



# MUFG TNFD Report

Initiatives for Natural Capital

Mitsubishi UFJ Financial Group



# Contents

## Introduction

Executive Summary .....	P.03
Domestic and Overseas Trends Related to Natural Capital .....	P.04
TNFD Disclosure .....	P.05

## 1. Basic Information on Natural Capital

What is Natural Capital? .....	P.08
Natural Capital Preservation's Approach .....	P.09
Relationship between Natural Capital and Economic Activity .....	P.10

## 2. Natural Capital at MUFG

Policies for Natural Capital .....	P.12
Positioning of Natural Capital .....	P.13
Issues to be Addressed Integrally with Natural Capital .....	P.14

## 3. Governance

Governance Structure .....	P.16
Sustainability Committee / External Advisors .....	P.17
Governance on Respect for Human Rights related with Natural Capital .....	P.18

## 4. Strategies

Relationship between Financial Institutions and Natural Capital .....	P.20
Opportunities for MUFG .....	P.21
Analysis with the LEAP Approach .....	P.36
Analysis and Initiatives at Our Sites .....	P.39

## 5. Risk and Impact Management

Risk Management of Investments and Loans .....	P.42
Case Study on Risk Management in Investments and Loans .....	P.44

## 6. Metrics and Targets

Metrics and Targets of MUFG .....	P.47
-----------------------------------	------

## 7. Future Action Plan

Next Step .....	P.49
-----------------	------

## 8. Initiatives as Asset Manager

Initiatives for Natural Capital / TNFD .....	P.51
Engagement .....	P.54

## 9. Social Contribution Activities

Activity Examples .....	P.58
-------------------------	------

## Appendix .....

	P.59
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# Executive Summary

People's lifestyles and economic activities are supported by the earth's natural environment and the various benefits (ecosystem services) brought by the diverse creatures that live there. However, it has been pointed out that the global environment has reached its limits due to climate change and the loss of biodiversity. The Global Assessment Report on Biodiversity and Ecosystem Services by the IPBES, released in 2019, presented a serious scenario in which biodiversity and ecosystem services degradation continues to accelerate around the world, and if this trend continues, people's lifestyles will not be sustainable. In order to respond to this crisis, it is essential to work toward a "Nature Positive" approach that reduces the excessive impact of economic activities on nature and maintains and restores a healthy natural environment.

Given this background, COP15, held in December 2022, adopted an action goal to achieve Nature Positive in 2030 as the Kunming-Montreal Global Biodiversity Framework. In response, The National Biodiversity Strategy of Japan was formulated in Japan in March 2023, and concrete initiatives by the government and private sector have begun to be implemented. In addition, the Taskforce on Nature-related Financial Disclosures (TNFD) disclosure framework was finalized in September 2023, and disclosure has begun mainly for companies with close ties to natural capital.




MUFG has established the Environmental Policy Statement, confirmed the environmental considerations of its borrowers based on the Environmental and Social Policy Framework, reduced the environmental impact of its business activities through waste recycling, and engaged in nature conservation activities through social contribution activities such as forest conservation. MUFG also participated in the TNFD Forum as well as its pilot program in February 2022, where it conducted an analysis using the LEAP Approach for offshore wind power. In light of the importance of early disclosure in order to promote the TNFD, MUFG registered itself as one of the TNFD Early Adopters in January 2024 and announced its intention to disclose in line with the framework as soon as possible. At this point, MUFG is still in the process of developing analytical methods and data, including client disclosures, and is not yet able to address all items in the disclosure framework. However, MUFG has decided to release the TNFD Report in order to provide a broad range of stakeholders with a better understanding of MUFG's approach to natural capital and the various solutions it can provide to clients.

This report seeks to convey three main points. The first is MUFG's initiatives in line with the TNFD disclosure framework, the second is MUFG's approach and policy on natural capital, and the third is five focus areas to support clients' efforts on natural capital. Specifically, the areas are (1) consulting, (2) solution creation through partnership formation, (3) startup support and collaboration, (4) blue finance, and (5) problem solving in the field of food, all of which are areas in which the Group can leverage its strengths.

In the New Medium-term Business Plan that started in FY2024, MUFG has set prioritized sustainability issues to be addressed to achieve a sustainable environment and society, and it has newly selected "Natural Capital and Biodiversity Restoration" as one of them. In addition to the various points of contact between business activities and natural capital, such as air, water, and biological species, it is also necessary to take into account the relationship with climate change and human rights. Although many companies are still in the process of beginning their initiatives while searching for the right direction, MUFG recognizes that it is essential to take action toward the achievement of a sustainable environment and society. We hope that a wide range of people will gain a deeper understanding of MUFG's initiatives to resolve natural capital and biodiversity issues, and that MUFG will continue to work together to achieve a sustainable environment and society.

# Domestic and Overseas Trends Related to Natural Capital

Following the release of the IPBES report, the G7 Nature Positive Declaration, and COP15, international discussions on addressing natural capital have progressed and international targets for 2030 have been established. In addition, the TNFD disclosure framework has been published, and in Japan, the Transition Strategies toward Nature Positive Economy has been formulated and various companies are making progress in their initiatives. In line with these movements, MUFG has also been promoting its own initiatives.

	2010	2012	2019	2021	2022	2023 March	July	September	2024
Domestic and Overseas Trends				<b>IPBES report released</b> Global Assessment Report on Biodiversity and Ecosystem Services	<b>TNFD Forum established</b>  <b>G7 2030 Nature Positive Declaration</b> Declaration to achieve "Nature Positive" by 2030		<b>G7 Nature Positive Economic Alliance launched</b> A framework for sharing and reviewing business initiatives  <b>National Biodiversity Strategy of Japan 2023-2030</b>  Established Japan's 2030 target based on the Kunming-Montreal Global Biodiversity Framework		<b>Transition Strategies toward Nature Positive Economy</b>  A vision and path toward a Nature Positive Economy in Japan  <b>TNFD disclosure framework finalized</b>
			<b>National Biodiversity Strategy of Japan 2012-2020 disclosed</b>  Established Japan's 2020 target based on the Aichi Biodiversity Targets  <b>COP10 of the Convention on Biological Diversity</b> Adopted the Aichi Biodiversity Targets, an international goal to be achieved by 2020		<b>Kunming-Montreal Global Biodiversity Framework adopted</b> At COP15 of the Convention on Biological Diversity, international targets to be achieved by 2030 were established				
MUFG Initiatives									
	<b>FY2018</b> - Establishment of MUFG Environmental Policy Statement - Establishment of MUFG Environmental and Social Policy Framework (revised annually thereafter) - Endorsement of the Declaration of Biodiversity by Keidanren		<b>FY2021</b> - Participation in the TNFD Forum (MUFG, MUFG AM <sup>*1</sup> , MURC <sup>*2</sup> )		<b>FY2022</b> - Joined the 30by30 Alliance - Participated in the TNFD pilot program		<b>FY2023</b> - Registered for TNFD Early Adopters (MUFG, MUFG AM) - Issued Reporting on Natural Capital and Biodiversity 2023 (MUFG AM)		<b>FY2024</b> - Issued MUFG TNFD Report - Revised Environmental Policy Statement / Environmental and Social Policy Framework

\*1 Mitsubishi UFJ Asset Management \*2 Mitsubishi UFJ Research and Consulting Co., Ltd.



# TNFD Disclosure: Framework

The TNFD Forum was launched in June 2021 and several beta versions of the disclosure framework were published and finalized in September 2023. The framework consists of four disclosure recommendations in addition to the six general requirements to be considered in disclosures.

## TNFD disclosure framework

[» P60](#)

### Six general requirements to consider in disclosures

- 1 Application of materiality
- 2 Scope of disclosures
- 3 Location of nature-related issues
- 4 Integration with other sustainability-related disclosures
- 5 Time frame to be considered
- 6 Engagement with indigenous peoples, communities and affected stakeholders

[» P6](#)

### Disclosure recommendations



#### Governance

Disclose the organization's governance of nature-related dependencies, impacts, risks and opportunities



#### Strategies

Disclose the effects of nature-related dependencies, impacts, risks and opportunities on the organization's business model, strategy and financial planning



#### Risk & impact management

Describe the processes used by the organization to identify, assess, prioritize and monitor nature-related dependencies, impacts, risks and opportunities



#### Metrics and targets

Disclose the metrics and targets used to assess and manage material nature-related dependencies, impacts, risks and opportunities

\* Prepared by MUFG based on the recommendations of the TNFD

# TNFD Disclosure: Major Disclosures by MUFG

## 1. Governance

» P15~18

### Disclosure Recommendations

**Disclose the organization's governance of nature-related dependencies, impacts, risks and opportunities**

- Established a governance structure in which the Board of Directors oversees initiatives related to sustainability promotion, including natural capital
- Received recommendations for improving policies and initiatives from external advisors with expertise in environmental and social issues, including natural capital
- Promoted governance and initiatives that respect human rights, including consideration for stakeholders such as indigenous peoples and local communities with close ties to natural capital

## 3. Risk & impact management

» P41~45

### Disclosure Recommendations

**Describe the processes used by the organization to identify, assess, prioritize and monitor nature-related dependencies, impacts, risks and opportunities**

- Conducted due diligence on projects with potential negative impacts on nature in accordance with the MUFG Environmental and Social Policy Framework when considering financing
- Conducted environmental and social due diligence based on the Equator Principles when financing large-scale projects such as infrastructure and natural resources development

## 2. Strategies

» P19~40

### Disclosure Recommendations

**Disclose the effects of nature-related dependencies, impacts, risks and opportunities on the organization's business model, strategy and financial planning**

- Developed and provided solutions according to the client's stage of response. Specifically, focused on five areas where the Group can leverage its strengths (consulting, partnerships, startup support and collaboration, blue finance, and initiatives in the field of food)
- Sectoral analysis of dependence and impact on nature, following the LEAP Approach, to identify opportunities and risks
- Trial analysis of dependency and impact using information from our sites

## 4. Metrics and targets

» P46~47

### Disclosure Recommendations

**Disclose the metrics and targets used to assess and manage material nature-related dependencies, impacts, risks and opportunities**

- In investments and loans, in addition to the quantitative target for sustainable finance (cumulative total of JPY 100 trillion by FY2030), MUFG will expand support for clients based on dependency and impact analysis and create solutions in the field of food
- Set metrics and targets for waste reduction, effective use of plastic waste and paper resources, and GHG emission reduction



**1**

**Basic  
Information on  
Natural Capital**

# What is Natural Capital?

Natural capital, consisting of water, air, soil, oceans, plants, and animals, brings benefits to businesses and society through its blessings (supply services, adjustment and maintenance services, and cultural services), and is also essential for economic development. On the other hand, it has been reported that various impacts caused by human activities are reducing natural ecosystems, altering land areas, negatively impacting the oceans, and causing the loss of wetlands and tropical rainforests.



Human-induced impacts have led to a decline in natural capital and ecosystem services.



Natural ecosystems have been **reduced by an average of 47%** compared to the earliest estimable conditions



**75%** of the world's land is altered



**66%** of ocean affected by human activities



**85%** of the wetlands have been lost



**100 million hectares** of tropical rainforest lost between 1980 and 2000

Source: IPBES "Global Assessment Report on Biodiversity and Ecosystem Services"

# Natural Capital Preservation's Approach

To conserve natural capital, it is important to conduct business activities according to the mitigation hierarchy approach. This is an approach in which business activities are carried out in the following steps: "Avoidance" of high priority impacts, "Minimization" of unavoidable impacts, "Rehabilitation/restoration" at the site, and finally, the use of "Ecological offsets" to offset remaining impacts.

Higher priority

Lower priority

## Avoidance



Avoiding impacts on the ecosystem

### Examples

- Preservation of the natural environment and restricting development
- Formulation of a development project that removes habitats for rare plants and animals

## Minimization



Reducing the duration and extent of the impact on the ecosystem as much as possible

### Examples

- Measures to reduce pollution and noise
- Designing infrastructure that can reduce impact on plants and animals

## Rehabilitation/restoration



Putting back degraded ecosystems (restoration) / improving the function of ecosystem services (rehabilitation)

### Examples

- Restoring development and project areas to their original condition
- Forest management and afforestation

## Ecological offset



Offsetting by restoration and rehabilitation of ecosystems in alternative areas

### Examples

- Environmental conservation activities in alternative areas
- Purchasing credits that contribute to natural capital restoration

Source: Cross-Sector Guide for Implementing the Mitigation Hierarchy



# Relationship between Natural Capital and Economic Activity

The 2020 World Economic Forum report stated that natural capital and economic activity are closely linked, and that while proper management and conservation of natural capital can promote sustainable economic growth and create new business opportunities, a decline in natural capital will result in the risk of severely impacting economic activities.

## Opportunities

Investment and transition to a Nature Positive Economy will create **approximately 400 million jobs and USD 10 trillion in annual business opportunities by 2030**

### The market size related to Nature Positive in 2030

- Food, land, and ocean use: Approx. USD 3.6 trillion / year
- Infrastructure and the built environment: Approx. USD 3.0 trillion / year
- Energy and mining: Approx. USD 3.5 trillion / year

## Risks

Inadequate response to biodiversity and diminishing nature puts **nearly half of the world economy's GDP (USD 44 trillion)** at potential risk of loss

### The main causes of the decline in natural capital and biodiversity

- Changes in land and ocean use
- Direct collection of creatures
- Climate change
- Contamination
- Invasive alien species



# 2

**Natural  
Capital at  
MUFG**

# Policies for Natural Capital

The MUFG Group Code of Conduct established under the MUFG Way states “Commitment to the Environment” and “Contribute to Communities.” The MUFG Environmental Policy Statement sets out guidelines for environmental awareness and behavior to implement these practices. Specifically, the policy is to support projects that conserve natural capital and biodiversity, while striving to identify risks and take appropriate measures to avoid negative impacts on natural capital and biodiversity.

Under the MUFG Way, it sets forth the standards for how MUFG group members should make decisions and act in our day-to-day business activities

**MUFG Way Purpose**  
“Committed to empowering a brighter future.”

The most fundamental stance of the MUFG Group in carrying out its management activities, and the guideline for all activities

**MUFG Group Code of Conduct**

**Commitment to the Environment**

**Contribute to Communities**

**MUFG Environmental Policy Statement**

A summary of specific guidelines for environmental awareness and behavior to practice environmental consideration

**Natural capital and biodiversity**

Maintenance and protection of the natural capital, including animals, plants, water, soil, and the atmosphere, as well as the biodiversity which support our society, are the foundations for the realization of a sustainable society.

MUFG supports businesses that protect natural capital and biodiversity through the businesses of each group company and their provision of products and services to clients. MUFG also strives to identify the risks related to natural capital and biodiversity, and takes appropriate measures to prevent negative impacts on natural capital and biodiversity associated with such businesses of each group company and their provision of products and services.





# Positioning of Natural Capital

We have started the medium-term business plan, which covers a three-year period starting in fiscal 2024. MUFG will integrate its contribution to solving social issues into its business strategies, positioning it as one of the three pillars of its medium-term business plan, and further strengthen its initiatives. MUFG has set prioritized sustainability issues for achieving a sustainable environment and society. As one of these initiatives, we have newly selected “Natural Capital and Biodiversity Restoration.”

## Fundamental direction of the New Medium-term Business Plan

MUFG Way	Purpose	Committed to empowering a brighter future.
	Values	Integrity and Responsibility, Professionalism and Teamwork, Challenge and Agility
	Vision	Be the world's most trusted financial group



## Priority Issues

MUFG has set priority issues under the sustainability management to achieve a sustainable environment and society.

Sustainable Society	Achievement of carbon neutral society
	Natural capital and biodiversity restoration
	Promotion of circular economy
Vibrant Society	Industry development and innovation support
	Response to aging population and low birthrate
	Increasing access to financial services
	Management focusing on human capital
Resilient Society	Respect for human rights
	Ensuring secure and safe services
	Demonstration of robust corporate governance

# Issues to be Addressed Integrally with Natural Capital

MUFG believes that it is important to work together to solve issues related to climate change, human rights, and the circular economy, which are closely related to natural capital. MUFG's activities in each area are disclosed in reports and other publications.

