



MUFG TNFD Report 2025

Initiatives for Natural Capital

Mitsubishi UFJ Financial Group



Contents

Introduction

Executive Summary	3
Recent Trends Related to Natural Capital	5
MUFG's Approach to Natural Capital	6
Natural Capital as One of MUFG's Priority Issues	7
MUFG's Response to the TNFD Recommendations	8
Integral Approach to Natural Capital and Other Priority Issues	9

1. Governance

Governance Structure	11
Exchange of Opinions with External Experts	12
Respect for Human Rights in Relation to Natural Capital	13

2. Strategy

Rationale behind Advancing Nature Positive Initiatives	16
Interaction between Financial Institutions and Natural Capital	17
Opportunities for MUFG	18
Analysis of Dependencies and Impacts	32
Initiatives to Manage Dependencies and Impacts at Our Sites	37

3. Risk and Impact Management

Risk Management of Investments and Loans	39
Case Study on Risk Management for Investments and Loans	43

4. Metrics and Targets

Logic Model / Metrics and Targets	47
-----------------------------------	----

5. Next Step

Primary Actions Going Forward	49
-------------------------------	----

6. Asset Management

Sustainable Investment	51
Three Engagement Approaches	52
Examples of Thematic Engagement	53

7. Corporate Social Responsibility

Activities	55
------------	----

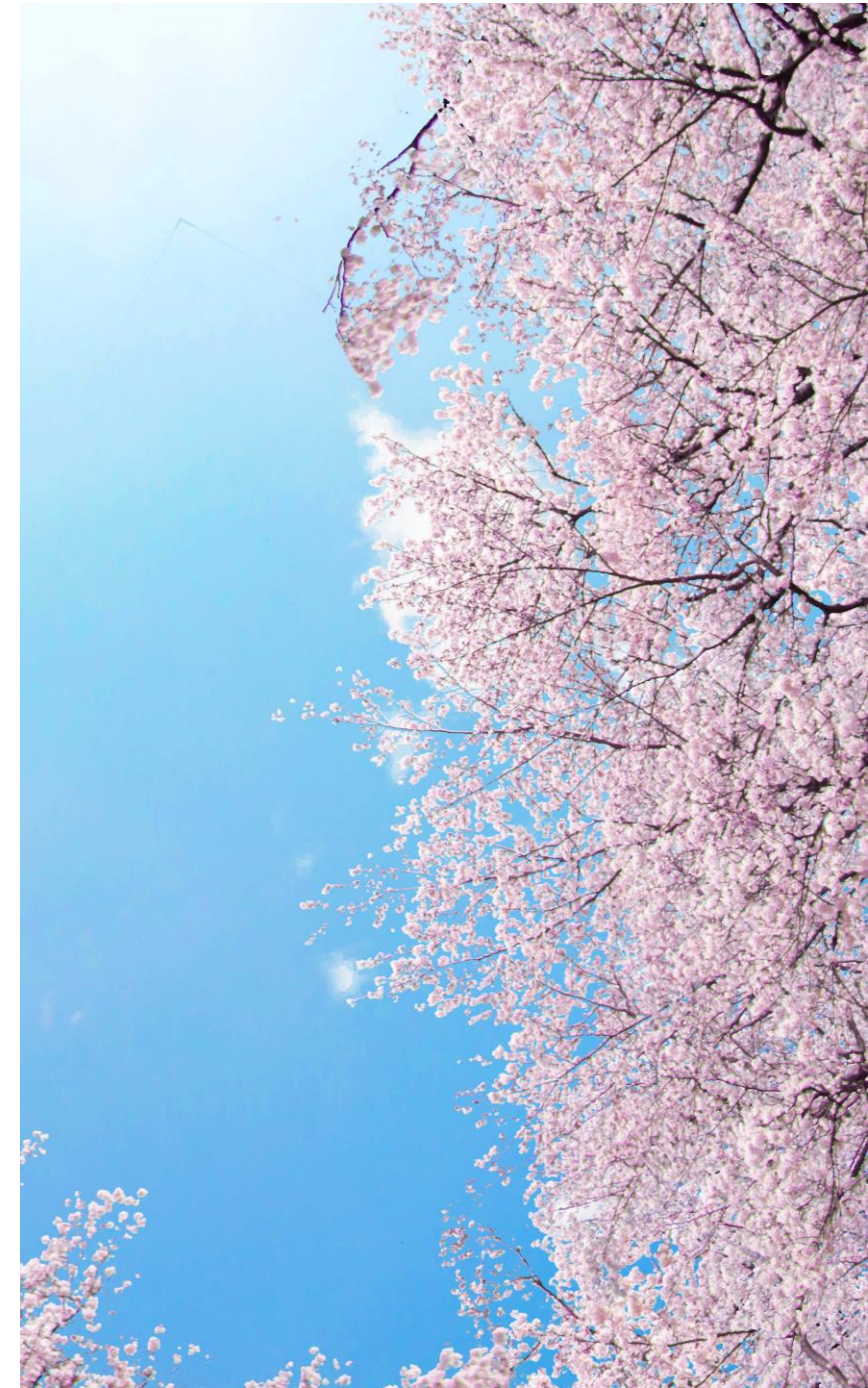
Appendix	57
----------	----

Executive Summary (1/2)

Human economic activities rely on various benefits derived from natural capital, including water, air, soil, oceans, and flora and fauna. The degradation of these resources presents serious challenges to both businesses and human life. The 2019 report from the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) warned that nature is declining at an unprecedented rate, which is likely to have serious impacts on humanity. The World Economic Forum's Global Risks Report 2025, published in January 2025, also highlighted that "Biodiversity loss and ecosystem collapse" ranks second among risk factors for the next decade, reflecting growing concern and awareness among business leaders.

At the Biodiversity COP15 held in 2022, the Kunming-Montreal Global Biodiversity Framework was adopted, establishing an international agreement to achieve nature positive by 2030. In 2023, the Taskforce on Nature-related Financial Disclosures (TNFD) introduced a framework for the disclosure related to natural capital and biodiversity. During the Biodiversity COP16 in Colombia in 2024, both TNFD and the Glasgow Financial Alliance for Net Zero (GFANZ) published guidance on transition plans for natural capital, reflecting steady progress in developing frameworks to achieve nature positive.

