly discusses and deliberates them regularly based on an annual schedule or as appropriate.

From the perspective of objectively evaluating the effectiveness of our wide-ranging sustainability initiatives, in the fiscal year ended March 31, 2022, we began to assess the degree of improvement in the external ratings granted by major ESG rating agencies as part of performance-linked indicators to be used to determine performance-based stock compensation for qualified directors.

5.2 Promoting a culture of responsible banking:

Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).

We hold in-house education and training sessions to promote a better understanding of sustainability, improve skills, and spread awareness internally. Also, to advance the integration of the resolution of social issues and our management strategy, the Sustainability Office shares information, makes proposals, and exchanges opinions with related departments regarding the concept of sustainability, the external environment, and awareness of issues in the formulation of sustainability-related policies and business strategies, the promotion of various

Nurturing Professionals / Reskilling

https://www.mufg.j p/english/csr/social/ hr/02/index.html



initiatives, and the preparation of the Annual and Sustainability Reports.

5.3 Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your portfolio?¹³ Please describe.

Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.

Based on the MUFG Environmental Policy Statement and the MUFG Human Rights Policy Statement, in an effort to promote environmentally and socially responsible financing, we have implemented the MUFG Environmental and Social Policy Framework to manage environmental and social risks associated with finance operations (which mainly consist of credit, bond, and equity underwriting for corporate clients of MUFG Bank, Mitsubishi UFJ Trust and Banking, and Mitsubishi UFJ Securities Holdings). We have established a finance policy and introduced a due diligence process to identify and assess the environmental and social risks or impacts associated with such transactions.

Standard due diligence is conducted by departments that have direct contact with customers to identify and assess the environmental and social risks of the business that is to be financed by us. If it is determined that the business needs to be examined more carefully, we conduct enhanced due diligence and decide whether or not to finance the business.

As for businesses that are considered to have significant environmental and social risks and could potentially damage our corporate value or develop into a reputational SEC Filings -Form 20 Fiscal Year Ended Mar. 2023

https://www.mufg.j p/dam/ir/report/ann ual_report/pdf/ar20 23_en.pdf

MUFG Human Rights Report 2023

https://www.mufg.j p/dam/csr/report/h umanrights/2023_e n.pdf

¹³ Applicable examples of types of policies are: exclusion policies for certain sectors/activities; zero-deforestation policies; zero-tolerance policies; gender-related policies; social due diligence policies; stakeholder engagement policies; whistle-blower policies etc., or any applicable national guidelines related to social risks.



risk, we hold discussions on how to handle it within a framework participated in by senior management. In addition, MUFG Bank has adopted the Equator Principles, a framework for identifying, assessing and controlling the environmental and social risks of large-scale projects, and conducts risk assessments in accordance with its guidelines.

In 2023, MUFG became a member of the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER). JaCER is an organization that receives reports of grievances related to human rights through the "Engagement and Remedy Platform" and aims to act in a professional capacity to support and promote remediation of grievances by member companies. The JaCER platform has a fair dialogue and remedy process in place, which ensures the anonymity of whistle-blowers and confidentiality of the content of their reports, and also allows whistle-blowers to report in multiple languages. By utilizing the JaCER platform, MUFG has established a remedial contact point for adverse human rights impacts that occur throughout the value chain, including employees of borrowers/investees and suppliers, as well as community and neighborhood residents, and is making an effort to improve our grievance mechanisms.

At MUFG, policies on and the status of the Group's response to opportunities and risks arising from environmental and social concerns are also discussed and reported by the Credit & Investment Management Committee, the Credit Committee, and the Risk Management Committee, depending on the topic. Conclusions reached by the committees are reported to the Executive Committee and then reported to and discussed by the Board of Directors. In these ways, the Board of



Directors exercises supervision o environmental and social issues.	ver risks associated with		
Self-assessment summary			
Does the CEO or other C-suite officer Principles through the bank's governa		implementation of the	
⊠ Yes	□ No		
Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?			
⊠ Yes	□ No		
Does your bank have measures in pla employees (as described in 5.2)?	ice to promote a culture of sustai	nability among	
	□ No		



Principle 6: Transparency & Accountability



We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

	negative impacts and our contribution to society's goals			
6.1	Assurance			
	Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?			
□ Yes	•			
If appli	cable, please include the link or description of the assurance sta	atement.		
MUFG	has obtained third-party assurance for our responses to	_		
questi	ons 2.1, 2.2, 2.3, and 5.1 from Deloitte Tohmatsu			
Sustai	nability Co., Ltd.			
Howe	ver, the scope of the third-party assurance is limited to			
the [S	Status of Implementation of the Principles for			
Respo	nsible Banking(PRB) 2023 and does not include any			
quanti	itative information contained therein.			
The w	arranty report is shown on the last page of this report.			
6.0	Departing an other frameworks			
6.2	Reporting on other frameworks			
_	our bank disclose sustainability information in any of the listed by	pelow standards and		
Does y	our bank disclose sustainability information in any of the listed by	pelow standards and		
Does y	vour bank disclose sustainability information in any of the listed by vorks?	pelow standards and		
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Does y framev Framev Museum Museum Museum Museum Standa	vour bank disclose sustainability information in any of the listed by vorks? GRI SASB CDP IFRS Sustainability Disclosure Standards (to be published) TCFD Other: discloses sustainability information in the following ards or frameworks: I, SASB, CDP, TCFD	Various reports/data/index https://www.mufg.j		



6.3 Outlook			
What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis ¹⁴ , target setting ¹⁵ and governance structure for implementing the PRB)? Please describe briefly.			
MUFG will continue to be involved in PRB-related initiatives and push ahead with efforts in the two significant impact areas we have identified as priorities.	_		

¹⁴ For example outlining plans for increasing the scope by including areas that have not yet been covered, or planned steps in terms of portfolio composition, context and performance measurement ¹⁵ For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.