(Example of connection with natural capital)

## Response to climate change

Climate change causes an increase in natural disasters and changes in eco-systems, which have a negative impact on natural capital. In addition, deforestation and other deforestation damage to natural capital will contribute to climate change by reducing GHG absorption.



MUFG Climate Report

## Respect for human rights

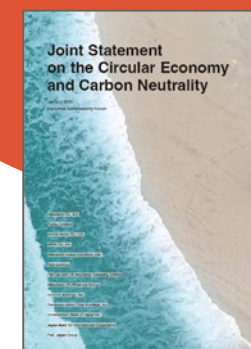
Damage to natural capital due to land use and resource extraction leads to a negative impact on the human rights of stakeholders such as indigenous peoples and local communities.



MUFG Human Rights Report

## Transition to a circular economy

The transition to a circular economy will reduce the damage to natural capital and biodiversity by promoting the reuse of resources and the reduction of waste.



Joint Statement on the Circular Economy and Carbon Neutrality\*

\* With member companies of PwC Japan Group's Executive Sustainability Forum, we announced a joint statement on the Circular Economy and Carbon Neutrality

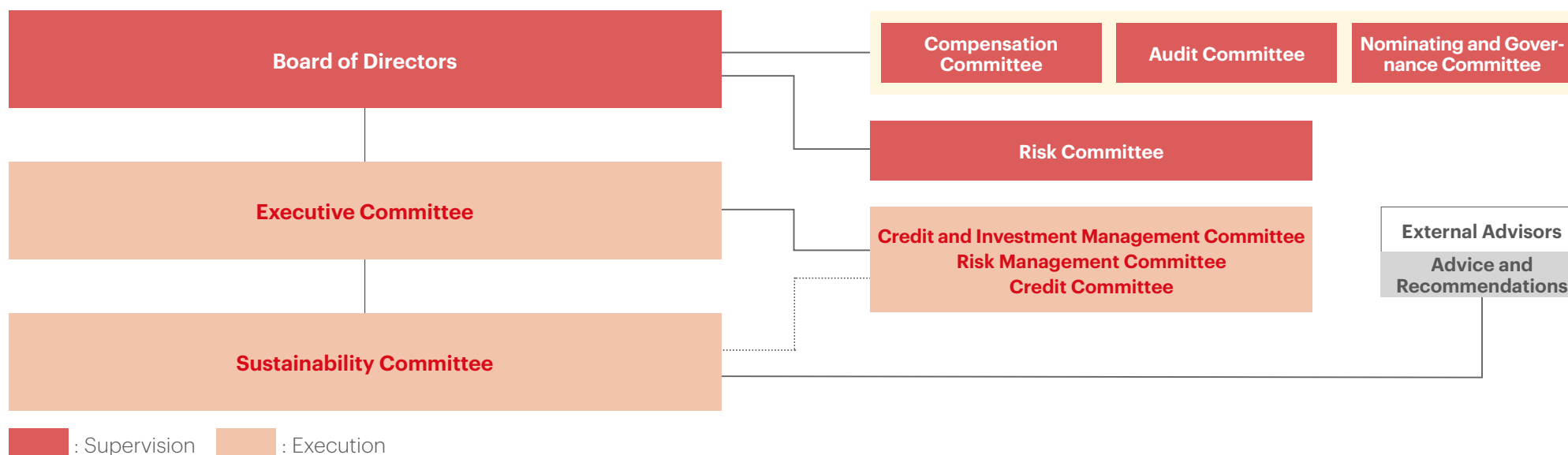


**3**

**Governance**

# Governance Structure

MUFG has established a governance structure in which the Board of Directors oversees initiatives related to sustainability promotion, including natural capital. The contents deliberated and reported by the Sustainability Committee under the Executive Committee are also discussed and reported by the Board of Directors.



Meeting body	Constitution	Role
Supervision	<b>Board of Directors</b> ● <b>Chair: Chairman</b> 8 Outside Directors 2 Internal Non-Executive Directors 5 Executive Directors	● Resolution to revise Environmental Policy Statement and Human Rights Policy Statement ● Oversees the status of initiatives to promote sustainability by receiving reports from execution function regularly
	<b>Risk Committee</b> ● <b>Chair: Outside Directors</b> 3 Outside Directors 4 Outside Experts Group CSO	● Deliberate and make recommendations to the Board of Directors on risk management and risks that have a significant impact on the Group's management, newly emerged risks, and risks that are on the rise

Meeting body	Constitution	Role
Execution	<b>Executive Committee</b> ● <b>Chair: President and Chief Executive Officer</b> President of each business category (The Bank, The Trust Bank, and the Securities), CSO, CFO, CRO, etc.	● Deliberations on important matters discussed by the Sustainability Committee
	<b>Sustainability Committee</b> ● <b>Chair: Group CSuO</b> President of each business category (The Bank, The Trust Bank, and the Securities), CSO, CFO, CRO, etc.	● Deliberations and report on policies, strategies, systems, and the status of initiatives related to sustainability promotion of the entire Group

\*Structure as of April 1, 2024

# Sustainability Committee / External Advisors

At the Sustainability Committee held in January this year, we discussed ways to strengthen our commitment to natural capital. In addition, through the exchange of opinions with external advisors with expertise in environmental and social issues, we received recommendations for improving policies and initiatives for environmental and social issues, including natural capital.

## Content of deliberations and reports on natural capital at the Sustainability Committee

### Revision of Environmental Policy Statement and Human Rights Policy Statement (April 2024)

- Environmental Policy Statement: Added the need for an integrated approach to climate change, natural capital, circular economy, and respect for human rights
- Human Rights Policy Statement: Identified adverse impacts on indigenous peoples' communities, etc., who are stakeholders closely related to natural capital, as serious human rights issues

### Revision of the Environmental and Social Policy Framework (April 2024)

- Added mining and biomass power generation to the transactions of high caution when considering financing. The key points to confirm are the implementation status of environmental and social considerations by clients, including negative impacts on ecosystems and local communities such as water pollution and deforestation caused by mineral mining and biomass fuel production and processing

### Initiatives toward Natural Capital

- Publication of reports in line with the TNFD disclosure framework
- Promotion of businesses related to natural capital
- Analysis of dependence and impact on natural capital by sector

## Recommendations made by external advisors

Management regularly holds meetings with external advisors to receive updates on global trends and hear recommendations that contribute to the improvement of MUFG's policies and initiatives.

### External Advisor

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

### Recommendations from external advisors (Excerpts on natural capital)

- Climate change, biodiversity, human rights, and other issues are complex and they are often in a trade-off relationship. Now, how to proceed as a whole is being questioned. It is important for the financial sector to support corporate efforts through the provision of funds.
- The expectations toward financial institutions are: 1) strengthen disclosure and due diligence, 2) analyze and disclose investment and loan exposure, 3) provide financing to help borrowers become nature-positive, and 4) promote solutions based on nature.
- Natural capital risks are overwhelmingly high in agriculture and forestry, followed by water facilities that include both water supply and sewage. Sectors that involve land development, such as real estate and infrastructure, are also important
- There is a growing interest in blue carbon and blue economies, and it is also important to support blue finance by companies and local governments



# Governance on Respect for Human Rights related with Natural Capital

MUFG believes that it is important to ensure that there is no negative impact on natural capital through its business activities and to give consideration to stakeholders such as indigenous peoples and local communities closely related to natural capital. In addition to our commitment to respect human rights based on our Human Rights Policy Statement, when considering financing, MUFG conducts due diligence based on the Environmental and Social Policy Framework and the Equator Principles to confirm the environmental and social considerations of our clients.



Human rights due diligence and other efforts to respect human rights are deliberated by the Executive Committee, Sustainability Committee, Risk Management Committee, and Group Compliance Committee, and supervised by the Board of Directors and the Risk Committee. The MUFG Human Rights Policy Statement, which is MUFG's fundamental policy on human rights, is reviewed regularly and determined by the Board of Directors.



The MUFG Human Rights Policy Statement pledges that all executives and employees of Group companies will strive to respect human rights in their day-to-day operations, and will also encourage clients and suppliers of Group companies to respect human rights and strive to respond appropriately. In addition, recognizing that climate change and the loss of natural capital and biodiversity affect human rights, we identify adverse impacts on indigenous peoples' communities, etc., as serious human rights issues and engage in human rights due diligence and remedies.



When considering financing, we confirm the environmental and social considerations of our clients based on the MUFG Environmental and Social Policy Framework and the Equator Principles. Specifically, when a client's business may have adverse impacts on indigenous peoples or local communities, we conduct environmental and social due diligence through engagement with the client to confirm the status of consideration such as respect for FPIC\*.

» See pages 44–45 for details on engagement initiatives

➡ Please refer to the MUFG Human Rights Report for details of our efforts to respect human rights

\* Free, Prior, and Informed Consent

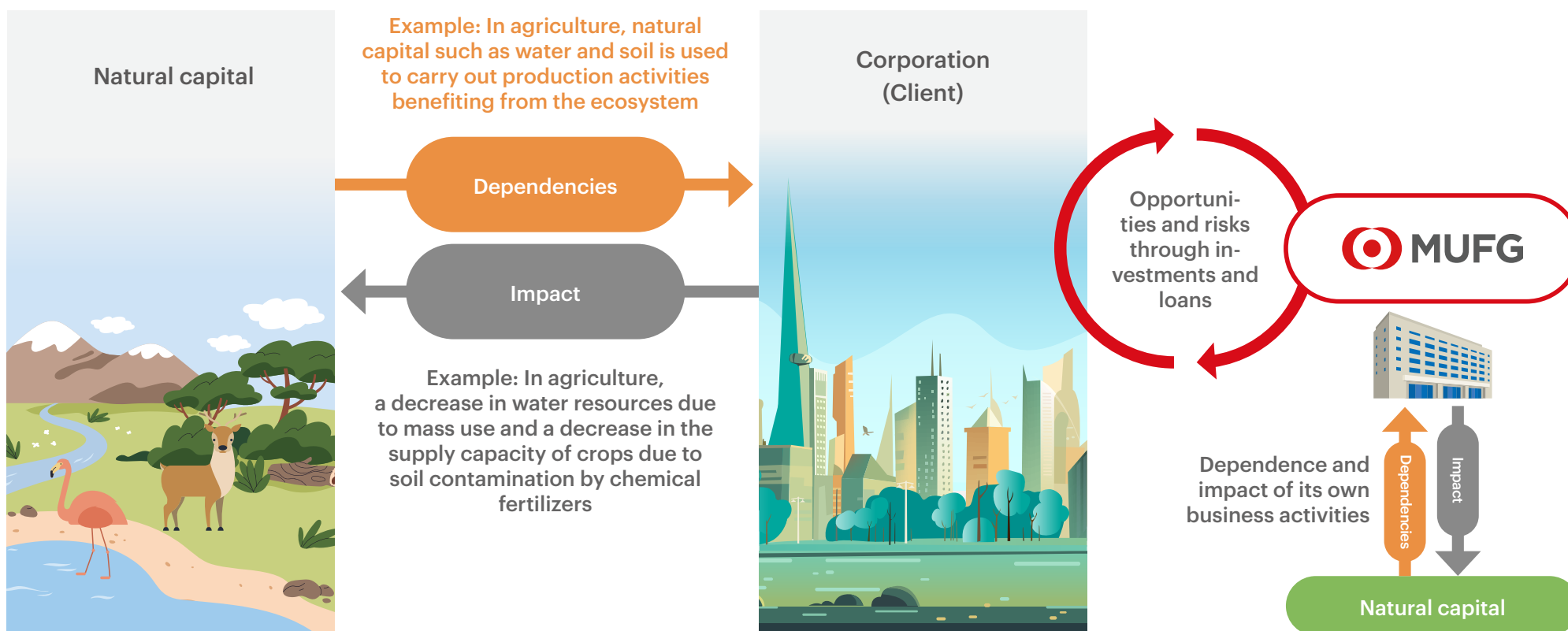


# 4

## Strategies

# Relationship between Financial Institutions and Natural Capital




The business activities of companies (clients) depend on and impact natural capital and influence the entire value chain, from procurement of raw materials to transportation, manufacturing, sales, consumption, and disposal. Financial institutions, including MUFG, depend on and impact natural capital through their own business activities. They are also connected with the activities of clients and their supply chains through investments and loans. For this reason, financial institutions need to understand clients' dependence and impact on natural capital in order to manage risks appropriately. In addition, providing financial products and services related to natural capital can lead to the acquisition of business opportunities.





# Opportunities for MUFG

MUFG recognizes that there are business opportunities in accordance with the stage in which clients respond to natural capital. We support the efforts of our clients by developing and providing a variety of solutions based on these issues and needs.

Client's response stage	Client response	Opportunities for MUFG
<p>Initial understanding and system development</p> 	<ul style="list-style-type: none"> <li>● Understanding where they stand</li> <li>● Analysis of dependency and impact relationships between their business and natural capital</li> </ul>	<ul style="list-style-type: none"> <li>● Support for the launch of natural capital management</li> <li>● Provision of data analysis tools on natural capital</li> </ul>
<p>Solution consideration and strategy planning</p> 	<ul style="list-style-type: none"> <li>● Technical development</li> <li>● Strategic planning</li> <li>● Inter-company collaboration</li> <li>● Selection of specific solutions</li> </ul>	<ul style="list-style-type: none"> <li>● Investment in startups</li> <li>● Consulting services related to analysis and strategic planning</li> <li>● Support for the formation of partnerships for the development of new solutions</li> <li>● Collaboration with clients in sectors that have many points of contact with natural capital</li> </ul>
<p>Solution execution, effect measurement, and disclosure</p> 	<ul style="list-style-type: none"> <li>● Financing</li> <li>● Monitoring of the effects</li> <li>● Strategic disclosure</li> </ul>	<ul style="list-style-type: none"> <li>● New investment and financing opportunities, such as blue finance</li> <li>● Provision of solutions for quantifying the effects of and data analysis needs</li> <li>● Consulting for TNFD disclosure</li> </ul>

# Opportunities for MUFG: Five Focus Areas

Among the various business opportunities related to natural capital, MUFG supports clients' efforts in natural capital through activities in the following five areas in which the Group can leverage its strengths. We will promote collaboration with a wide range of stakeholders.

## 1. Consulting

### Aim

Provide consulting services according to the stage of our clients' response to natural capital

### Specific initiatives

- In April 2024, the Bank released the "TNFD Initial Support Tool"
- Consulting services provided by MURC <sup>\*1</sup>



» P23

## 2. Partnerships

### Aim

Solution development with partner companies

### Specific initiatives

- Signed a memorandum of understanding (MOU) with Fujitsu Limited to collaborate in solutions development



» P24

## 3. Startup support and collaboration

### Aim

Collaboration with startups and enhancement of value to promote innovation

### Specific initiatives

- MUFG Bank, Mitsubishi UFJ Capital, and MUIP<sup>\*2</sup> have invested in 14 startups related to natural capital such as forests and soil



» P25~

## 4. Blue finance

### Aim

Expand support for companies and businesses related to marine and water resources

### Specific initiatives

- Supported blue bonds and sustainability-linked loans to domestic and overseas business companies and national and local governments



» P28~

## 5. Initiatives in the field of food

### Aim

Contribute to solve social issues, including natural capital related to food

### Specific initiatives

- Launched Food-X PT<sup>\*3</sup> to promote food-related initiatives such as the creation of food ecosystems and sustainable agriculture



» P30~

<sup>\*1</sup> Mitsubishi UFJ Research and Consulting Co., Ltd. <sup>\*2</sup> Mitsubishi UFJ Innovation Partners Co., Ltd. <sup>\*3</sup> Food Transformation Project Team

# Opportunities for MUFG: Focus Area (1) Consulting

In April 2024, we began providing the TNFD Initial Support Tool to help clients visualize issues they face when they embark on natural capital management. In addition, we plan to start services that support clients' problem solving and TNFD disclosure by utilizing the knowledge and experience we have cultivated through various consulting services to date.