MUFG, along with other financial institutions, not only depends on and impacts natural capital through its own business activities but is also connected to the operations of its clients and their supply chains through investments and loans. As a financial institution, promoting nature positive outcomes across clients and their supply chains is crucial for preserving invaluable natural capital and ensuring the sustainable growth of businesses.





Executive Summary (2/2)

In our Medium-Term Business Plan which began in the fiscal year 2024, MUFG has positioned “Drive Social & Environmental Progress” as one of its three pillars. Under this pillar, the Plan identifies priority issues for achieving a sustainable environment and society, with “Natural Capital and Biodiversity Restoration” as one of them, and our endeavors in this initiatives are continually progressing. In April 2024, we published our first MUFG TNFD Report to help a broad range of stakeholders better understand our approach to natural capital, five focus areas, and initiatives and solutions.

In this second report, we share three key updates. First, we have expanded capabilities and solutions to better support our clients’ initiatives. This includes enhancing services group-wide in areas such as consulting on natural capital strategy and TNFD disclosures, as well as green and blue finance, while building a track record of global support. We are also forming partnerships with governments and companies to develop and collaborate on solutions using satellite data and IT. Second, we have broadened the scope of our disclosures in line with the TNFD framework. Specifically, we have incorporated location analysis into the assessment of natural capital dependencies and impacts within our investment and loan portfolio. Third, we have outlined MUFG’s initiatives and goals for solving social issues. Our actions and their short- to long-term impacts are organized into logic models, providing a clear roadmap for solving social issues.

Through this report, we convey MUFG’s efforts to restore natural capital and biodiversity, foster deeper dialogues and collaborations with stakeholders, and work toward a sustainable environment and society.

Recent Trends Related to Natural Capital

At COP15 held in 2022, the Kunming-Montreal Global Biodiversity Framework was adopted, establishing an international agreement to achieve nature positive by 2030. In 2023, the Taskforce on Nature-related Financial Disclosures (TNFD) introduced a framework for nature and biodiversity-related disclosure. Additionally, at COP16 held in Colombia in 2024, guidance on nature transition plans by TNFD and the Glasgow Financial Alliance for Net Zero (GFANZ) was published, steadily advancing the development of frameworks for achieving nature positive.

	~FY2022	FY2023	FY2024
Main Trends	<ul style="list-style-type: none"> Announcement of European Green Deal (2019) Biodiversity COP15 (2021-2022) Adoption of the Kunming-Montreal Global Biodiversity Framework (2022) Effectuation of CSRD^{*1} (Europe) (2023) Publication of IPBES^{*2} report (2019) Publication of the FAO^{*3} biodiversity report (2019) Initial publication of TNFD recommendations (2022) 	<ul style="list-style-type: none"> Announcement of National Biodiversity Strategy and Action Plan of Japan 2023-2030 (Japan) Formulation of Transition Strategies toward Nature Positive Economy (Japan) Effectuation of EUDR^{*4} Finalization of TNFD recommendations Publication of SBTN^{*5} Guidance v1.0 (target setting, etc.) Launch of NA100^{*6} (institutional investor initiative) 	<ul style="list-style-type: none"> Biodiversity COP16 Desertification COP16 Effectuation of CSDDD^{*7} Publication of GFANZ Nature in Net-Zero Transition Plans Publication of TNFD Discussion Paper on Nature Transition Plans Publication of NPI^{*8} Draft State of Nature Metrics for Piloting Publication of SBTN Corporate Manual for Setting Science-Based Targets for Nature
MUFG Initiatives	<ul style="list-style-type: none"> Establishment of MUFG Environmental Policy Statement (2018) Establishment of MUFG Environmental and Social Policy Framework (2018) Participation in the TNFD Forum (MUFG: 2022; MUFG AM, MURC: 2021) Joined the 30by30 Alliance (2022) 	<ul style="list-style-type: none"> Registered as TNFD Early Adopters (MUFG, MUFG AM) Issued Report on Natural Capital and Biodiversity (MUFG AM) Revised MUFG Environmental and Social Policy Framework 	<ul style="list-style-type: none"> Revised MUFG Environmental Policy Statement Revised MUFG Environmental and Social Policy Framework Issued MUFG TNFD Report Issued Climate & Nature Report 2024 (MUFG AM)

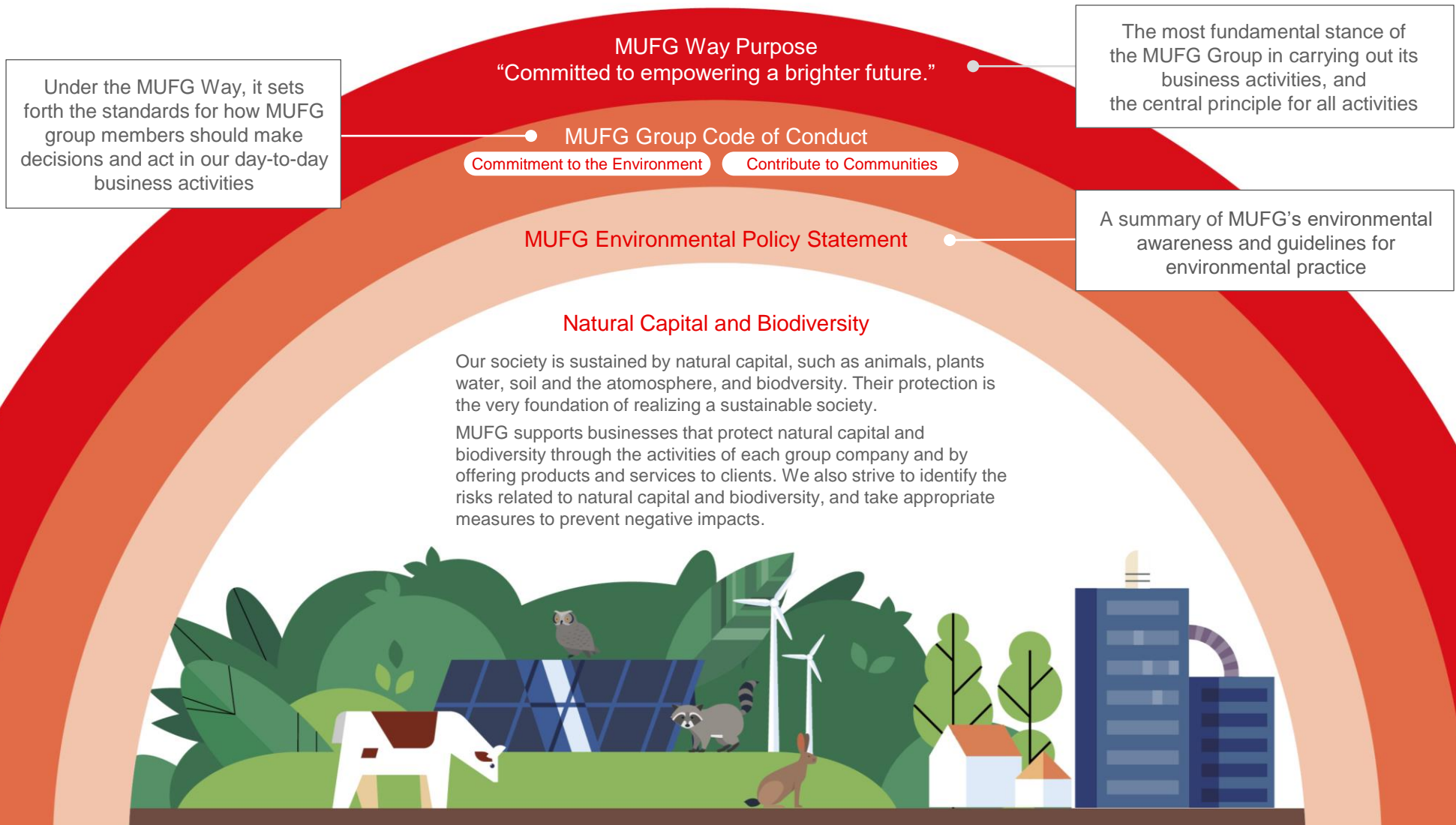
^{*1} Corporate Sustainability Reporting Directive ^{*2} Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services