6.4 Challenges

Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.

What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question).

has prioritized to address in the last 12 months (optional question).	
If desired, you can elaborate on challenges and how you are tackling these:	
☐ Embedding PRB oversight into governance	□ Customer engagement
☐ Gaining or maintaining momentum in the bank	☐ Stakeholder engagement
	☐ Data availability
☐ Getting started: where to start and what to focus on in the beginning	☐ Data quality
☑ Conducting an impact analysis	☐ Access to resources
☐ Assessing negative environmental and social impacts	☐ Reporting
☐ Choosing the right performance	
measurement methodology/ies	☐ Prioritizing actions internally
⊠ Setting targets	
□ Other:	



Independent Practitioner's Assurance Report

To the President & Group CEO of Mitsubishi UFJ Financial Group, Inc.

We have undertaken a limited assurance engagement of the selected sections (2.1 Impact Analysis, 2.2 Target Setting, 2.3 Target implementation and monitoring and, 5.1 Governance Structure for Implementation of the Principles) of the "Principles for Responsible Banking" ("PRB") information (not included quantitative information. Hereinafter referred to as the "Selected Information") included in the "Status of Implementation of the Principles for Responsible Banking (PRB) 2023" (the "Report") of Mitsubishi UFJ Financial Group, Inc. (the "Company").

The Company's Responsibility

The Company is responsible for the preparation of the Report in accordance with the reporting and self-assessment requirements of the PRB (the "Reporting Criteria"). This responsibility includes designing, implementing, and maintaining internal controls over the preparation of the Report, ensuring it is free from material misstatement, whether due to fraud or error.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. We apply International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintain a comprehensive system of quality management, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Selected Information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements ("ISAE") 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board ("IAASB").

The procedures we performed were based on our professional judgment and the Guidance for assurance providers – Providing Limited Assurance for Reporting - Version 2 (October 2022) published by the United Nations Environment Programme Finance Initiative in November 2022.

• We conducted interviews with responsible persons to understand the processes and control activities for measuring, reporting, and presenting information in the Report in accordance with the Reporting Criteria.

• We made inquiries with responsible persons, obtained and reviewed supporting evidence to assess whether disclosures within the Selected Information in the Report reflect the Company's assessment of the stage of

implementation of the Principles.

- In respect of Principle 2.1 (Impact Analysis), based on inquiries made and information obtained and reviewed, we checked that the Company's business areas and scope are clearly described. We reconciled portfolio composition to management information and checked that challenges and priorities have been analyzed, including the rationale for business areas where the analysis was not performed. We also checked that the Company has disclosed the method for determining its impact areas and has selected what was determined as the two most significant areas of impact. For the impact area where performance has been measured, we reconciled to published information referenced in the response and to supporting management information. Finally, we checked to supporting evidence, including to meeting minutes, that the stated governance process was followed.
- In respect of Principle 2.2 (Target Setting), based on inquiries made and information obtained and reviewed, we checked that the Company sets targets for significant impact areas and that the targets are linked to that impact area. We checked that the Company has identified frameworks to align with and explained how targets contribute to relevant goals. Further, for the impact areas where targets have been set, we checked that the targets are Specific, Measurable, Achievable, Relevant and Time-bound.

• In respect of Principle 2.3 (Target implementation and monitoring), based on inquiries made with responsible persons, we obtained and reviewed supporting evidence to assess whether disclosures within the Selected Information in the Report reflect the Company's assessment of the stage of implementation of the Principle and



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stage of monitoring of that implementation.

In respect of Principle 5.1 (Governance Structure for Implementation of the Principles), based on inquiries made and information obtained and reviewed, we checked consistency to supporting evidence, including organization charts and meeting minutes with that of the disclosures of the Company's governance structure for implementation of the Principles. We checked that there is oversight over the implementation and monitoring and that the structure is in line with existing governance structures as defined by the Company.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Inherent limitations exist in all assurance engagements due to the selective inquiry of the information being examined. Therefore fraud, error or non-compliance may occur and not be detected. Our work does not involve testing the operating effectiveness of controls over the underlying data, nor will we seek to review systems and controls beyond those relevant

to the selected sections of the Report.

Our procedures did not include a detailed review of the completeness and accuracy of the Selected Information for inclusion in the report, testing the data on which the estimates are based, or reperforming the estimates. Consequently, our procedures are limited to considering the existence of processes that have generated the Selected Information.

With respect to references to other public information of the Company, our procedures conducted by our company are limited to a review of whether the Selected Information as of the issue date of this assurance report is consistent with the referenced information.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information is not prepared, in all material respects, in accordance with the Reporting Criteria.

Deloitte Johnatur Sustainability Co., Ltd.

Deloitte Tohmatsu Sustainability Co., Ltd.

Tokyo, Japan

September 29, 2023