## Visualization of initiatives by clients

## Providing consulting services to solve problems

### TNFD Initial Support Tool

Released April 2024

#### Self-diagnostic tool



Generic version

Detailed version  
(Food and Chemicals)

#### Feedback sheet



#### Diagnostic item

Establishment of the system

Supply chain data preparation

Dependency and impact analysis

Identify key regions

Process of risk management

TNFD Disclosure



Mitsubishi UFJ Research and Consulting

- MURC has been undertaking various types of research commissioned by government agencies, participating in policy proposals and frameworks, and providing consulting for private companies.
- We have a track record of supporting companies that are taking the lead in disclosing TNFDs in the natural capital field by leveraging our strengths in supporting environmental issues and sustainable finance.



- Since 2022, the Bank has been collaborating with Tokio Marine & Nichido Co., Ltd. to provide TCFD disclosure consulting services, leveraging the strengths of both companies.
- We plan to develop TNFD disclosure support services by utilizing the knowledge and client base cultivated through the aforementioned consultation services.

## Opportunities for MUFG: Focus Area (2) Partnerships

There are various possibilities for solutions to clients' natural capital issues. MUFG and Fujitsu Limited recently signed a memorandum of understanding (MoU) on Nature Positive and started to collaborate on the joint development of solutions. Together with Fujitsu Limited, which has expertise in AI, block-chain, and other technologies and DX, we will work with clients in a wide range of sectors to achieve nature positive through solution planning and demonstration experiments.

**Collaboration with Fujitsu Limited for joint development of solutions to achieve nature positive (MoU signed in March 2024)**



## Opportunities for MUFG: Focus Area (3) Startup Support and Collaboration

MUFG invests in startups in various areas, such as data visualization of biodiversity and technologies to reduce the impact on natural capital such as forests, oceans, and farmlands, to promote innovation in each company. In addition, by providing MUFG's clients with solutions by startups, we are contributing to solving their problems and increasing the value of the startups.



### Biodiversity



Biome Inc.

>> P26~27

### Forest and Forestry



AmicaTerra Co., Ltd.

### General



sustainacraft, Inc.

### Ocean and Fisheries



Regional Fish Institute, Ltd.



FRD Japan Co., Ltd



Benners Co., Ltd.



AlgaleX Co., Ltd.



Algal Bio Co., Ltd.

### Soil and Agriculture



DAIZ Inc.



TOWING Ltd.



greenase Inc.



ASTRA FOOD PLAN Co., Ltd.



Hydro Powtech Japan Co., Ltd.



Nagasuna Mayu, Co. Ltd.

# Opportunities for MUFG: Focus Area (3)

## Case Example of Startup Support and Collaboration (Biome Inc.)

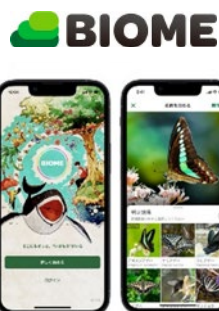
Mitsubishi UFJ Capital, a member of the MUFG Group, has invested in Biome Inc., a startup with a unique platform that collects real-time biodiversity data via smartphones.

### Features of Biome

- Established data collection methods based on community science and real-time monitoring of organisms
- Built a database of more than 6.5 million biological distributions
- Advanced analytical techniques enabling estimation of species distribution and comprehensive evaluation of wide-area sites
- Built strong partnerships with local governments (more than 60)
- Fully supports nature positive actions
- Engages approximately 900,000 consumers (app users)
- Many academic papers and collaborations with universities including the University of Tokyo and Kyoto University



### Living Organism Collection App



- Equipped with a visual dictionary and AI to identify the names of plants/animals corresponding to 100,000 species
- Motivating behavioral change of conserving biodiversity while "having fun"

### Real-time Organism Database

#### BiomeDB



- The largest real-time biological database in Japan with more than 6.5 million life forms
- A biological observation platform that has up to 15,000 updates per day

### Biodiversity Visualization Service

#### BiomeViewer



- Provides estimated distribution data of more than 40,000 species in Japan backed by advanced analytical techniques
- Enables interpretation of natural capital by investigating the status of species in each region

### Biological Research Conducted by Citizens

#### BiomeSurvey



- A fully customizable user interface for biological research
- A service that allows anyone to easily collect data and produce full-scale and systematic biological surveys

### Services Provided

- TNFD support
- Support for OECM<sup>\*1</sup>
- Green infrastructure DX
- Citizen participatory biological survey and capacity building
- Biodiversity ICT<sup>\*2</sup> education
- Invasive species elimination
- Climate change impact survey
- and many more

<sup>\*1</sup> Other Effective area-based Conservation Measures. Geographically designated areas outside of protected areas

<sup>\*2</sup> Information and Communication Technology. Collective term for information processing and communication technologies



## Opportunities for MUFG: Focus Area (3)

### Case Example of Startup Support and Collaboration (Biome Inc.)



Global recognition of the importance of conserving natural capital and biodiversity has promoted many companies to take specific measures to address this issue.

In order to make our efforts objective and with reasonable ground, it is essential to have a data-based evaluation mechanism for natural capital. Biome Inc. has built a previously difficult biodiversity assessment system with its unique approach of collecting real-time biodiversity data via smartphones. And we continue to release new services that support the Nature Positive Economy in addition to TNFD support.

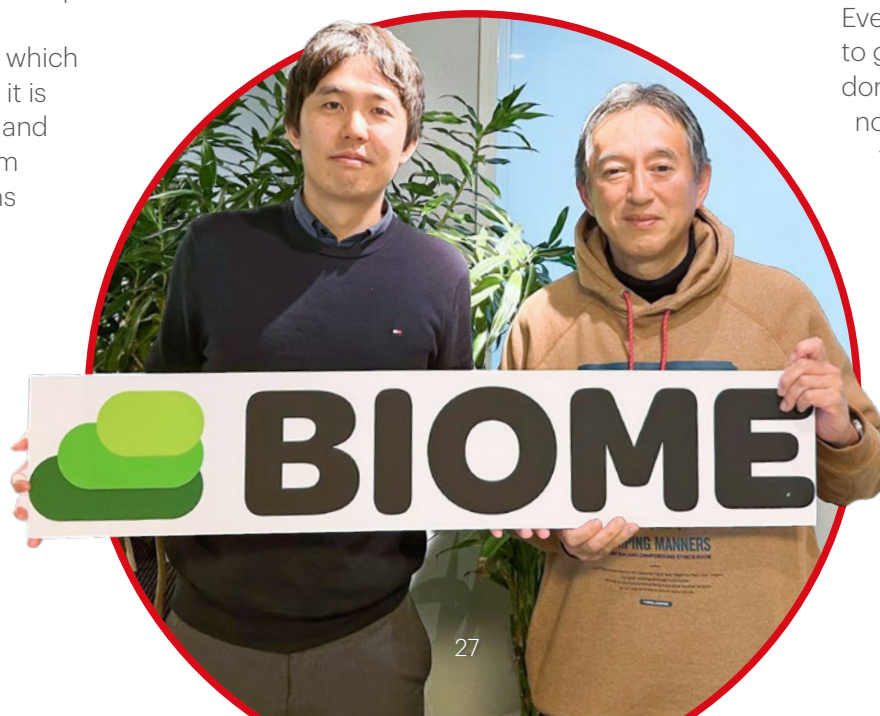
In order to achieve a sustainable society in which the economy grows while nature recovers, it is essential to properly assess natural capital and optimize the distribution of funds in tandem with that valuation, and financial institutions have a significant role to play. We believe that by bringing together our expertise in valuing natural capital and financial professionals, we can create new financial services and change society. We sincerely look forward to working with everyone at MUFG to make a difference in society.

#### Shogoro Fujiki

Founder and CEO  
Biome Inc.

#### Jun Yano

Deputy General Manager of  
Osaka Investment Department  
Mitsubishi UFJ Capital Co., Ltd.



Mitsubishi UFJ Capital

At the first interview, President Fujiki's passion for this business showed me his potential as an innovator, and at the same time, I was ashamed of my own proposals.

I suggested adding prize money and appealing to areas where endangered species live in order to increase the number of app users. However, his response impressed me. He said, "Having more people participating for money runs the risk of distorting our priorities. If we must financially motivate people to protect biodiversity, then I fear there will be no future for the earth."

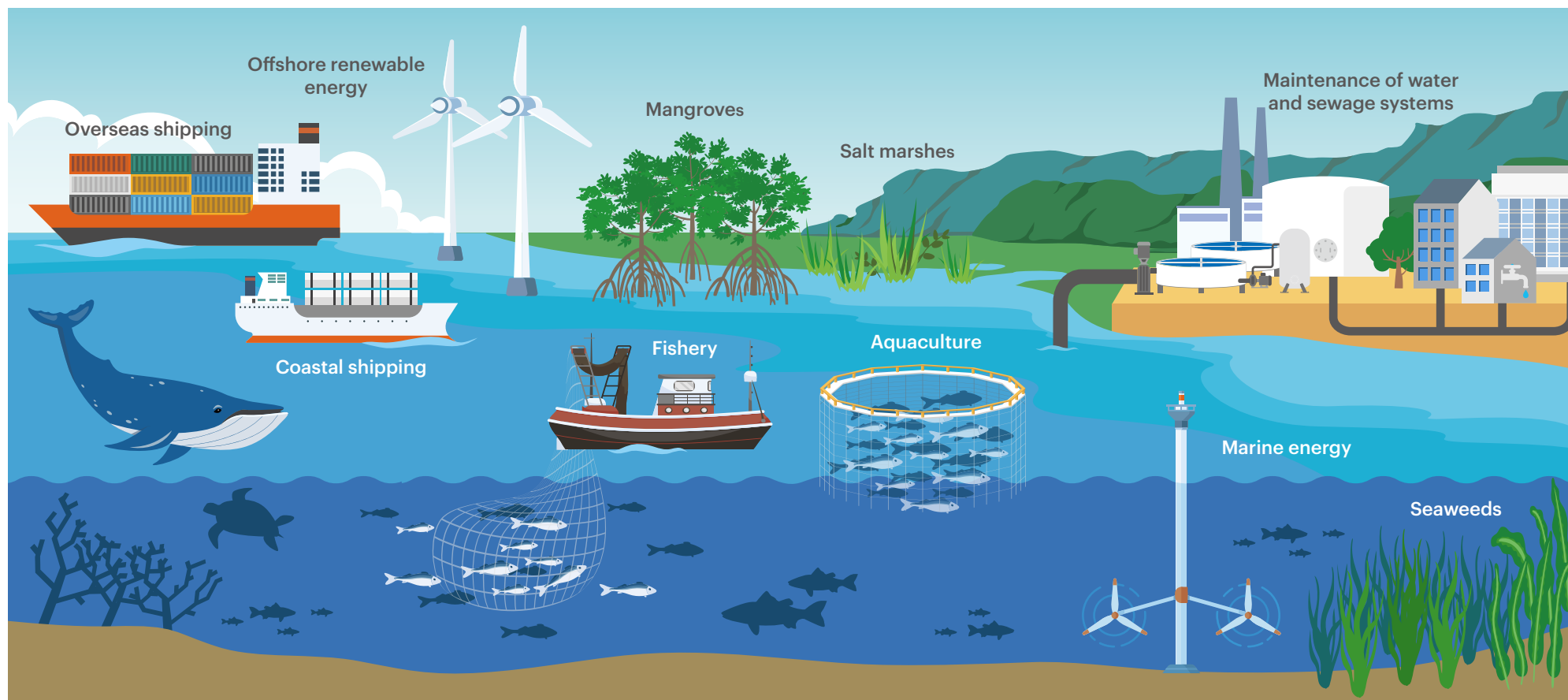
Even within the company, it was extremely difficult to gain understanding at first. They say things like, "I don't see how to monetize it" and "venture capital is not an investment in philanthropy." However, with the need for companies to respond to biodiversity increasing, I saw potential in the company, which possesses such hard-to-find data, and decided to invest in them.

If the enthusiasm of a single person can move the heart of another, then the circle of empathy will expand. There are more and more people around me who feel the same way. Inspired by the journey to protect biodiversity started by Mr. Fujiki, I would like to join him in opening the door to innovation. I believe that "we may be small, but we are not powerless."

## Opportunities for MUFG: Focus Area (4) Blue Finance

Blue finance is a collective term for financing that supports ocean and water-related projects, such as sustainable fisheries, wetland and coastal conservation, and water and sewage improvements. Across the Group, MUFG supports projects that lead to the conservation of water resources and sustainable use of ocean resources in Japan and overseas.

### Cases of blue finance support recipients





# Opportunities for MUFG: Focus Area (4) Case Example of Blue Finance

Major examples of blue finance supported by MUFG are as follows.

## Sustainable Use of Ocean Resources

## Water Resource Conservation

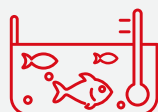
### Maruha Nichiro Corporation

Mitsubishi UFJ Morgan Stanley

#### Description

- Blue bond
- Joint lead manager
- JPY 5 billion

#### Use of Funds



Environmentally sustainable fisheries and aquaculture business

#### Features

- Issued the first blue bond in Japan
- Used for land-based salmon aquaculture. Contributes to reduction of GHG emissions by reducing ocean pollution and transportation distances

### METAWATER Co., Ltd.

Mitsubishi UFJ Morgan Stanley

#### Description

- Blue bond
- Joint lead manager
- JPY 10 billion

#### Use of Funds



Sustainable water business

#### Features

- The largest scale blue bond in Japan
- Used to fund investments and loans to SPCs\* in the concession business and to domestic and overseas operating companies engaged in the water treatment business

### Republic of Indonesia

Mitsubishi UFJ Morgan Stanley

#### Description

- Blue bond
- Joint lead manager
- Total JPY 20.7 billion

#### Use of Funds



Protecting the marine environment

#### Features

- First blue bond issuance as a samurai bond
- This bond is for projects related to marine and coastal protection, biodiversity and ecosystem restoration, sustainable fisheries, etc.

### Chiba City

Mitsubishi UFJ Morgan Stanley

#### Description

- Blue bond (municipal bonds)
- Bookrunner
- JPY 3 billion

#### Use of Funds



Sewerage facilities and equipment maintenance

#### Features

- First domestic municipality to issue blue bonds
- Allocated for the maintenance of sewerage facilities and equipment, such as pumping stations and purification centers, to prevent water pollution

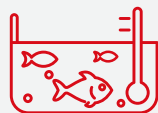
### Thai Union Group PCL.