^{*3} Food and Agriculture Organization of the United Nations ^{*4} European Union Deforestation Regulation ^{*5} Science-Based Targets for Nature ^{*6} Nature Action 100

^{*7} Corporate Sustainability Due Diligence Directive ^{*8} Nature Positive Initiative

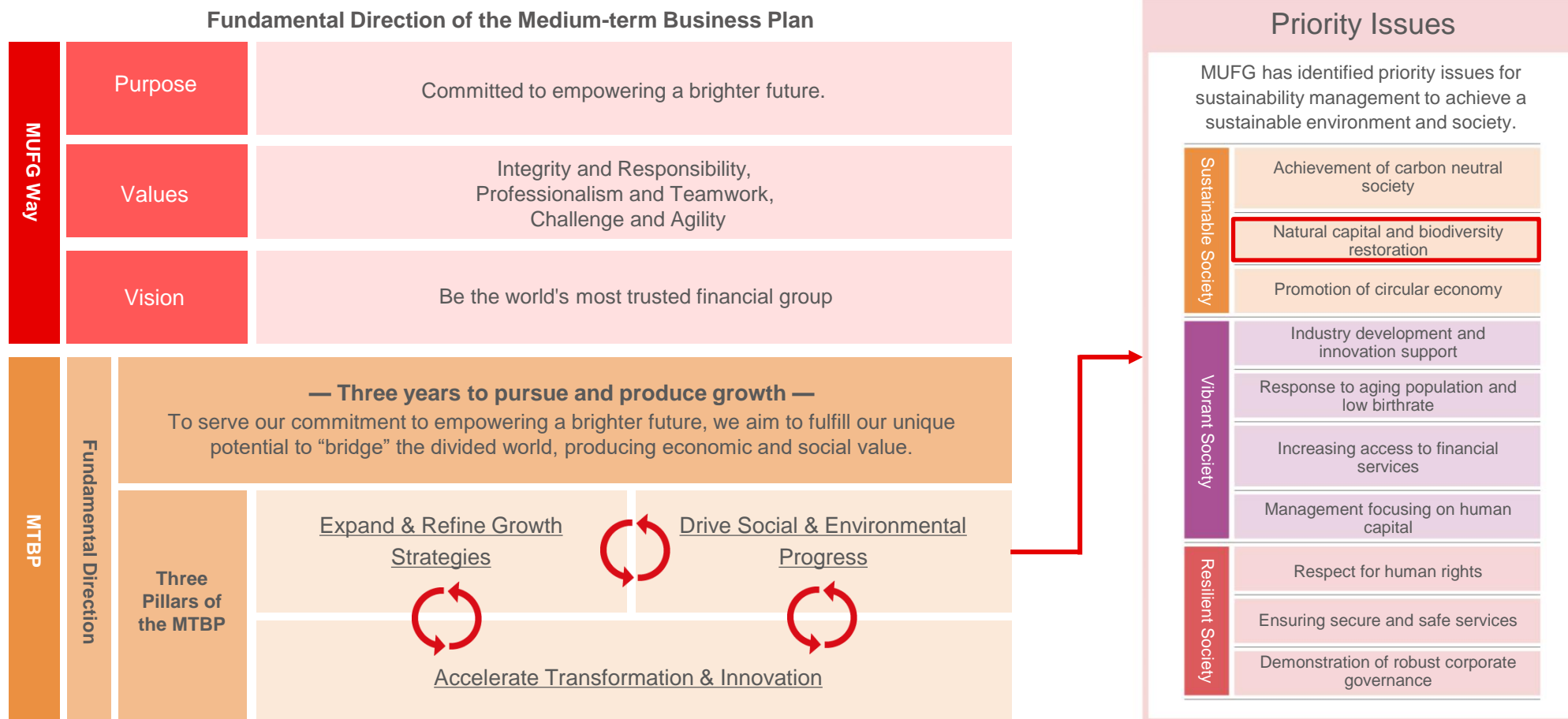
MUFG's Approach to Natural Capital

The MUFG Group Code of Conduct, established under the MUFG Way, integrates “Commitment to the Environment” and “Contribute to Communities” into our business activities. In addition, the MUFG Environmental Policy Statement outlines MUFG’s environmental awareness and principles for environmental practice. According to the Statement, we 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.



Natural Capital as One of MUFG's Priority Issues

MUFG positions “Drive Social & Environmental Progress” as one of the three pillars of the Medium-Term Business Plan (MTBP) which began in FY2024. In the Plan, we have identified priority issues for achieving a sustainable environment and society, including “Natural Capital and Biodiversity Restoration”.



MUFG's Response to the TNFD Recommendations

MUFG is advancing initiatives aligned with the TNFD recommendations across the four pillars of Governance, Strategy, Risk and Impact Management, and Metrics and Targets. We recognize challenges in conducting nature-related scenario analysis and formulating transition plans. We will continuously examine the ways to address issues, taking into account the progress in data development and availability.



Governance

- Establishment of a governance structure in which the Board of Directors oversees initiatives related to sustainability promotion including natural capital P11
- Discussions between management and outside experts, and regularly exchanged opinions between management and external advisors P12
- Promotion of governance and initiatives to respect human rights, with considerations for stakeholders deeply connected to natural capital, such as indigenous peoples and local communities P13-14



Strategy

- Identification of the interactions between financial institutions and natural capital P17
- Focus on five areas of nature-related business opportunities, where MUFG can leverage its strengths P18
 - Consulting P20
 - Finance P21-22
 - Partnership P23-25
 - Startup support and collaboration P26-27
 - Initiatives in the field of food P28-31



Strategy (continued)

- Portfolio analysis
Sector and location analysis to assess dependencies and impacts on natural capital at the portfolio level
 - Sector analysis P33-35
 - Location analysis P36
- Initiatives to manage dependencies and impacts at our sites P37



Risk & impact management

- Establishment and operation of the MUFG Environmental and Social Policy Framework as a framework for understanding and managing environmental and social risks, including natural capital P39-40
- Operation of a framework based on the Equator Principles to identify, assess and manage environmental and social risks in large-scale development projects P41-42
- Case study of risk management for investments and loans P43-45

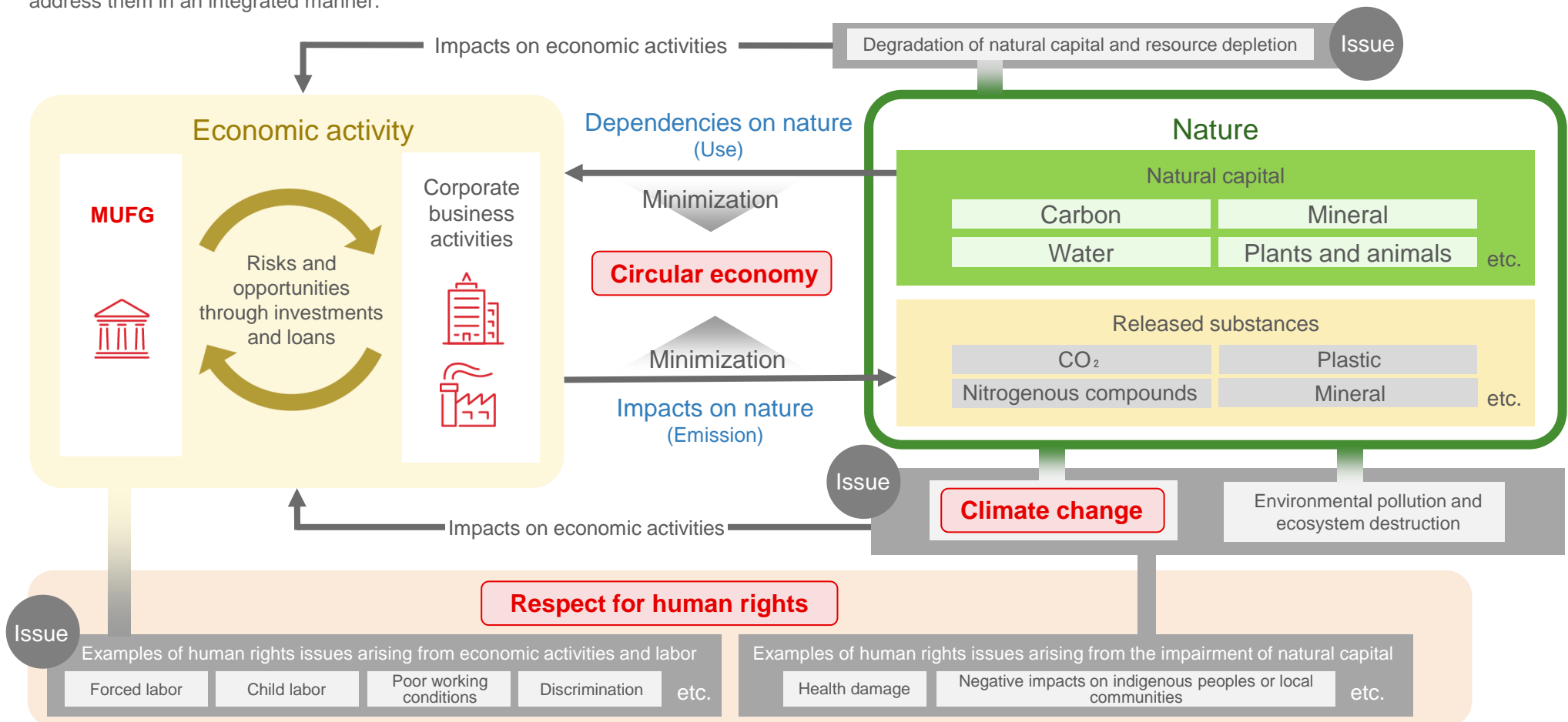


Metrics and targets

- Logic model for creating impact to solve social issues P47
- Metrics and targets

Integral Approach to Natural Capital and Other Priority Issues

Corporate business activities are built on the dependencies and impacts on natural capital. Financial institutions also have dependencies and impacts on natural capital through investments and loans, as well as their own activities. Furthermore, natural capital is closely linked to solving issues related to climate change, human rights, and circular economy. For example, excessive deforestation can exacerbate climate change by reducing greenhouse gas absorption, negatively impact local communities and erode their human rights, and increase the amount of wood waste. MUFG understands the interconnectedness of these issues and is working to address them in an integrated manner.