#### Description

- Sustainability-linked Loans
- Lead arranger
- THB 11.5 billion

#### Use of Funds



Sustainable aquaculture and fisheries

#### Features

- Support for sustainability-linked loans to seafood processing companies
- Set KPIs for ESG ratings and GHG emissions, as well as for sourcing shrimp cultivated through sustainable methods

### Marubeni Corporation / Transelec Holdings Rentas Limitada



#### Description

- Project finance
- Joint lead arranger

#### Use of Funds



Seawater desalination plant

#### Features

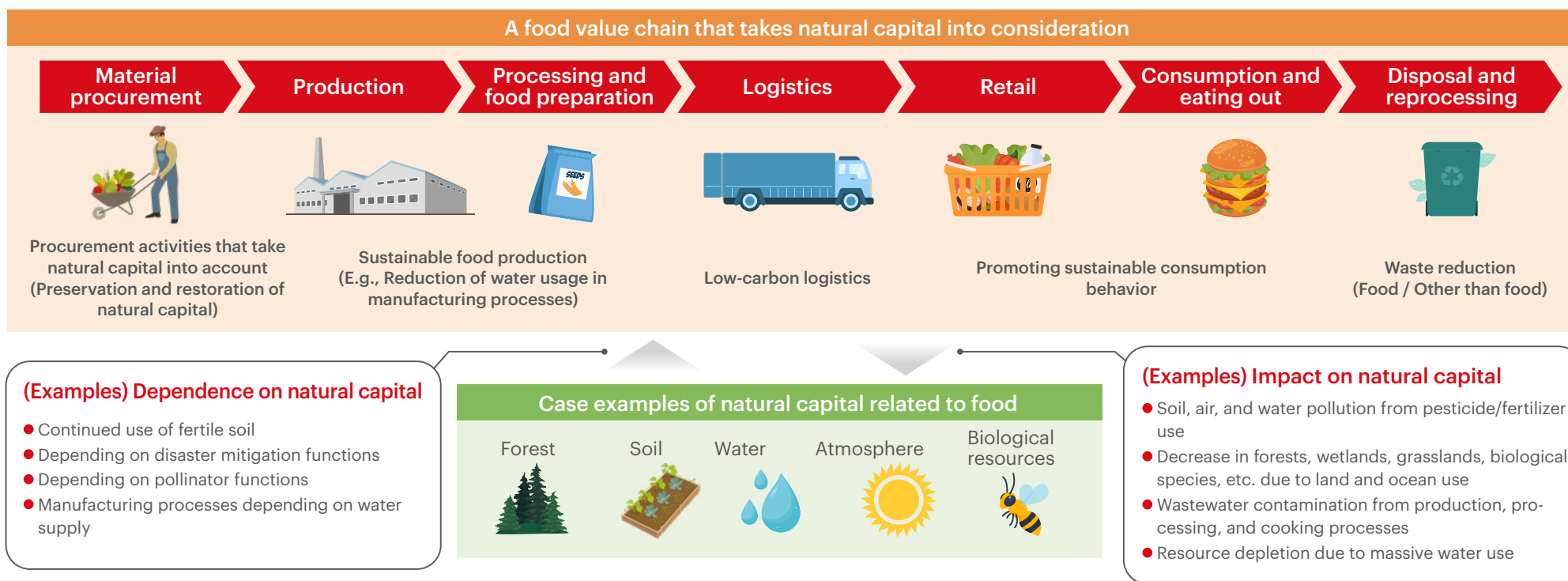
- Used for the construction of a plant that will use seawater rather than inland freshwater for copper mine development and refining
- Contributes to the preservation of local water resources

\* Special Purpose Company, a legal entity established for a specific purpose.

# Opportunities for MUFG: Focus Area (5)

## Initiatives in the Field of Food (Relationship between Natural Capital and the Field of food)

Food-related businesses are built on the blessings of nature throughout the supply chain, and ecosystem services created by natural capital are indispensable to our daily lives. On the other hand, the loss of natural capital is progressing around the world, and it is important not only to reduce the negative impact on natural capital while continuing operations, but also to conserve, restore, and rehabilitate natural capital.



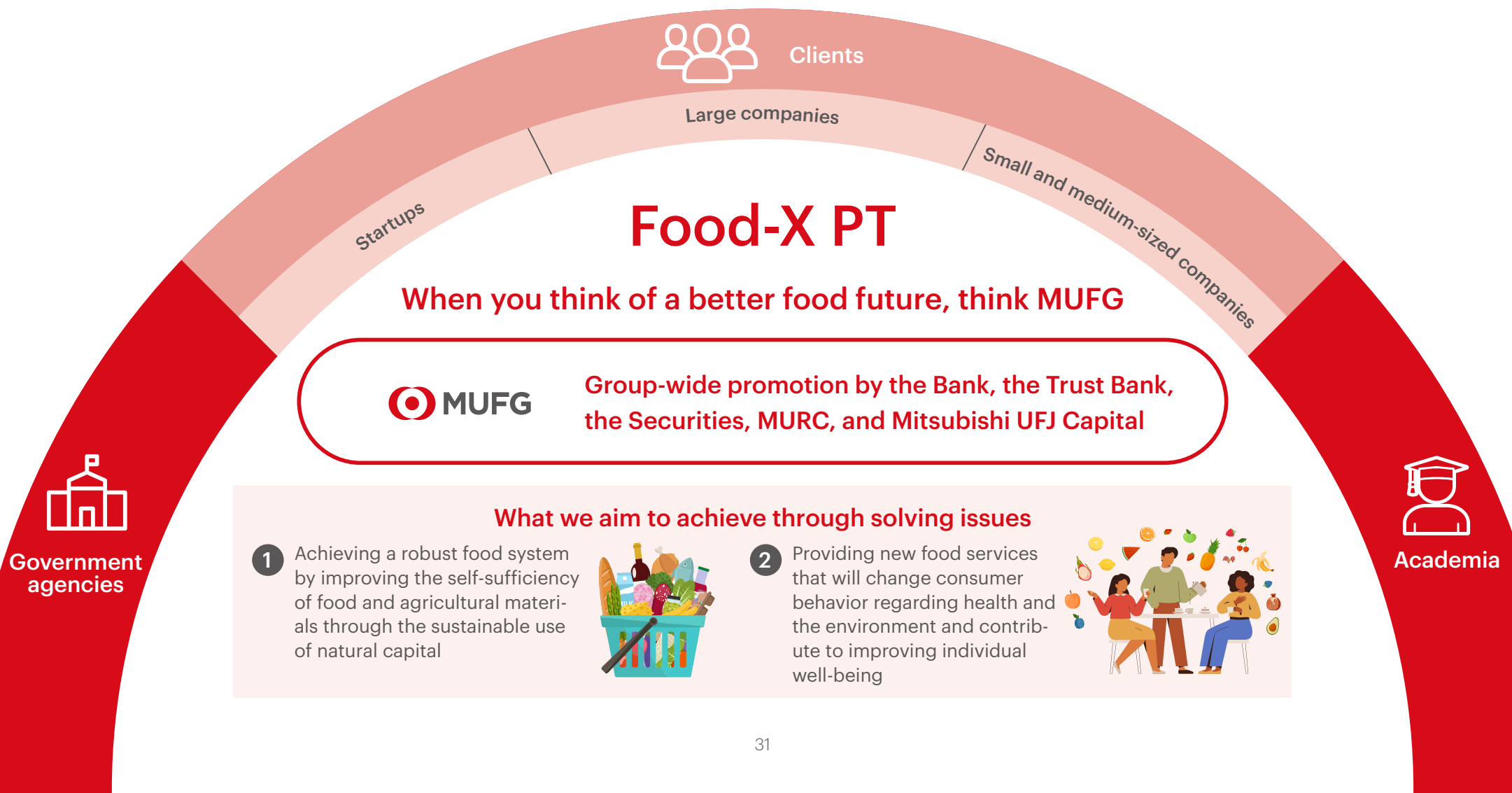
### Issues surrounding the food industry

- As the world population grows, the time is approaching when the current food system will not be able to provide enough food (Protein Crisis)
- Climate change, conflict, and other factors raise awareness of the risk of fragmentation of food value chains and increase food security concerns
- Japan has a low food self-sufficiency rate and is dependent on specific countries for agricultural materials (fertilizers, feed, etc.), so it is important to quickly address sustainable agriculture and establish medium- to long-term food security

# Opportunities for MUFG: Focus Area (5)

## Initiatives in the Field of Food (Launching Food-X Project Team)

MUFG has launched the internal Food-X Project Team to help solve social issues related to food. In addition to the food sector, which is heavily dependent on and affected by natural capital, we are also working with a wide range of clients related with food, including production, distribution, retail, and food service, as well as with government agencies, academia, and other stakeholders to build sustainable food value chains and create international frameworks.

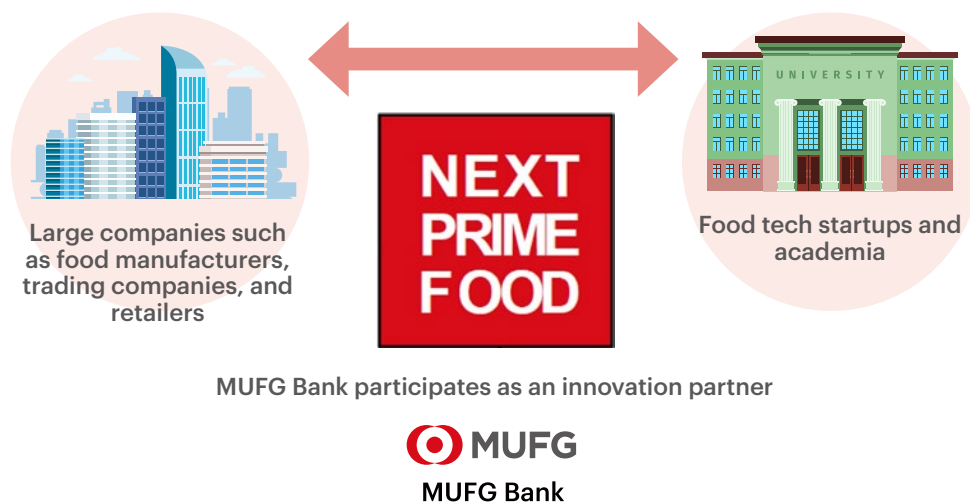


## Opportunities for MUFG: Focus Area (5) Initiatives in the Field of Food (Creating Food Ecosystems)

MUFG aims to contribute to the building of an ecosystem that contributes to solving food issues by connecting various food stakeholders, including a wide range of clients, startups, and academia.

### Appointed as Innovation Partner of Next Prime Food<sup>\*1</sup>

- The Bank will become an innovation partner of Next Prime Food, a consortium launched to accelerate the development of new businesses and support the growth of food tech-related technologies for large companies and startups to solve issues related with food.
- We will play a role in connecting domestic food tech startups, which face challenges in securing research and production bases and human resources, and in co-creating businesses with large companies, with other companies and academia that have solutions for these challenges



### Selected as a theme for the MUFG ICJ<sup>\*2</sup> ESG Accelerator Program

- The Bank has held an annual ESG Accelerator Program to support venture companies since 2021
- Venture companies trying to achieve sustainable food and biodiversity are subject to this program in 2024



### Co-sponsoring SKS JAPAN<sup>\*3</sup>, a food tech event

- Sponsored SKS JAPAN, a food tech event held in July 2023
- The first financial institution to participate in the event where MUFG shared its commitment to solving issues in the field of food in a panel discussion



Photo courtesy of SKS JAPAN 2023

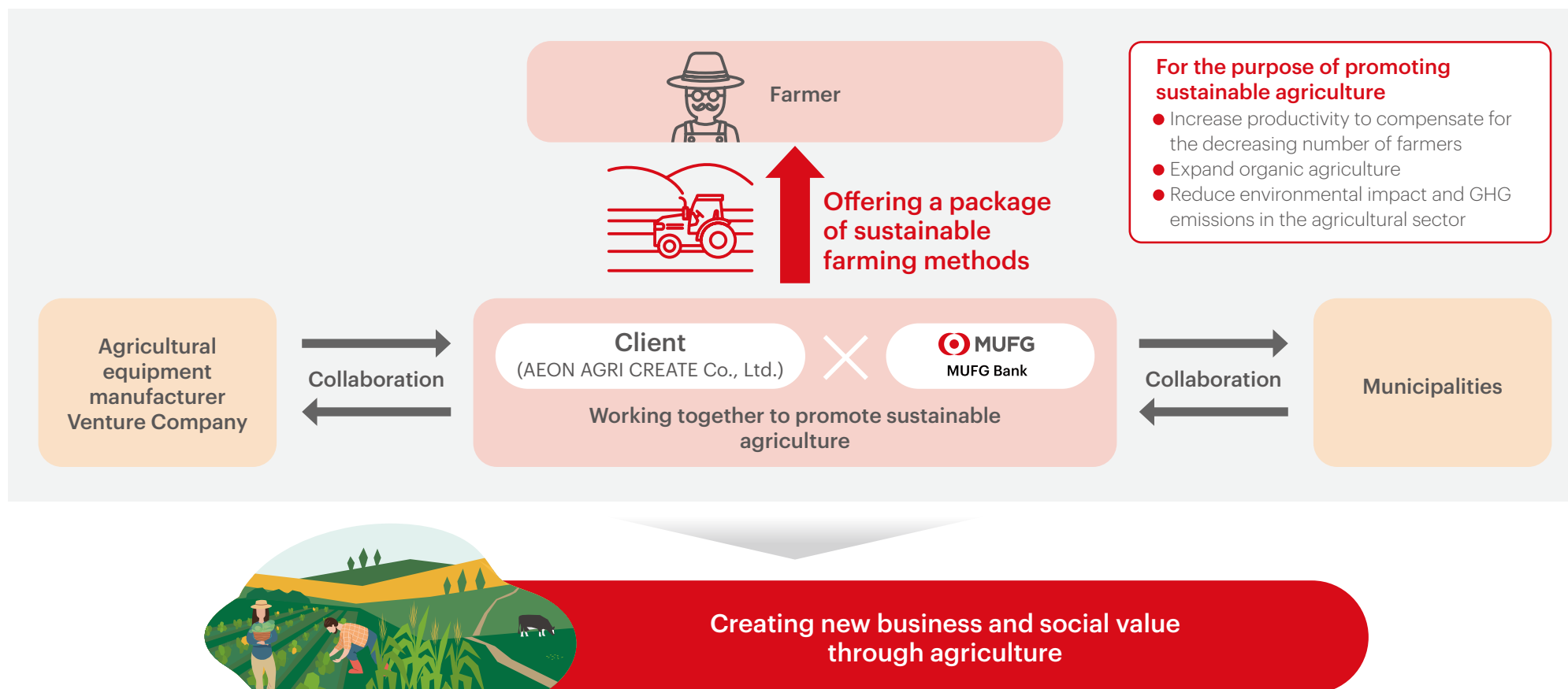
<sup>\*1</sup> A consortium to be formed by Beyond Next Ventures Inc., UnlocX & Co., and others.

<sup>\*2</sup> Inclusion Japan, Inc.

<sup>\*3</sup> Smart Kitchen Summit JAPAN. A global food tech conference on the theme of "Food x Technology & Science"

## Opportunities for MUFG: Focus Area (5) Initiatives in the Field of Food (Promotion of Sustainable Agriculture)

In order to ensure a stable food supply for Japan, it is important to promote sustainable agriculture by reducing environmental impact while improving productivity. In collaboration with clients, MUFG is considering a business model that provides farmers with a package of methods to promote sustainable agriculture. Through this initiative, MUFG hopes to contribute to sustainable agriculture in Japan. In March 2024, we signed an MoU (Memorandum of Understanding) with AEON AGRI CREATE Co., Ltd. to utilize our respective networks to explore, accumulate, and apply promising technologies for the purpose of promoting sustainable agriculture.



# Opportunities for MUFG: Focus Area (5)

## Initiatives in the Field of Food (Solving Nutrition Issues)

In addition to the sustainable use of natural capital, there is also the issue of nutrition in the field of food. In fact, as a trend originating in Europe, there is an active movement to evaluate food-related companies by scoring each product based on the nutritional content of foodstuffs for the purpose of preventing diseases and promoting health among consumers. In collaboration with the Ministry of Health, Labour and Welfare, the National Institute of Health and Nutrition, and other organizations, MUFG is working to prepare Japan's Nutritional Profile based on the actual situation in Japan (①). In order to reflect this nutrition profile in our global nutrition profile, we will develop a framework through collaboration with clients (②) and engagement with international initiatives (③).