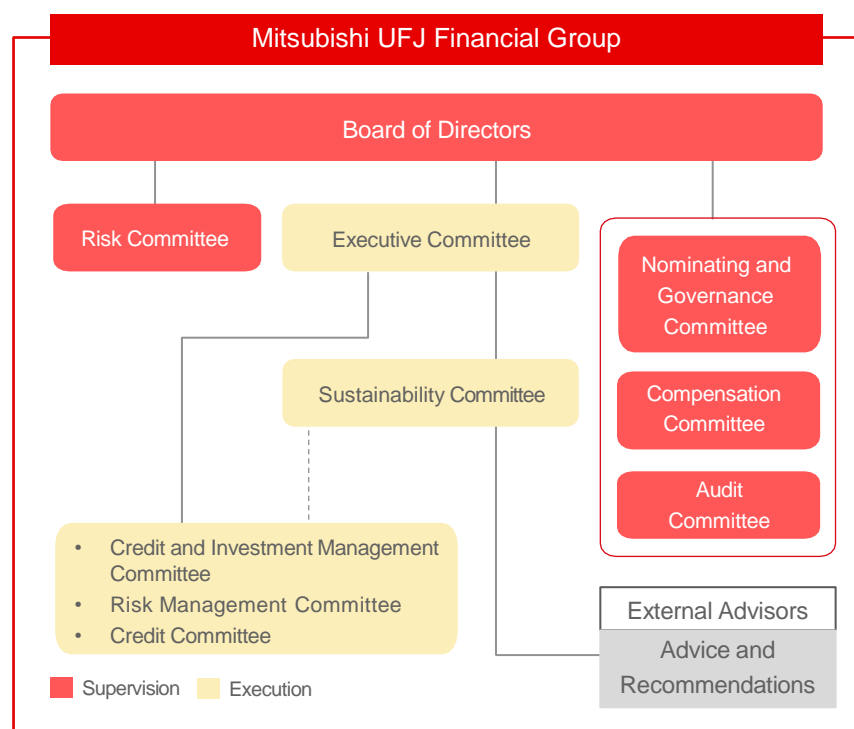


1

Governance

Governance Structure

At MUFG, the Sustainability Committee, operating under the Executive Committee, regularly deliberates on policies and the progress of initiatives concerning environmental and societal opportunities and risks, including those related to natural capital. Additionally, the Board of Directors reviews, reports on and supervises sustainability initiatives, including natural capital, at least once annually.



	Constitution	Role
Supervision	Board of Directors	<ul style="list-style-type: none"> Chair: Chairman 9 Outside Directors 2 Internal Non-Executive Directors 5 Executive Directors <ul style="list-style-type: none"> Resolution to revise Environmental Policy Statement and Human Rights Policy Statement Oversight of the progress of initiatives to promote sustainability by receiving reports from execution function regularly
	Risk Committee	<ul style="list-style-type: none"> Chair: Outside Directors 3 Outside Directors 3 Outside Experts Group CSO <ul style="list-style-type: none"> Deliberation on the Group's overall risk management and responses to new risks and emerging risks, and making recommendations to the Board of Directors.

	Constitution	Role
Execution	Executive Committee	<ul style="list-style-type: none"> Chair: President and Chief Executive Officer President of each business (The Bank, The Trust Bank, and the Securities), CSO, CFO, CRO, etc. <ul style="list-style-type: none"> Deliberations on important matters discussed by the Sustainability Committee
	Sustainability Committee	<ul style="list-style-type: none"> Chair: Group CSuO President of each business category (The Bank, The Trust Bank, and the Securities), CSO, CFO, CRO, etc. <ul style="list-style-type: none"> Deliberations and report on policies, strategies, systems, and the status of initiatives related to sustainability promotion of the entire Group

Qualitative assessments for executive remunerations

The qualitative assessments of relevant executives, including the CEO, encompass contribution to addressing environmental and social issues, including nature-related initiatives, as well as efforts to strengthen and enhance our governance structure.

Structure as of April 1, 2025

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

- Revision of the Environmental and Social Policy Framework
- Analysis of the dependencies and impacts of the investment and loan portfolio
- The purpose and intended direction of publishing the TNFD Report

Exchange of Opinions with External Experts

In December 2024, we invited Professor Shunsuke Managi from the Faculty of Engineering at Kyushu University to engage with our executives in a discussion about international trends in natural capital and the necessary initiatives for social implementation. Additionally, we regularly exchange opinions with external advisors who possess specialized knowledge in environmental and social fields, integrating their insights into MUFG's policy formulation and initiatives.

Study sessions for executives

External expert

- Professor Shunsuke Managi, Faculty of Engineering, Kyushu University

Main agenda

- The concept of natural capital and its background
- The importance of social implementation and new metrics
- How to incorporate natural capital into the decision on investments and loans and risk management
- Development of the carbon credit market



Discussions with an outside expert

- MUFG :** Support for clients' natural capital initiatives will become more important in the future, but what metrics should be used to measure the impact on nature?
- Professor Managi:** For example, when measuring the abundance of natural capital, the presence or absence of forests or wetlands per certain area could be used as an impact metric
- MUFG :** How should we work on data utilization in natural capital?
- Professor Managi:** There are limitations in picking up supply chain data through surveys, etc. It is also important to narrow down priority areas using satellite, AI, and macro data.
- MUFG :** What are the expectations of financial institutions and what initiatives are particularly needed?
- Professor Managi:** Financial institutions are expected to facilitate transitions toward nature positive and decarbonization of their clients and their entire supply chains through investments and loans. In addition, I believe that if financial institutions proactively utilize new data and solutions and set leading examples, this will have an impact on society as a whole.

Exchange of opinions with external advisors

MUFG's management regularly holds meetings with external advisors to exchange opinions and receive proposals that contribute to the enhancement of MUFG's policies and initiatives. In FY 2024, we engaged in discussions with executives on topics such as energy policy trends, draft guidance for TNFD and GFANZ transition plans related to natural capital, and the visualization of impact using SROI*1. The external advisors emphasized the importance of active management involvement and the inclusion of diverse stakeholders in addressing social issues, including natural capital conservation.

External advisors

- Rintaro Tamaki, President, Japan Center for International Finance
- Junko Edahiro, Professor, Graduate School of Leadership and Innovation, Shizenkan University / President, Institute for Studies in Happiness, Economy and Society / Founder and President, e's Inc.
- Kenji Fuma, CEO, Neural Inc.
- Miyuki Zeniya*2, Former CSuO of MUFG



*1 It stands for Social Return on Investment. Monetized social value divided by the amount of investment, a method for quantitatively calculating the social impact of an investment *2 Appointed from April 2025

Respect for Human Rights in Relation to Natural Capital (1/2)

MUFG has established a governance structure to oversee initiatives related to respecting human rights, including human rights due diligence, through its Board of Directors and other various committees. In addition, MUFG's Human Rights Policy Statement established in 2018 stipulates MUFG's commitment to collaborate with clients and suppliers to further uphold human rights in our business activities.

Governance

- **Governance structure related to respect for human rights**

The initiatives related to respect for human rights are deliberated in executive management meetings, including the Executive Committee, the Sustainability Committee, and the Risk Management Committee. Additionally these efforts are overseen by the Board of Directors and the Risk Committee. Furthermore, the MUFG Human Rights Policy is regularly reviewed and approved by the Board of Directors.

- **Exchange opinions with external experts**

MUFG regularly invites external experts with knowledge in business and human rights to engage in discussions with top management. This exchange of opinions aims to advance initiatives that promote respect for human rights, with a comprehensive understanding of the responsibilities expected of financial institutions

Outside experts

- Yusuke Yukawa, Partner, Nishimura & Asahi
- Ayumi Yamori, Principal, Owls Consulting Group, Inc.

Main agenda

- Trends and outlooks for human rights due diligence legislation, including CSDDD *1
- Mindset concerning initiatives in business and human rights
- Characteristics of human rights issues by sector
- Approach to stakeholder engagement
- Expectations of financial institutions



Human Rights Policy Statement

- **MUFG's Human Rights Policy Statement**

In addition to advocating for the executives and employees of each Group company to respect human rights in their daily operations, the statement also advocates for clients and suppliers to respect human rights and states MUFG's commitment to appropriately dealing with this issue.

- **Respect for international standards and initiatives**

MUFG respects international standards and initiatives related to respect for human rights. In countries where local legislations conflict with internationally recognized human rights standards, MUFG strives to adhere to international standards.

- Universal Declaration of Human Rights
- Declaration on Fundamental Principles and Rights at Work
- Guiding Principles on Business and Human Rights
- The OECD Guidelines for Multinational Enterprises
- The United Nations Global Compact

(Details of some excerpts can be found [here](#).)

- **Relation with natural capital**

MUFG recognizes that climate change and the loss of natural capital and biodiversity impacts human rights (Human Rights Policy Statement, Article 2). Furthermore, MUFG has identified the adverse impacts on indigenous peoples' communities, who are closely related to natural capital, as serious human rights issues. MUFG conducts human rights due diligence and provides remedies to address these concerns.

*1 Corporate Sustainability Due Diligence Directive

Respect for Human Rights in Relation to Natural Capital (2/2)

MUFG is committed to conducting business in a manner that minimizes adverse impacts on natural capital. Additionally, MUFG recognizes the importance of considering stakeholders closely connected to natural capital, including indigenous peoples and local communities. Based on this concept, MUFG is committed to human rights due diligence and providing remedies.

Human rights due diligence

● Due diligence in finance

When considering financing, we assess the status for environmental and social considerations by our clients based on the MUFG Environmental and Social Policy Framework and the Equator Principles. For example, we recognize that large-scale development projects often adversely impact the ancestral lands and rights of indigenous peoples who are closely connected to natural capital. Therefore, when evaluating financing, we ensure that our clients respect environmental and social considerations, such as adherence to FPIC^{*1}.

Key Points to Assess Risks / Impacts

[Adverse impacts on indigenous peoples' communities]

- Relationship between the affected indigenous people and the business operations
- Communication processes (using a grievance mechanism, FPIC, etc.) for impacted indigenous peoples

[Involuntary resettlement^{*2}]

- Whether or not the design and the timing minimize the adverse impact
- Development status of the resettlement and livelihood restoration plans to mitigate adverse impacts

Remedies

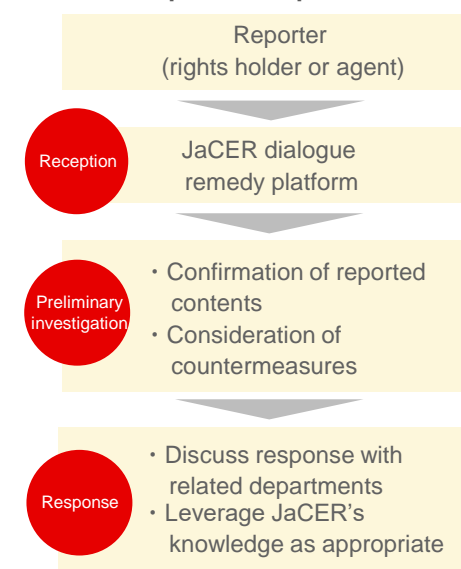
● Grievances and remedies

In addition to establishing a service window for employees and clients, we have joined the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER). Through this membership, we have established remedial contact points for addressing adverse impacts on human rights that arise throughout the value chain, including for employees of investment and loan recipients, employees of suppliers, communities, local residents, and others.

● Dialogues with stakeholders

Up until 2024, through JaCER, MUFG received two allegations regarding adverse impacts on indigenous peoples related to investments and loans. In response, MUFG engaged in dialogues with the members of the affected communities. Top management and related departments are discussing how to respond to the opinions received on adverse impacts on indigenous peoples' communities and the surrounding natural environment. Additionally, MUFG is engaging with the operators to encourage constructive dialogues.

Operational process



^{*1} Free, Prior, and Informed Consent

^{*2} Forced relocation of indigenous peoples to accommodate large development projects



2

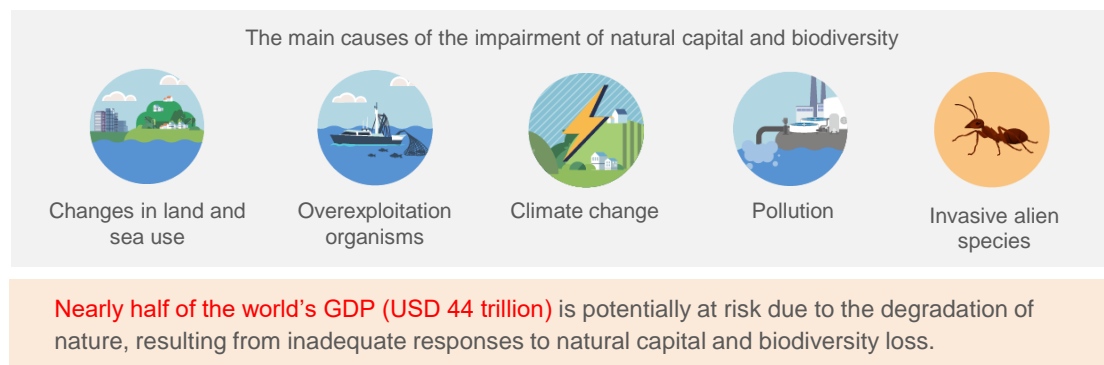
Strategy

Rationale behind Advancing Nature Positive Initiatives

Human economic activities rely on a range of benefits derived from natural capital, such as water, air, soil, oceans, flora and fauna. The degradation of this capital is considered a risk factor for economic activities. Conversely, transforming business and innovating to achieve nature positive can also create business opportunities. In the “Global Risks Report 2025” published by the World Economic Forum, biodiversity loss and ecosystem collapse are listed as the second highest risk, with natural capital-related risks accounting for five of the top ten. It indicates that a sense of urgency and awareness is increasing among business leaders.