1

### Efforts to create Japan's Nutritional Profile

#### Purpose

Prepare evidence on Japanese food culture and the state of nutrition intake by Japanese people, reflecting the actual situation in Japan

#### Initiatives

- Collaboration with the Ministry of Health, Labour and Welfare and the National Institute of Health and Nutrition to contribute to the advanced access to healthy food and the improvement of nutrition for the Japanese people
- From the perspective of academia, we also discussed with the International University of Health and Welfare and other institutions

2

### Collaboration with clients

#### Purpose

Pursuing robust activities as Team Japan by industry, government, academia, and financial sector, we collaborate with clients in the field of food

#### Initiatives

- We continuously consult with clients of major food companies, including Ajinomoto Co., Inc., Meiji Holdings Co., Ltd., and Nissin Foods Holdings Co., Ltd.
- A wide range of dialogue with retailers and distributors



3

### Continuous engagement with ATNI\*

#### Purpose

Interconnection of Japan's Nutritional Profile with global rules

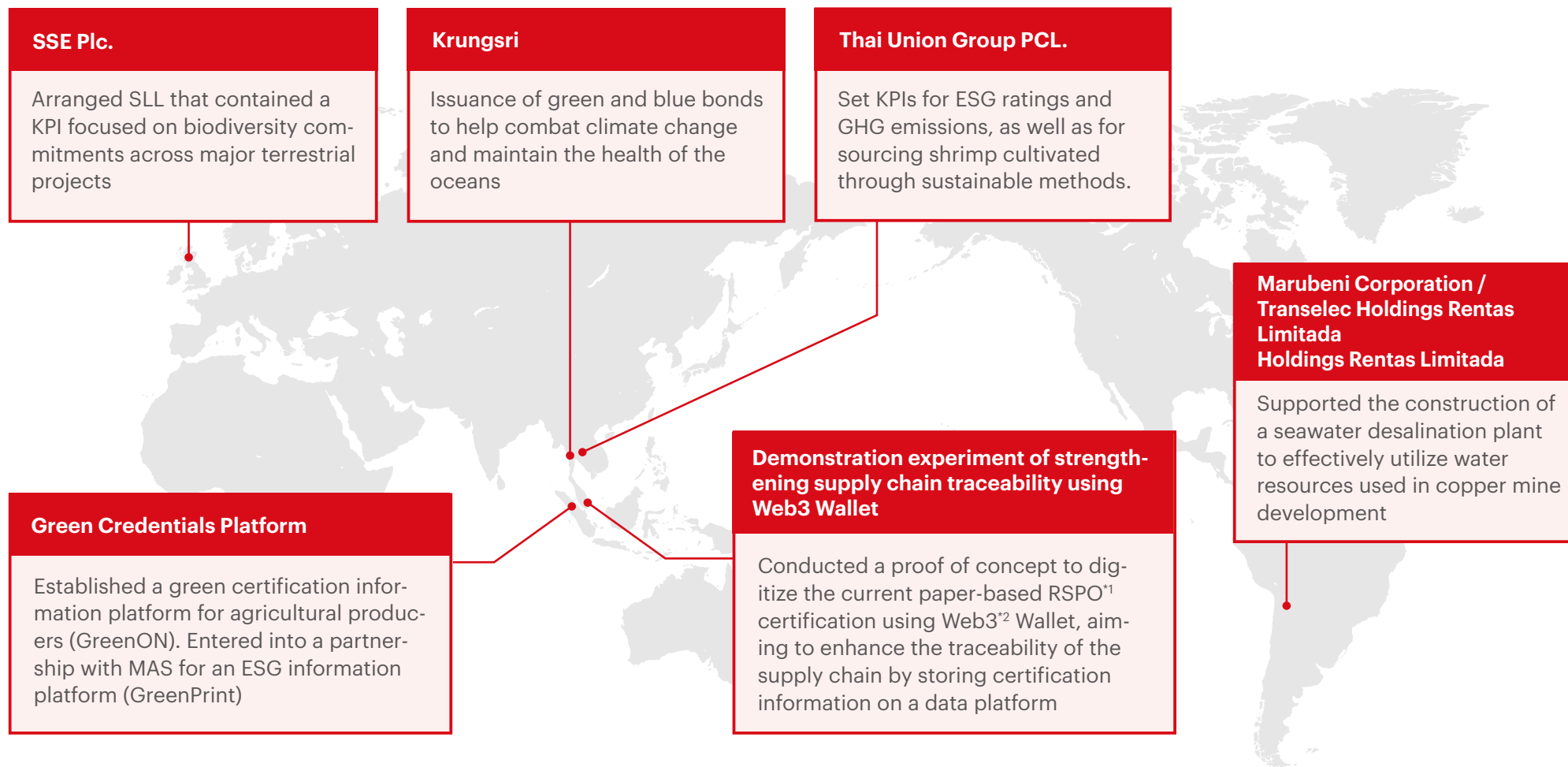
#### Initiatives

- Clarify the situation on the Japanese side (Applying European standards does not necessarily lead directly to the improvement of the health of Japanese people)
- Activities to create a system in collaboration with ATNI

\* Access to Nutrition Initiative. Initiatives by the Access to Nutrition Foundation (ATNF), a Dutch non-governmental organization that addresses nutrition-related issues

# Opportunities for MUFG: Global Opportunities related to Natural Capital

Leveraging our global business bases in Europe, the Americas, and APAC, as well as in partner banks in Southeast Asia, we are promoting business development, including natural capital financing.



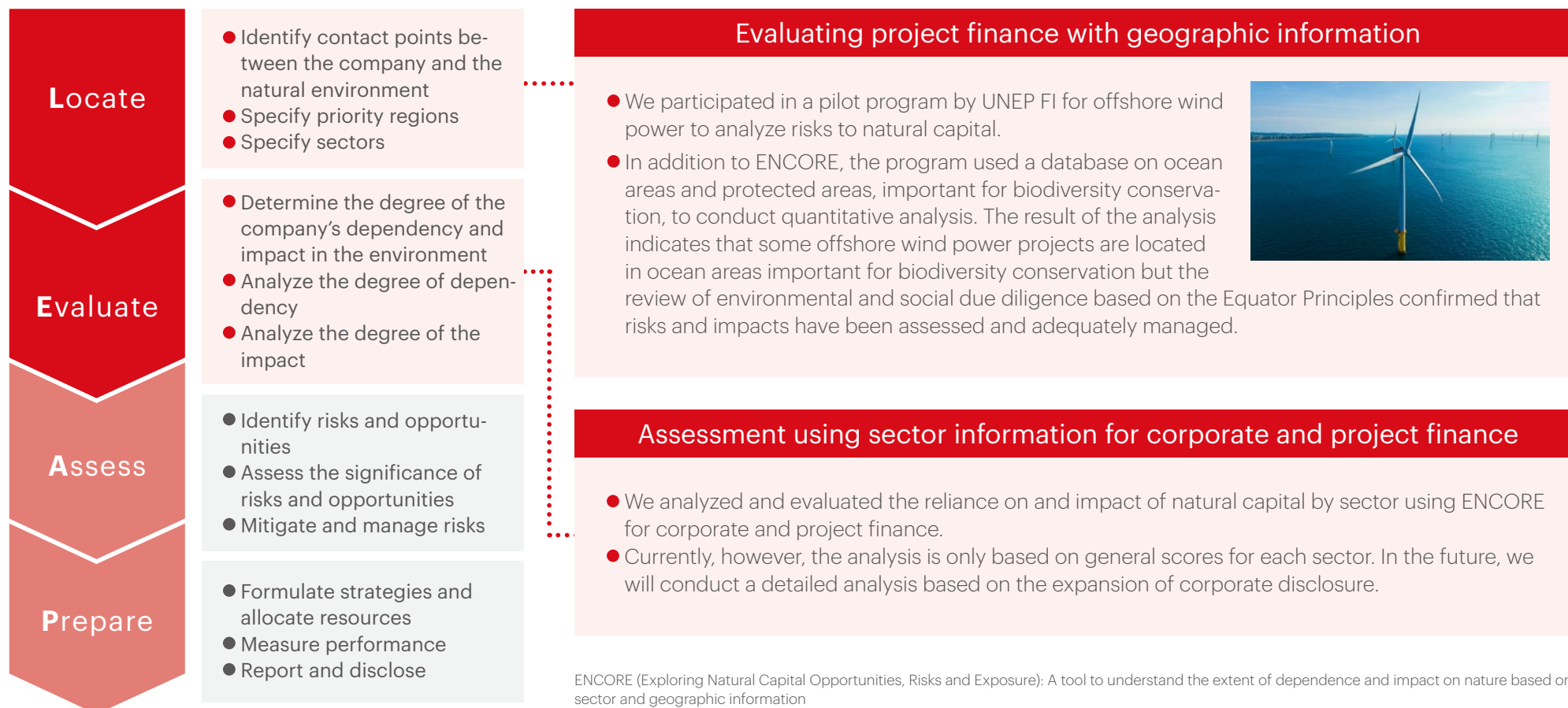
\*1 An approach where users freely manage and use the data themselves with the use of blockchain and other technologies

\*2 "Roundtable on Sustainable Palm Oil." Promoting the production, purchase, financing, and use of sustainable palm oil products; development, implementation, verification, and assurance of international standards; it is also regularly reviewed



# Analysis with the LEAP Approach: Process to Identifying Opportunities and Risks

To identify natural capital-related opportunities and risks, we conducted a sector-by-sector analysis of natural dependence and impacts, in compliance with the LEAP Approach in the TNFD disclosure framework. Specifically, we analyzed offshore wind projects based on geographical information, and dependence on and impact on natural capital by sector using ENCORE. In the future, we will conduct more in-depth analysis and evaluate opportunities and risks by considering specific countermeasures utilizing information disclosed by our clients.





# Analysis with the LEAP Approach: Analysis of Dependence by Sector

The results of the ENCORE analysis indicated that materials, food & beverages, and tobacco have a high dependency on natural capital. The sectors as a whole were also found to be highly dependent on natural capital, particularly habitats, species, and water. In addition to the results of the ENCORE analysis, we will continue to identify sectors and natural capital that require priority action, referring to corporate disclosures.

	Atmosphere	Habitats	Land geomorphology	Minerals	Ocean geomorphology	Soils and sediments	Species	Water
Energy								
Materials (Chemicals, Steel, Forestry, etc.)		①						
Industrials (heavy industry, construction, civil engineering, etc.)								
Commercial / Professional services								
Transportation								
Automobiles and auto parts								
Durable consumer goods and apparel								
Consumer discretionary								
Retailing								
Food and consumer staples retailing								
Food, beverages, and tobacco		②					③	④
Household product								
Healthcare								
Banking								
Various financial services								
Insurance								
Software services								
Technology hardware								
Semiconductors								
Telecommunications services								
Media and entertainment								
Utilities								
Real estate								

Very high dependency

High dependency

## Typical cases

1

Forestry, a material sector, depends on forests (habitats for trees) for raw materials procurement



2

Food sector (fisheries, aquaculture, livestock, and agriculture) depends on habitats such as fishing grounds, fields, or ranches



3

Food sector (fisheries, aquaculture, livestock, and agriculture) depends on species such as fish, cattle, and crops



4

Beverage sector depends on water resources at the manufacturing phase



# Analysis with the LEAP Approach: Analysis of Impact by Sector

From the ENCORE analysis, we found that sectors such as energy, materials, industrials, transportation, food, beverages, tobacco, and utilities have the greatest impact on natural capital. The sectors as a whole also show a large impact on natural capital, such as species and water. In addition to the results of the ENCORE analysis, we will continue to identify sectors and natural capital that require priority action, referring to corporate disclosures.

	Atmosphere	Habitats	Land geomorphology	Minerals	Ocean geomorphology	Soils and sediments	Species	Water
Energy							①	
Materials (Chemicals, Steel, Forestry, etc.)							②	
Industrials (heavy industry, construction, civil engineering, etc.)							③	④
Commercial / Professional services								
Transportation							⑤	
Automobiles and auto parts								
Durable consumer goods and apparel								
Consumer discretionary								
Retailing								
Food and consumer staples retailing								
Food, beverages, and tobacco							⑥	⑦
Household product								
Healthcare								
Banking								
Various financial services								
Insurance								
Software services								
Technology hardware								
Semiconductors								
Telecommunications services								
Media and entertainment								
Utilities							⑧	
Real estate								

Very high impact

High impact

## Typical cases

- ① Oil and gas extraction affects species



- ② Chemical outflow affects species



- ③ Construction of architectural and civil engineering infrastructure affects terrestrial and ocean species and water



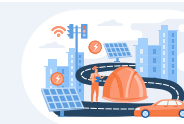
- ⑤ Construction of highways and railroad tracks in the transportation sector affects species



- ⑥ Food sector (agriculture, fisheries, etc.) affects species and water through the use of land and ocean



- ⑧ Utilities, such as infrastructure construction, affect forests and other species



# Analysis and Initiatives at Our Sites: Analysis of Dependencies and Impacts

MUFG has conducted an analysis of contact with high importance areas, such as protected areas for biodiversity based on information from its own domestic and overseas sites. We will continue to study the analysis of the dependence and impact on natural capital by our own operations.

## Disclosure requirements in TNFD

TNFD requires the company to identify, assess, prioritize, and monitor nature-related dependencies/impacts, risks, and opportunities, in addition to identifying whether the sites at which it directly operates are significant natural capital-related areas.

## Status of our own response

In order to identify our own sites that may have an impact on natural capital, we attempted to analyze their points of contact with areas of high importance, such as protected areas for biodiversity, based on information from the company's sites in Japan and overseas. As a result, we confirmed that our company's sites have contact with areas of high biodiversity importance, such as the outer edge of the Nobi Plain in Aichi Prefecture.

## Matters to be considered in the future

We will study the actual magnitude of the impact of our own operations on biodiversity and the analysis of our dependence and impact on other natural capital, including water, in the future.

### Metrics used to test the analysis

- Key Biodiversity Areas
- BII (Biodiversity Intactness Index)
- Protected areas

## Image of the analysis

### Key Biodiversity Areas



Source: KBA Study by Conservation International Japan  
<http://kba.conservation.or.jp/index.html>

### BII (Biodiversity Intactness Index)



Source: Newbold et al. (2016) "Global map of the Biodiversity Intactness Index, from Newbold et al (2016)"

<https://data.nhm.ac.uk/dataset/global-map-of-the-biodiversity-intactness-index-from-newbold-et-al-2016-science>

# Analysis and Initiatives at Our Sites: Initiatives to Reduce Dependencies and Impacts

MUFG is promoting initiatives such as the effective use of water and paper resources, recycling of waste, and reduction of GHG emissions in order to reduce the dependence and impact of its own business activities on natural capital.

## Effective use of water resources

To make effective use of water resources, we are promoting the following initiatives.

### Main initiatives

Japan: To promote the reuse of water and utilization of rainwater, water treatment and rainwater utilization equipment have been installed in some head office buildings

Other countries: MUFG is working to reduce water usage at subsidiaries located in countries with higher water stress. Krungsri in Thailand reduced the amount of tap water used at the Bangkok head office by taking measures such as the reuse of wastewater; it reduced water usage at its Ploenchit office by approximately 40% by installing water-saving equipment

## Effective use of paper resources

In addition to promoting the effective use of paper resources to conserve forest resources, all paper procured by the Bank for printing purposes is FSC<sup>\*1</sup> certified<sup>®</sup>.

### Main initiatives

Reducing paper usage, visualizing the number of sheets printed, promoting smart work, and digitizing contracts

## Environmentally friendly buildings

The Bank's head office buildings in Osaka and Nagoya were designed to be environmentally conscious and were fitted with all-LED lighting and equipment to effectively utilize rainwater. Both buildings obtained the highest rating in the CASBEE<sup>\*2</sup> environmental performance evaluation.



Osaka Head Office Building



Nagoya Head Office Building

\*1 Forest Stewardship Council. It certifies appropriate forest management for sustainable forest utilization and conservation

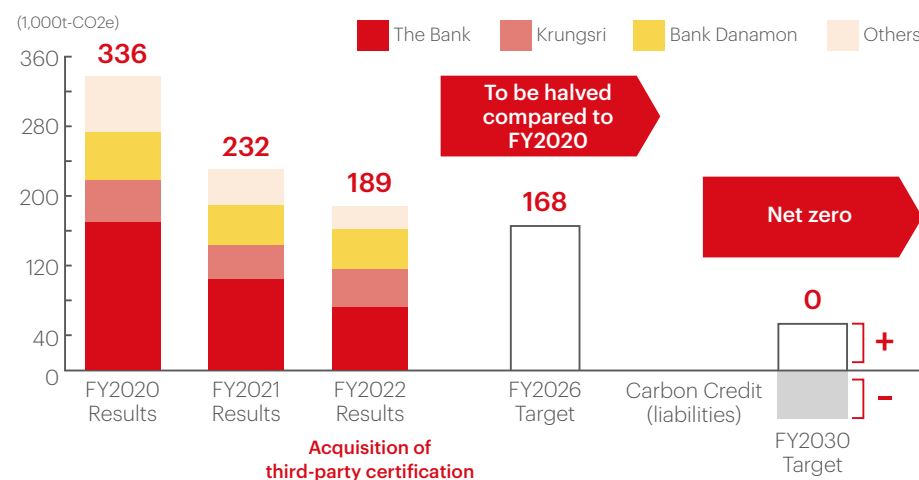
\*2 A method for evaluating and rating the environmental performance of buildings, and is a comprehensive evaluation system for building quality that includes not only environmental considerations such as energy conservation and the use of materials and equipment with low environmental impact, but also indoor comfort and consideration for the landscape

## Recycling of waste

The Bank's head office in Tokyo, Nagoya, and Osaka have set a goal of achieving a waste recycling rate of at least 90%. The waste recycling rate of Tokyo head office was over 90% (94.9%) in FY2022. MUFG will continue to improve its waste recycling rate, including at other head office buildings.