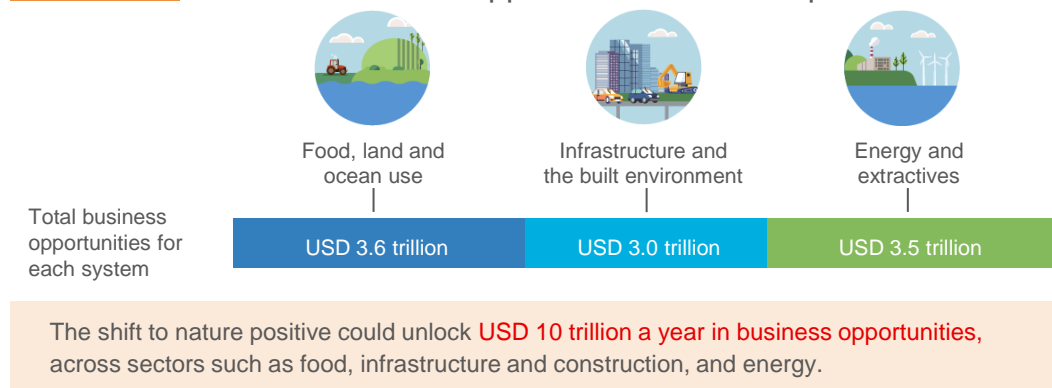
Risk

Nature-related risks in corporate activities

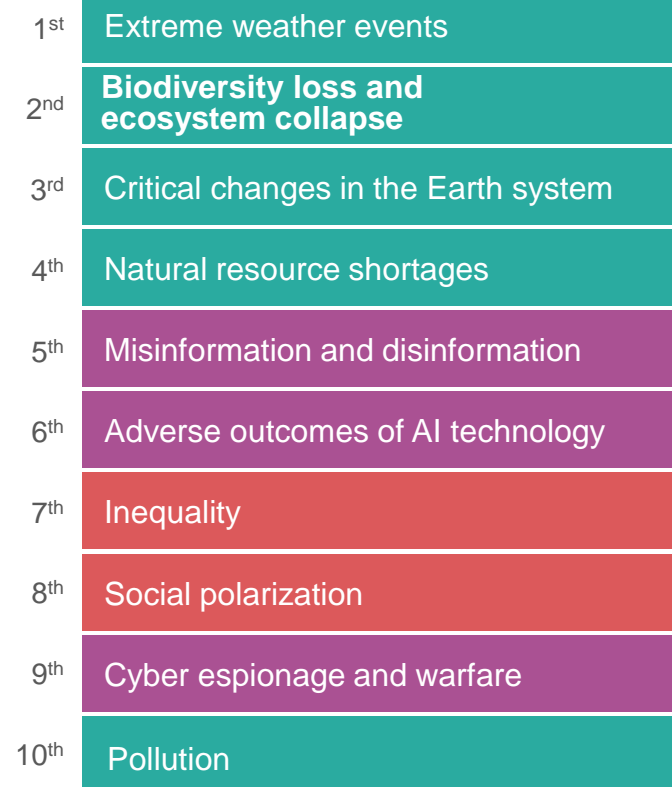


Opportunity

Potential business opportunities for nature positive



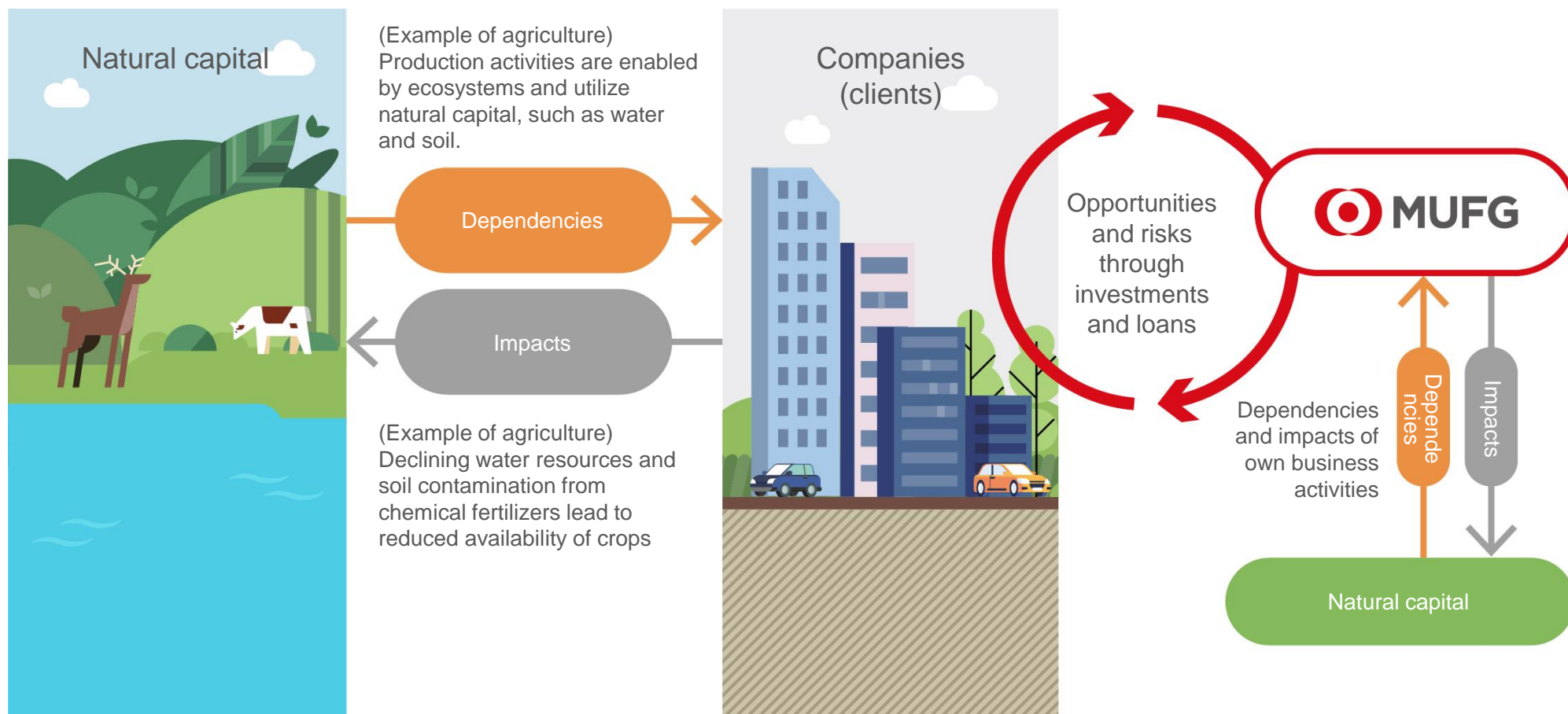
Risk factors for the next 10 years focused by business leaders