## Reducing GHG emissions

MUFG has set a goal of reducing its own GHG emissions to net zero by 2030, and in addition to energy efficiency & conservation efforts, is switching to renewable energy and to electric vehicles (EVs). We have already achieved 100% conversion to renewable energy for our own contracted electricity in Japan, and our GHG emissions in FY2022 were 189,000t-CO<sub>2</sub>e, a 44% reduction from FY2020.







# 5

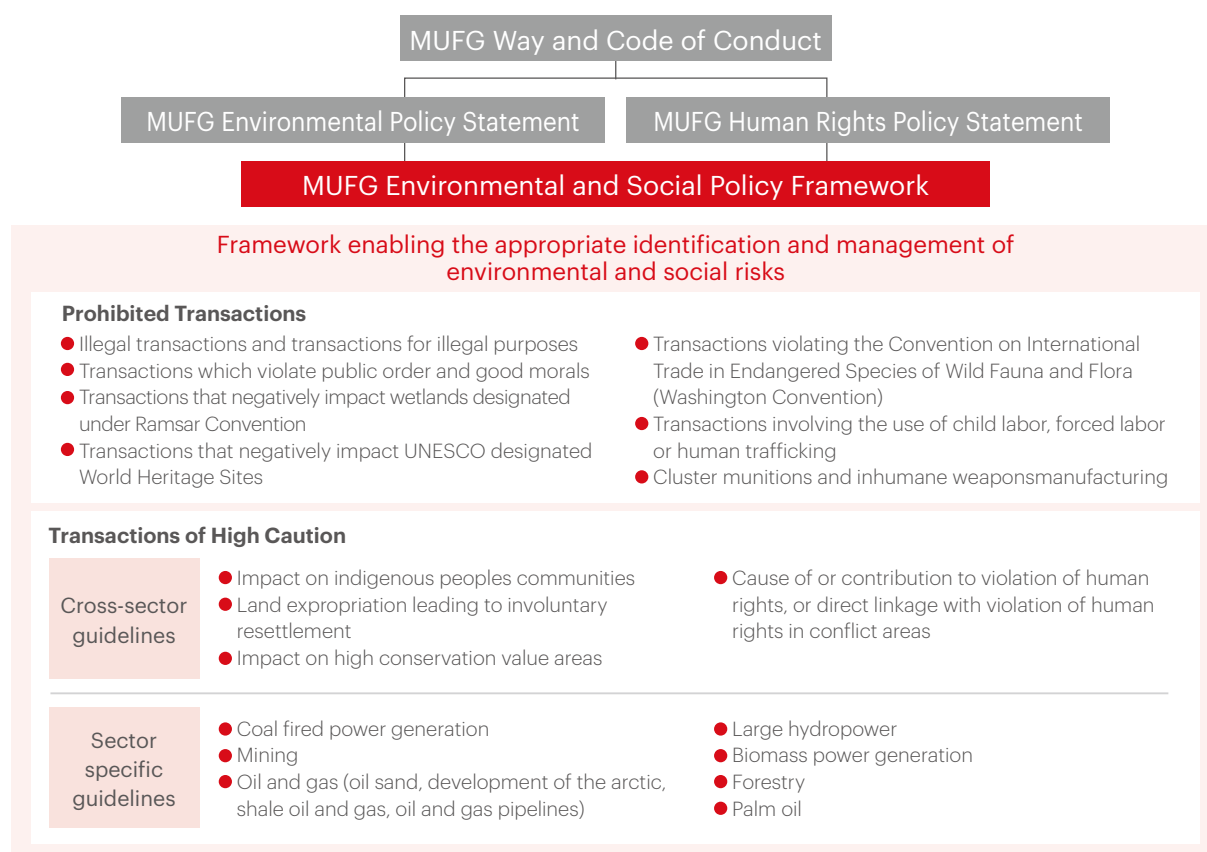
## Risk and Impact Management



# Risk Management of Investments and Loans: Framework for Risk Management

As a framework to understand and manage the environmental and social risks in consideration of Finance<sup>\*1</sup>, the MUFG Environmental and Social Policy Framework has been established. In addition, when financing large-scale projects such as infrastructure and resource development, an environmental and social risk due diligence based on the Equator Principle<sup>\*2</sup> is carried out.

## MUFG Environmental and Social Policy Framework



## The Equator Principles

**Summary** The Equator Principles is a framework developed primarily by private-sector financial institutions in order to systematically identify, assess, and manage environmental and social risks and impacts caused by a project in a structured way, for financiers and advisors.

### Before Finance

Identify and assess environmental and social risks and impacts, and confirm whether measures to avoid, minimize, mitigate, or offset the risks are in place.

### After Finance

Continuously monitor whether environmental and social risks have materialized.

## Response for natural capital and stakeholder engagement as required by the Equator Principles

Targeted projects <sup>*3</sup>	Required main responses
All Category A or B projects	<ul style="list-style-type: none"> <li>● Engagement with stakeholders such as local communities and workers, including achievement of FPIC when relevant</li> </ul>
All Category A and, as appropriate, Category B projects	<ul style="list-style-type: none"> <li>● Share project-specific, non-sensitive biodiversity data with GBIF<sup>*4</sup>, etc.</li> <li>● Establishment of a grievance mechanism</li> </ul>

<sup>\*1</sup> Credit and bond/stock subscription for bank, trust bank and securities clients <sup>\*2</sup> Bank approach

<sup>\*3</sup> Category A refers to projects with potential significant adverse environmental and social risks and/or impacts that are diverse, irreversible, or unprecedented.

Category B refers to projects with potential limited environmental and social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures.

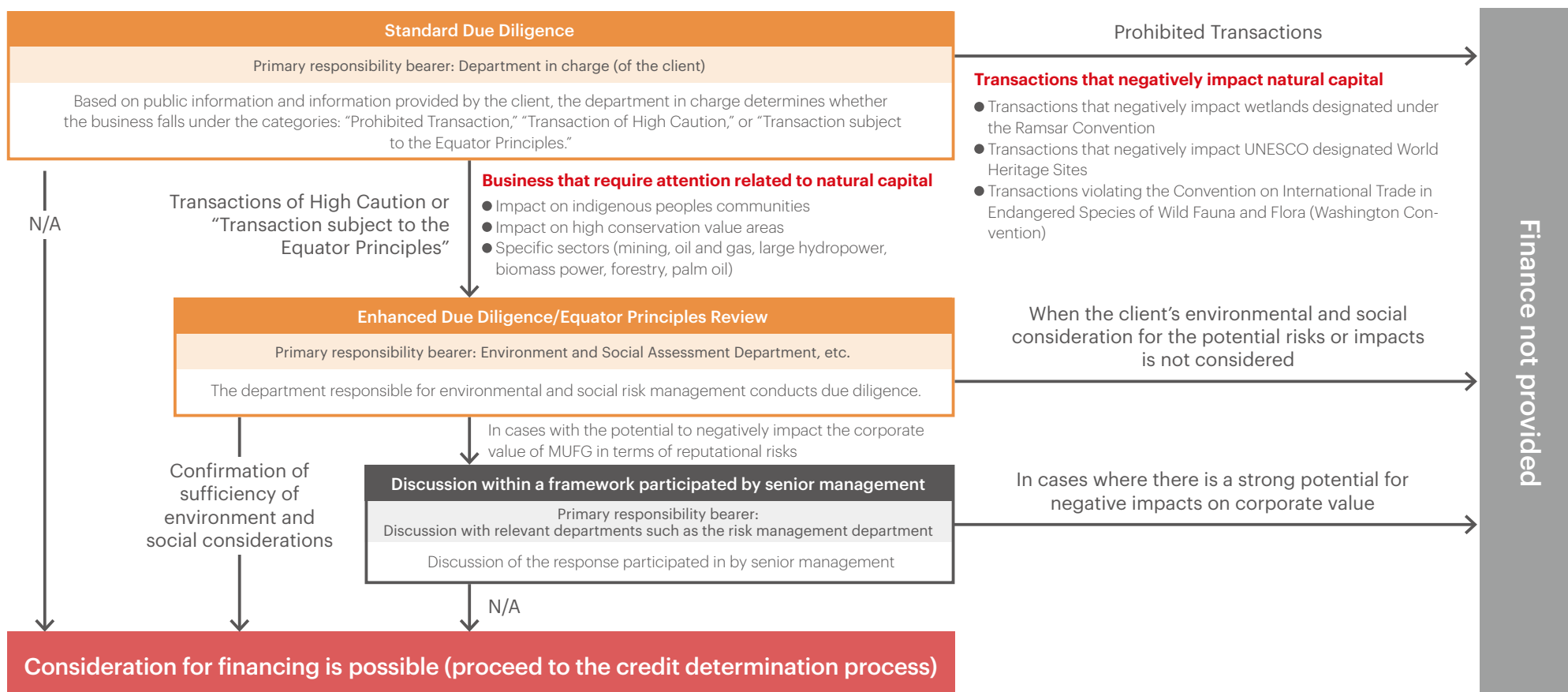
<sup>\*4</sup> Global Biodiversity Information Facility is an international network and research infrastructure funded by governments around the world, in order to provide open access to data on various organisms on the planet to anyone and from anywhere.



# Risk Management of Investments and Loans: Process for Risk Management

When considering finance, a due diligence process to specify risk and impact on the environment and society, including natural capital, is implemented. When a business corresponds to a prohibited project as regulated in the MUFG Environmental and Social Policy Framework, finance is not implemented. In addition, when a business falls under Transactions of High Caution in the Equator Principles, additional due diligence is implemented by the responsible department, and the environmental and social considerations of the client are considered insufficient relative to the level of the potential risk or impact, financing will not be provided.

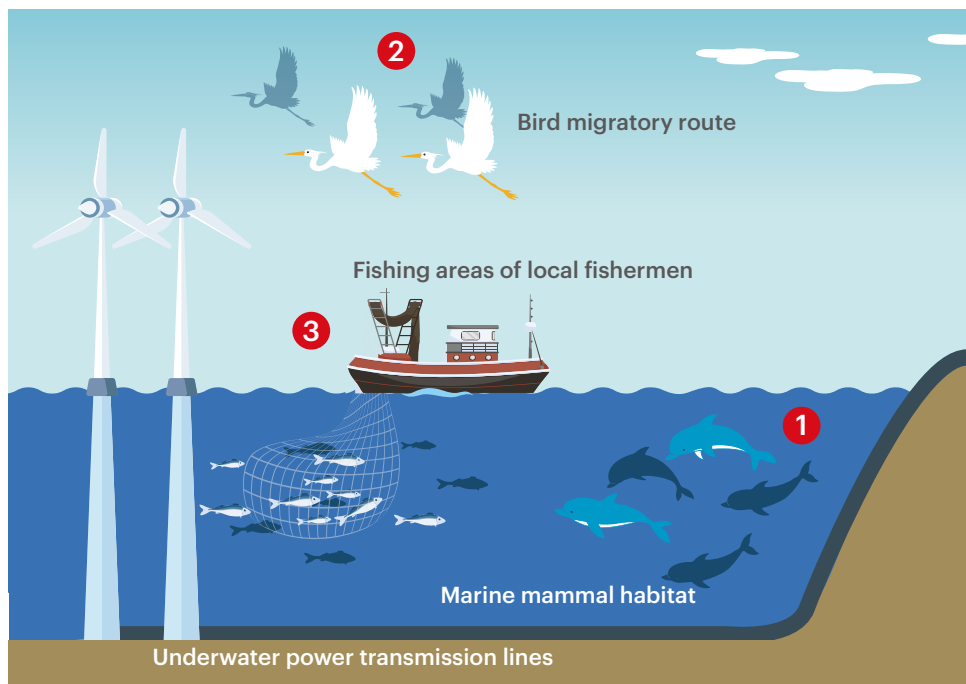
## Environment and Social Risk Assessment Process



# Case Study on Risk Management in Investments and Loans: Offshore Wind Power Generation Project

## Project overview

- The project is construction and operation of multiple offshore wind power facilities. The route for the underwater transmission lines, which extend from wind turbines to the onshore area, overlaps with waters known as the habitat of marine mammals. In addition, the proposed site is located within the flight path of migratory birds, and it has been confirmed that important species arrive to the coastal areas during winter months.
- Furthermore, the route of the underwater transmission lines also overlaps with the fishing area of local fishermen. However, since maritime traffic will be restricted while the transmission lines are being laid, which may lead to a loss of livelihood for fishermen in the area.



## Identification and evaluation of the risks and MUFG's response

### 1 Impacts on marine organisms

#### Risk

Impacts on the breeding of valuable species

#### Response

- Analyzed and verified impacts on valuable species based on assessment reports developed by experts
- Requested development of management plans during the breeding season, including prohibition of material transport vessel operations and restriction on the vessels' cruising speed

### 2 Impacts on migratory birds

#### Risk

Impacts on the ecology of migratory birds

#### Response

- Requested surveys on the collision risks between operational wind turbines and birds and bats, securing of distance between turbines, and installation of lights to prevent collisions

### 3 Compensation for local fishermen

#### Risk

Potential loss of means of livelihood for fishermen

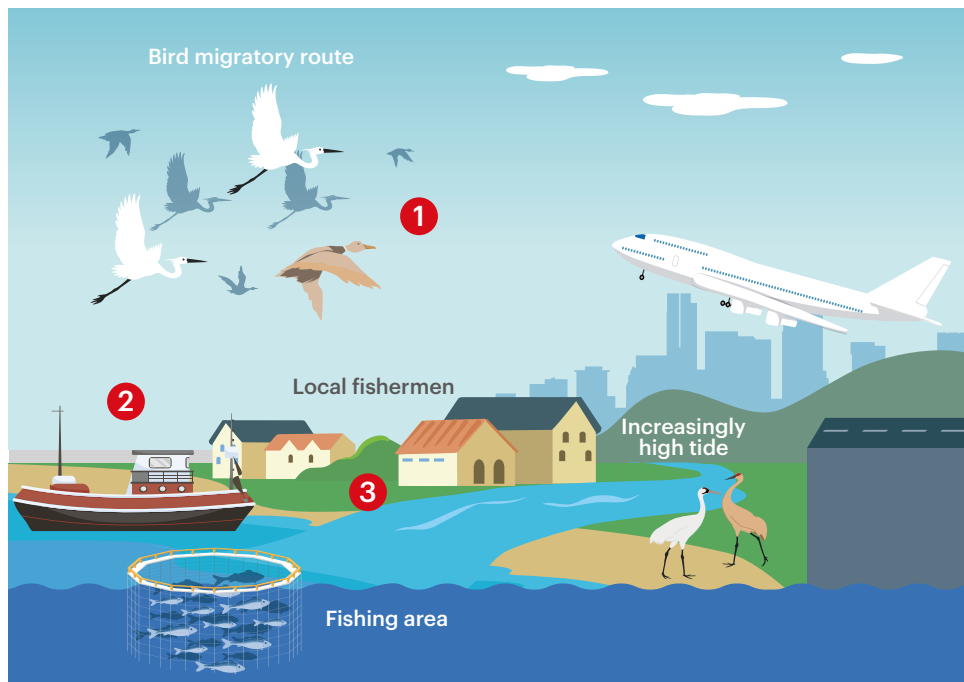
#### Response

- Requested operators to engage with fishing associations. In addition to financial compensation, the loan agreement stipulated a condition for signing a memorandum of understanding aimed at creating new means of livelihood, such as aquaculture
- The lenders have retained independent experts and monitor the progress of the engagement

# Case Study on Risk Management in Investments and Loans: Airport Land Development Project

## Project overview

- The project involves the development of an airport platform from tidal flats and fish farming ponds. The project site is surrounded by the ocean and a river, and the tidal flats are known to be visited and used by migratory birds in winter.
- In the marine area and rivers around the project site, gillnets, along with various other methods, are employed for fishing, and several households are located along the river. In addition, the entire area, including the project site, has extremely low elevation. Residents in the coastal area are concerned about high tide.



## Identification and evaluation of the risks and MUFG's response

### 1 Impacts on migratory birds

#### Risk

Loss of wintering grounds and feeding habitat for birds

#### Response

- Requested project proponent to establish environmental and social management systems. Confirm the establishment of an independent committee that includes domestic and international NGOs as partners and the participation of outside experts
- With the support of independent experts employed by the lenders, conducted site visits and confirmed that survey of birds flying to the planned site have been conducted, and alternative sites, including tidal flats, for migratory birds to overwinter, have been secured

### 2 Compensation for local fishermen

#### Risk

Possible loss of means of livelihood for fishermen

#### Response

- Through monitoring by experts retained by the lenders, confirmed status of the compensation extended to fishermen with reduced means of livelihood, and progress of support for new means of livelihood (e.g., mushroom farming)

### 3 Impacts of flooding

#### Risk

Increased risk of flooding in the surrounding areas due to reclamation of the tidal flats

#### Response

- Requested to develop a plan to dredge the rivers around the project site and upgrade the dikes along the rivers



# 6

## Metrics and Targets

## Metrics and Targets of MUFG

In investments and loans, we aim to expand client support based on dependency and impact analysis and to create solutions in the field of food, in addition to quantitative targets for sustainable finance. In MUFG's business activities, metrics and targets regarding waste, plastic waste, paper resources, and GHG emissions have been set. We will continue to consider setting additional targets by referring to the international targets for 2030 in the Kunming-Montreal Global Biodiversity Framework adopted at the 2022 COP15, strategies developed by national governments, and discussion of target-setting methods in financial institutions.

### Investments and Loans

- A sustainable finance target of 100 trillion yen by 2030 (including natural capital)
- Expansion of client support based on analysis of the dependency and impact of the investment and loan portfolio
- Creation and specification of solutions for social issues in the field of food

### MUFG's Business Activities

- Target for waste recycling rate: A recycling rate exceeding 90% at the Bank's headquarters in Tokyo, Nagoya, and Osaka.
- Effective use of plastic waste: Measurement of the recycling rate of PET plastic bottles at the Bank headquarters in Tokyo, Nagoya, and Osaka (FY2022 results: 100%)
- Effective use of paper resources: Measurement of the recycling rate of paper resources at the Bank's headquarters in Tokyo, Nagoya, and Osaka (FY2022 results: 100%)
- MUFG's target to reduce GHG emissions: Net zero by 2030



**7**

**Future  
Action Plan**



## Next Step

While actively promoting business opportunities in five focus areas that utilize our strengths, MUFG will promote initiatives to create opportunities in sectors outside the field of food. In addition, MUFG will refine opportunities and risk analysis while progressing with the preparation of global data related to natural capital and analysis methods.

### Specification of five focus areas

- Progress in the specification of five focus areas which utilize the strengths of MUFG

#### [Initiatives to support our clients]

Consultation, start-up, collaboration, Blue Finance

#### [Solution creation]

Partnerships

#### [Initiatives in the sector core]

Initiatives in the field of food

### Development of further opportunities

- In addition to the field of food, development of opportunities in other sectors which are deeply related to natural capital, such as real estate, infrastructure, and energy.
- Promotion of initiatives which are integrated with other sustainability issues, such as climate change, respect for human rights, circular economy, etc.

### Clarification of analyses that consider measurement and quantification of improvements

- Follow data related to natural capital and the progress in the development of analysis methods, and clarify opportunities and risk analysis in the consideration of expanding information disclosure by companies



**8**

**Initiatives as  
Asset Manager**



# Initiatives for Natural Capital / TNFD: Overview

Asset management companies under MUFG promote initiatives that improve the value of portfolio companies in a sustainable manner, and promote solutions to various sustainability issues through stewardship activities while providing return on investment (ROI) to clients.

Regarding natural capital and biodiversity, MUFG AM participated in the TNFD forums in September 2021 and December 2023, and presented the results of its analysis of the dependency and impact on the MUFG AM<sup>\*1</sup> equity and corporate bond portfolio. MUFG was also registered as a TNFD Early Adopter in February 2024.

## For the expansion of sustainable investments

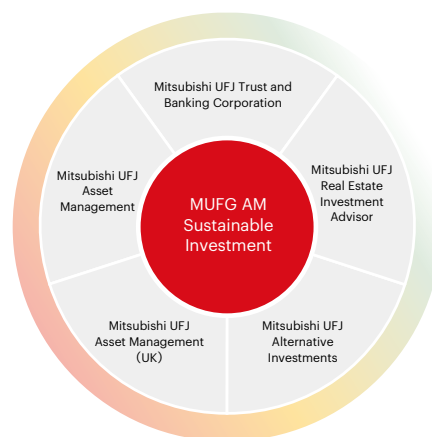
### ● Policy establishment

With its vision for sustainable investing — “Investing for our Sustainable Future”, MUFG AM has established its Sustainable Investing Policy to strengthen sustainable investing initiatives.

### ● MUFG AM Sustainable Investment

Since April 2023, MUFG AM has brought together transformative solutions to global challenges with sustainable investing for our future.

Global knowledge has been collected at the international level by MUFG AM from a pool of external experts in order to promote sustainable investment through the expansion of products and services.



## Registered as a TNFD Early Adopter

- MUFG AM was registered as a TNFD Early Adopter in February 2024, and is committed to providing early disclosure according to TNFD Recommendations.
- For future TNFD report disclosures, evaluation of dependency and impact on natural capital and biodiversity and risk analysis shall be carried out in more detail, and MUFG AM will continue to provide high quality information disclosure.

## Publication of Reporting on Natural Capital and Biodiversity 2023

- Dependency and impact on natural capital and biodiversity in MUFG AM's equity and corporate bond portfolio was analyzed and important sectors were identified. Analysis results were published in “Reporting on Natural Capital and Biodiversity 2023” in December 2023.



\*1 MUFG Asset Management (MUFG AM) is a brand name created by Mitsubishi UFJ Trust and Banking Corporation, Mitsubishi UFJ Asset Management Corporation, Mitsubishi UFJ Estate Asset Management, Mitsubishi UFJ Asset Management(UK) Ltd., and Mitsubishi UFJ Real Alternative Investments, asset management companies of MUFG.

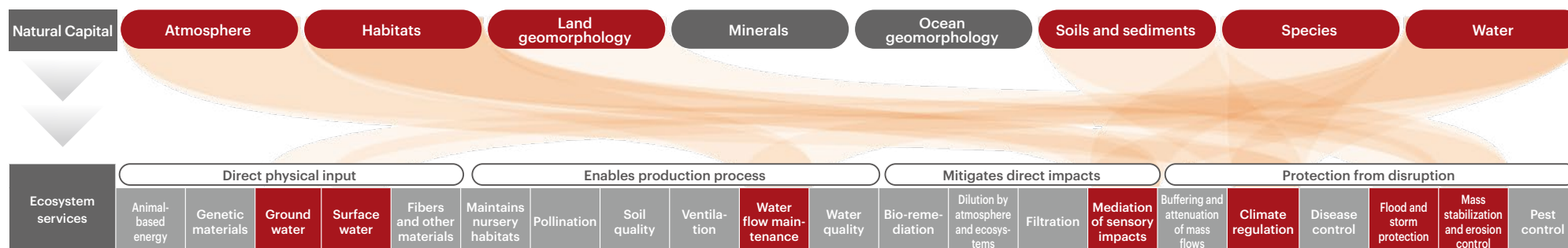
\*2. Click here for details of MUFG AM Sustainable Investing Policy [https://www.tr.mufg.jp/mufgam-su/english/pdf/aboutus/sustainable\\_investment\\_policy.pdf](https://www.tr.mufg.jp/mufgam-su/english/pdf/aboutus/sustainable_investment_policy.pdf)

# Initiatives for Natural Capital / TNFD: Analysis of Dependency in the Investment Portfolio

After using the ENCORE framework to analyze what natural capital and ecosystem services MUFG AM is dependent on, we discovered that we depend on the “atmosphere,” “habitats,” “land geomorphology,” “soils and sediments,” “species,” and “water” in terms of natural capital. Regarding ecosystem services, we are dependent on “ground water,” “surface water,” “water flow maintenance,” “mediation of sensory impacts,” “climate regulation,” “flood and storm protection,” and “mass stabilization and erosion control.” Of all the sectors, dependency on “consumer discretionary,” “industrials,” and “information technology” is particularly high.

## Dependence on Natural Capital

### ( i ) Relation with natural capital and ecosystem services



### ( ii ) Dependency on ecosystem services and sectors

	Dependence on natural capital																			
	Low																			
Telecommunication services																				
Consumer discretionary																				
Consumer staples																				
Energy																				
Financials																				
Health care																				
Industrials																				
Information technology																				
Materials																				
Real estate																				
Utilities																				

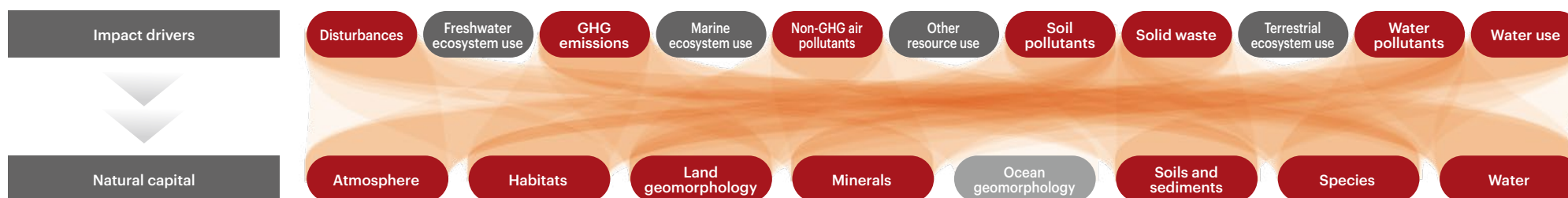
\*For all risk analysis results, please refer to “Reporting on Natural Capital and Biodiversity 2023.” [https://www.tr.mufg.jp/mufgam-su/english/pdf/20240207\\_01.pdf](https://www.tr.mufg.jp/mufgam-su/english/pdf/20240207_01.pdf)

# Initiatives for Natural Capital / TNFD: Analysis of Impact to the Investment Portfolio

We analyzed the relationship between impact drivers and natural capital that MUFG AM impacts. We realized that through the impact drivers including “disturbances,” “GHG emissions,” “non-GHG air pollutants,” “soil pollutants,” “solid waste,” “water pollutants,” and “water use,” we are impacting natural capital such as the “atmosphere,” “habitats,” “land geomorphology,” “minerals,” “soils and sediments,” “species,” and “water.” The degrees of impact from the “consumer discretionary,” “industrials,” and “information technology” sectors are particularly high.

## Impact on Natural Capital

### ( i ) Relation between natural capital and impact drivers



### ( ii ) Impact relations of each sector and driver

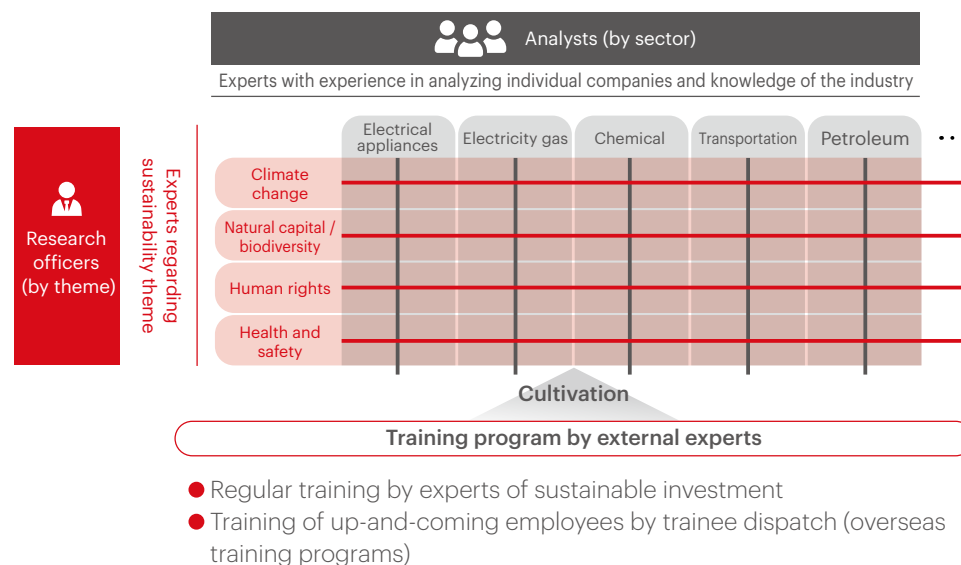
Impact driver	Impact on natural capital										
	Disturbances	Freshwater ecosystem use	GHG emissions	Marine ecosystem use	Non-GHG air pollutants	Other resource use	Soil pollutants	Solid waste	Terrestrial ecosystem use	Water pollutants	Water use
Telecommunication services											
Consumer discretionary											
Consumer staples											
Energy											
Financials											
Health care											
Industrials											
Information technology											
Materials											
Real estate											
Utilities											

# Engagement: System and Policy

MUFG AM is selecting companies for engagement under the theme of nature and biodiversity based on their total value, risk information, expertise, and interests. Together with them, discussion will be held on selecting high impact priority targets. Biodiversity initiatives are still relatively new at the international level, so we will adopt a staged engagement approach according to companies' readiness and response capacity.

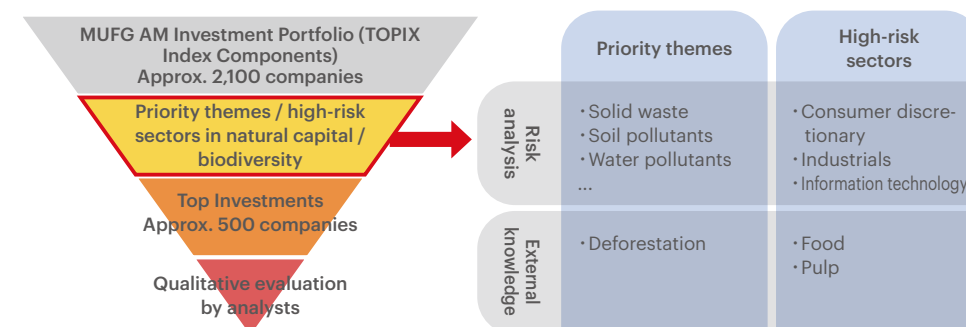
## Effective Thematic Engagement Structure

- Based on MUFG AM Sustainable Investing Policy, Group companies shall promote engagement.
- To enhance effectiveness, research officers with expertise in sustainability themes are appointed to reflect the latest knowledge in the rapidly evolving field of sustainability, in addition to analysts with expertise in human resources in business and industry.
- For the analysts and research officers, maintain a high level of cutting-edge expertise by regularly holding training sessions with external experts.



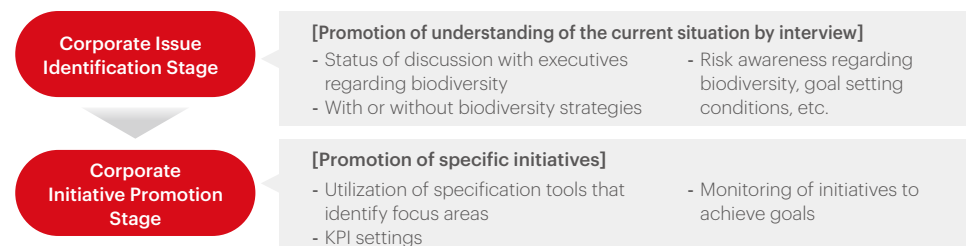
## Selection of Engagement Subjects and Policy

Companies with higher impacts in natural capital / biodiversity themes are selected based on risk information by market capitalization, priority themes, and sectors, and utilizing the corporate knowledge of analysts.



## Staged Approach to Engagement

Since initiatives in the natural capital / biodiversity fields have just begun, and each company has a different response condition and perception of issues, MUFG will promote engagement according to the level of readiness of each company.





## Engagement: Case Study



### Rubber Products Company A

## Essential Issues for Natural Rubber Producers



### Purpose

Since traceability in natural rubber, the main raw material of tires, remains low, initiatives to improve transparency in the supply chain and reduce biodiversity risks are considered.

### Dialogue

There are biodiversity risks related to natural rubber, the main raw material of tires, such as illegal logging. The hypothesis that improvement in traceability may contribute to a reduction in biodiversity risk was discussed.

### Response

Dramatic improvement in traceability is difficult due to the unique circumstances of natural rubber farms, such as the micro-business of the producers and complex distribution channels. While efforts have been made in technical assistance, etc., to prevent illegal logging, simply strengthening the monitoring system is not enough. Modernization and stabilization of the economic foundation of natural rubber producers are also needed.



### Results

Improving transparency is important to reduce biodiversity risks, but modernization of producers and stabilization of economical foundation were determined to be more important. Under the current situation, dramatic improvement is difficult. However, by understanding the initiative of the company, common awareness in order to solve challenges was able to be fostered.

### Evaluation

#### Value

**Raise awareness of the need to improve traceability from a biodiversity risk perspective**

#### Finding

**Knowledge related to the point under discussion-consideration of measures to improve traceability**



### Future

The fact that understanding the actual condition of natural rubber development / management is difficult and connected to the risk of the company could be recognized. Require the natural rubber farmer to contribute to the organization and to disclose the results.

## Engagement: Case Study



### Electrical Equipment Company B

## Issue of Microfiber\* Pollution in the Ocean



### Purpose

Raise awareness that microfibers discharged from washing machines lead to ocean pollution. In coordination with global initiatives, seek engagement with a washing machine company which has high market share in Japan.

### Dialogue

In consideration that the company's main business has the possibility of contributing to ocean pollution, although unintended, discuss what kind of response is needed for protection and recovery of natural capital and biodiversity.

### Response

It was the first time for the company to participate in an engagement with an investor regarding ocean pollution due to microfibers. Regarding technical development, in order to carry out testing and evaluation verification, the need for methods to measure the amount of microplastic emissions (international standard) was recognized. Talks with JEMA (The Japan Electrical Manufacturers' Association), which is currently involved, have progressed.



### Results

Awareness of the risk of marine pollution was provided from the investor's viewpoint. By collaborating with active initiatives related to microfibers, unique knowledge and external insight was able to be provided (by the company). Awareness that mutual cooperation style support can lead to a solution to the challenges presented in this field was able to be shared.

### Evaluation

#### Value

**Network regarding microfiber initiatives**

#### Finding

**Initiatives aimed at microplastics as the electrical appliances industry**



### Future

Promote initiatives to the company that can address ocean pollution due to microfibers by providing country-specific conditions and the examples of other companies obtained through global initiative activities.

\*Fine fibers shed by clothing, carpets, and other textile products



# 9

## Social Contribution Activities



# Activity Examples

Each MUFG group company carries out various initiatives for the conservation of natural capital and biodiversity through social contribution activities.

## Forest conservation

The Trust Bank named a mountain forest in Yamanashi Prefecture the “Peter Rabbit™ Forest for the Future,” and has started a new initiative for biodiversity conservation through forest and water resource conservation.



## Forest conservation

Support for “The Life Style Research Institute of Forests (NPO),” which promotes the cyclic utilization of forests

## Forest conservation

- ACOM has implemented “ACOM no Mori” employee participation-type forest conservation activities in Kanagawa and Osaka prefectures, where the company's contact centers are located.
- Through the “MUFG no Mori” project, MUFG seeks to plant approximately 100,000 trees and raise them for 10 years.



## Satoyama Environmental Conservation

MUFG donated the cost of purchasing equipment for satoyama (the area of land surrounding agricultural villages) maintenance to the Tonda Forest Conservation Society, an NGO that engages in Satoyama environmental conservation activities.



## Recreation

Located in Nishitokyo City, Tokyo, MUFG Park is a facility with abundant nature, sports facilities, and a community library.



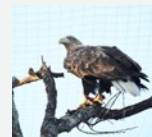
## Protection of endangered species

MUFG has been engaged in activities to protect Japanese cranes, a national natural treasure of Japan and endangered species in Hokkaido.



## Biodiversity conservation

The Trust Bank participates in conservation activities for wild birds and animals which cannot be returned to the wild with the support of the Institute for Raptor Biomedicine Japan.



## Environmental Conservation

Mitsubishi UFJ NICOS issues environmentally friendly Mitsubishi UFJ Cards for signing up for cards, bill statements, and point rewards (with some exceptions).



## Marine conservation

- Held marine litter pickup events in Kanagawa, Aichi, and Hyogo as activities to protect the abundance of the ocean.
- MUFG employees and their families participated in a litter collection activity at the beach.



## Mangrove conservation

Krungsri cooperates with government agencies and local governments for mangrove forestation activities. Bank Danamon also cooperates with local companies and the government to implement these activities.





Appendix



# Six General Requirements Considered in the Disclosures in This Report

## 1. Application of Materiality

### Requirements Applied Materiality

- Focusing on the acquisition of business opportunities according to the client's response stage toward natural capital and future financial impact due to investment and loan risks, and based on the single materiality concept.

## 2. Scope of Disclosures

### Requirements Range of business activities targeted for disclosure (private business activities, investments and loans, suppliers, etc.)

- Focusing on our own business operations and investments and loans.

## 3. Location of Nature-Related Issues

### Requirements Identify areas with nature-related issues in business activities and the supply chain

- Specific regions with issues have not yet been specified, but an analysis using a tool to identify areas of high biodiversity importance has been carried out and it has been confirmed that some of our sites are connected to such areas.
- Regarding investments and loans, analysis has been conducted based on geographic information of offshore wind power generation, and some of our projects have been confirmed to be located in marine areas deemed important for biodiversity conservation.

## 4. Integration with Other Sustainability-Related Disclosures

### Requirements Integration with other sustainability-related disclosure, especially climate change disclosure

- MUFG has disclosed the TNFD Report separately, but will consider integrating this with other climate change disclosures such as the TCFD report in the future.

## 5. Time Frame to Be Considered

### Requirements Time frame for opportunities and risks to materialize

- At the current stage, since the analysis aimed at identifying opportunities and risks is still in progress, we have not specified a timeline. However, as we continue to identify these elements, we will also consider clarifying the timeline.

## 6. Engagement with Indigenous Peoples, Communities And Affected Stakeholders

### Requirements Policies and initiatives related to engagement with indigenous people and communities and stakeholders who are affected

- Efforts in governance related to the respect of human rights of indigenous peoples, local communities, etc., and disclosure of actual examples were made.



# Participation Initiatives



## 30by30 Alliance for Biodiversity (participation since April 2022)

- 30by30 is the target set for the effective conservation of least 30% of the land and sea as healthy ecosystems by 2030, with the commitment of the G7 member countries.
- This alliance was established in April 2022 as a coalition of volunteers to effectively promote various measures included in the 30by30 Roadmap formulated by the Ministry of the Environment.
- MUFG has been a participant since its inception, and will continue to work to directly secure conservation areas and support conservation activities in order to achieve the 30by30 target and disseminate the progress of such efforts.



## Declaration of Biodiversity by Keidanren (endorsed October 2018)

- MUFG endorses the Declaration of Biodiversity by Keidanren and Action Policy as revised in October 2018.
- This declaration and action policy aims to realize a sustainable society through the creation of a society in harmony with nature. MUFG calls for the integration of business activities and environmental measures, which encompass a wide range of environmental activities, such as biodiversity conservation.



## TNFD Forum (MUFG: participation in February 2022, MUFG AM: participation in September 2021, MURC: participation in October 2021)

- The TNFD Forum is an initiative which aims to provide technical support in the sharing of information and the development of a framework related to TNFD.
- MUFG, MUFG AM, and MURC have participated in the TNFD Forum, actively participating in discussions to promote natural capital and biodiversity initiatives as a group.
- In addition, MUFG and MUFG AM are registered as TNFD Early Adopters, demonstrating our intention to provide disclosures based on TNFD recommendations at an early stage (MUFG: January 2024, MUFG AM: February 2024)

# Terms

Term	Explanation
Impact driver	Business activities which are factors that affect natural capital
Supply services	Services to provide agricultural crops, timber, and water
Kunming-Montreal Global Biodiversity Framework	This framework supersedes the Aichi Biodiversity Targets, and targets (action goals) include the “30by30 target” to conserve at least 30% of land and marine areas by 2030. In addition, a total of 23 targets, such as halving the rate of invasion and establishment of invasive alien species, and promoting impact assessment and information disclosure in business, were set.
Circular economy	Economic activities to produce added value by creating services while reducing resource input and consumption and effectively using stock in addition to the conventional 3Rs (Reduce, Reuse, Recycle). The aim is to maximize the value of resources and products, minimize resource consumption, and deter the generation of waste.
Invasive alien species	Among organisms introduced from other areas by human activities (non-native species), species that are considered to significantly impact the local natural environment and threaten biodiversity.
Ecosystem services	The contributions of ecosystems that are used in economic and other human activities.
Biodiversity offset	Methods to offset or compensate for the impact of human activities, such as the development of ecosystems and biodiversity in a different location or method from the affected location of its impact, and to substantially halt the reduction of biodiversity.
Key Biodiversity Areas	Key areas for biodiversity conservation, selected according to international criteria.
Adjustment and maintenance services	The adjustment and maintenance of the natural environment, such as water purification, climate regulation, flood and disease prevention, soil generation, and fertility.
Nature positive	Actions to halt or reverse damage to biodiversity in order to put nature back on the track to recovery.
Blue finance	A generic term for financing that supports marine and water-related businesses, such as sustainable fisheries, wetland conservation and coastal preservation, and water and wastewater maintenance.
Blue bond	Bonds issued exclusively for projects related to the sustainable use of marine resources and economic activities, such as protection and conservation of marine resources and ecosystems.
Cultural services	Services that provide opportunities for spiritual fulfillment, aesthetic enjoyment, the foundation of religious and social institutions, recreation, etc.

Term	Explanation
COP15	15th Biodiversity Conference. The first part was held in Kunming, China in October 2021, and the second in Montreal, Canada in December 2022.
ENCORE	Exploring Natural Capital Opportunities, Risks and Exposure. A tool to visualize how the economy depends on nature, if there is a possibility of it being affected, and how environmental changes can lead to business risk. A tool used to evaluate opportunities and risks that financial institutions give to the natural capital of the companies in which they invest and finance. However, it can also be used by companies to evaluate the location of their own operations and those of their suppliers for raw materials.
Free, Prior, and Informed Consent (FPIC)	Consent by free will, based on sufficient information provided in advance. As internationally recognized principles related to the respect of human rights and land rights, free and informed consent in important decision-making matters related to vulnerable and affected populations, particularly indigenous peoples and local communities, must be obtained in advance.
FSC	Forest Stewardship Council. An international system to certify appropriate forest management, created for sustainable forest utilization and conservation. Audits and certification are based on one common global standard, and products made from certified forests are marked with the FSC logo.
GBIF	Global Biodiversity Information Facility. An international network and database funded by governments around the world, in order to provide open access to data on various organisms on the planet by anyone from anywhere.
GHG	Greenhouse Gas. General term for carbon dioxide, methane, and other greenhouse gases in the atmosphere
IPBES	Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services. An intergovernmental organization established in April 2012, as an intergovernmental platform for scientific assessment of trends in biodiversity and ecosystem services and to strengthen the connection between science and policy.
LEAP Approach	An integrated approach to assessment and management of nature-related issues consisting of the following four phases developed by the TNFD. Locate: Discover points of contact with nature in all geographies, sectors, and value chains Evaluate: Diagnose dependence on and impact to nature Assess: Evaluate nature-related risks and opportunities for the organization Prepare: Prepare a response to nature-related risks and opportunities
OECM	Other Effective area-based Conservation Measures. Geographically marked areas outside protected areas that are governed and managed in a way to continually achieve positive, long-term outcomes for in situ conservation of biodiversity, along with ecosystem functions and services, and cultural, spiritual, socioeconomic, and other community-related values as appropriate.
SLB (Sustainability Linked Bond)	Bonds which may change financially and structurally depending on the conditions of fulfillment, that are assessed by the Sustainability Performance Targets (SPT), in other words, preset, important evaluation indicators, and in which the issuer is given the incentive to achieve SPT.
SLL (Sustainability Linked Loan)	Loans that set Sustainability Performance Targets (SPT) in line with the borrower's sustainability strategy, and the terms of lending change depending on the achievement of these targets
TNFD	Taskforce on Nature-related Financial Disclosures. A global initiative guided by the market and based on science, with the support of the government. Its mission is to develop and provide a disclosure framework and risk management for organizations to report changing nature-related issues, and act upon them.
TNFD Early Adopters	Companies which have adopted the TNFD recommendations and indicated their intention to begin disclosure of information in line with TNFD recommendations as part of their corporate annual reports for 2023, 2024, or 2025.

# MUFG's Related Organizations and Position Abbreviations

## Related organizations

Organization	Official name / remarks
MUFG	Mitsubishi UFJ Financial Group
Bank	Mitsubishi UFJ Bank
Trust Bank	Mitsubishi UFJ Trust and Banking Corporation
Security	Mitsubishi UFJ Securities Holdings CO., Ltd.
MUMSS	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.
MUFG AM	Mitsubishi UFJ Asset Management
Krungsri (Bank of Ayudhya)	Krungsri (Bank of Ayudhya) - MUFG's consolidated subsidiary in Thailand
Bank Danamon	Bank Danamon Indonesia - MUFG's consolidated subsidiary in Indonesia

## Abbreviation of position name

Abbreviation	Official name
CEO	Chief Executive Officer
CSO	Chief Strategy Officer
CFO	Chief Financial Officer
CRO	Chief Risk Officer
CSuO	Chief Sustainability Officer

### Disclaimer

This report (the “Subject”) is intended to comply with the general principles related to the environment, nature, biodiversity or corporate responsibility. However, please be aware that environmental, social and governance (ESG) standards, laws, regulatory requirements and practice may vary significantly across different jurisdictions. As such, depending on your country of residence or incorporation, there may be specific local requirements or standards that the Subject does not fully address. We encourage you to consider your local requirements and your own ESG criteria and objectives when selecting our products and services.

It should be noted that no universally accepted global framework (legal, regulatory, or otherwise) currently exists, nor is there a market consensus in terms of what constitutes a “green”, “sustainable”, “responsible”, “traditional”, or equivalent “ESG” investment, communication, product, or offering. Furthermore, no assurance can be given that such a universally accepted framework or consensus will develop over time. Although there have been regulatory efforts in certain jurisdictions and regions (in particular, in the European Economic Area) to define such concepts, the legal and regulatory framework is still under development.

Additionally, the lack of common or harmonised definitions and labels currently regarding what is considered “green”, “ESG”, “sustainable”, “responsible”, and other similar criteria, or clear guidelines on what these monikers mean may result in different approaches being taken by different institutions.

Alongside its sustainable financing activities, MUFG and its affiliates invest in and finance projects associated with a wide range of industries, businesses and jurisdictions including in, but not limited to, high-emitting and hard to abate sectors such as the energy sector.

Accordingly, no assurance, warranty or representation can be given by MUFG that any of their investments, products, communications, services or offerings will meet any or all expectations regarding “green”, “ESG”, “sustainable”, “responsible”, or other equivalently labelled objectives or that no adverse environmental, social, and/or other impacts will occur.