Long term(10 years)

Interaction between Financial Institutions and Natural Capital

The business activities of companies (clients) depend on and have an impact on natural capital throughout the entire value chain, from procurement of raw materials to disposal. Financial institutions, including MUFG, not only depend on and have an impact on natural capital through own business activities, but also have connections to the activities of clients and their supply chains through investments and loans. Therefore, financial institutions need to understand clients' dependencies and impacts 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.



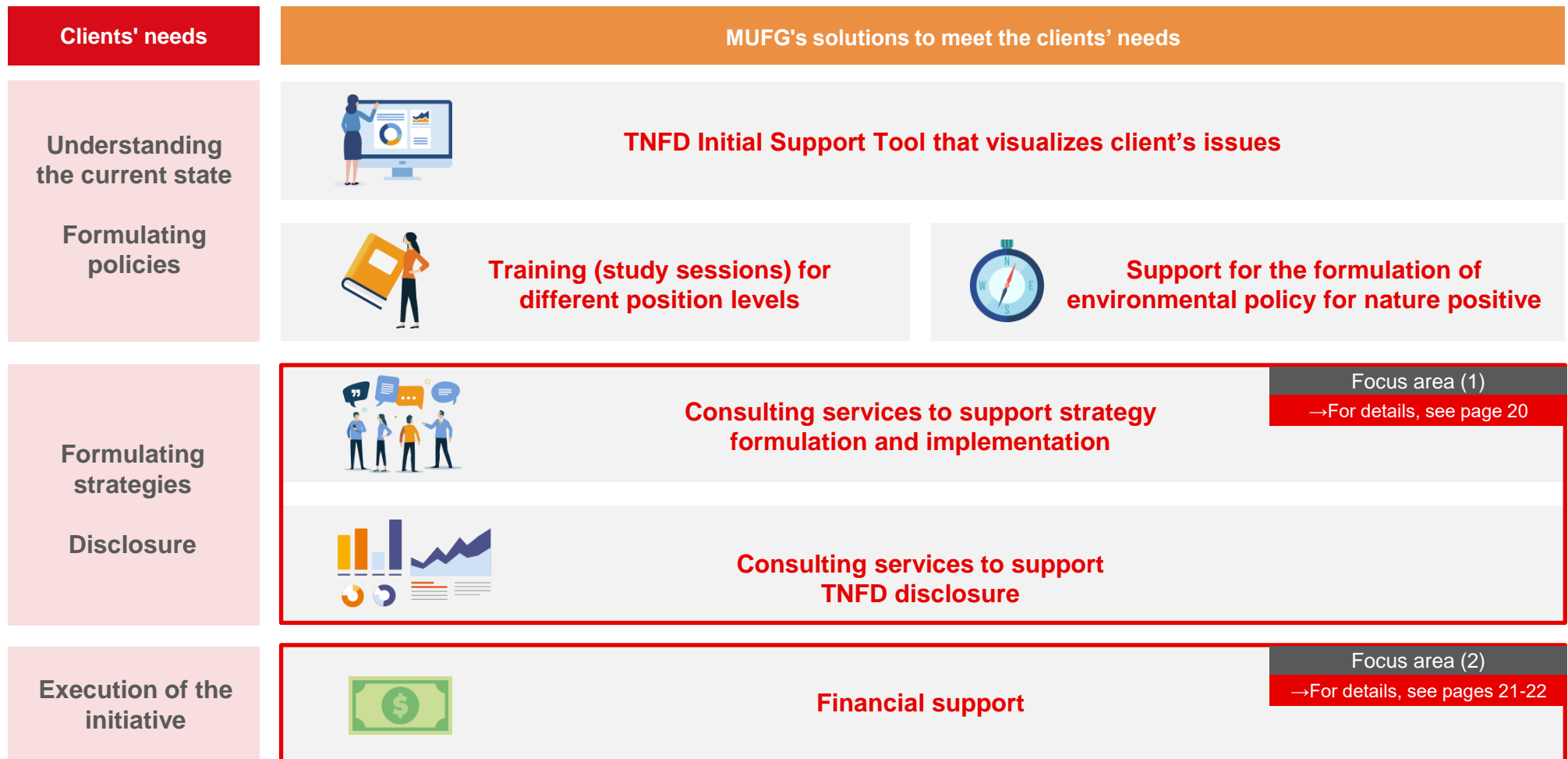
Opportunities for MUFG: Five Focus Areas

Among the various business opportunities related to natural capital, MUFG focused on five areas where MUFG Group can leverage its strengths. In addition to promoting dialogue with a wide range of stakeholders, we support our clients' initiatives for natural capital and collaborate with various companies and startups.



Opportunities for MUFG: Support Tailored to Clients' Needs

MUFG will support clients' initiatives by offering consulting services and financing, grounded in a thorough understanding of their challenges and needs.



Opportunities for MUFG: Focus Area (1) Consulting

We are supporting our client' initiatives to achieve nature positive by providing a wide range of consulting services, including support for the formulation and implementation of strategies related to natural capital and TNFD disclosure.

Strategy formulation and implementation support

Support for building nature-related management processes

Support for the establishment of processes to manage dependencies, impacts, risks and opportunities, not only during the initial analysis but also continuously

Support for formulating business strategies (transition plans) related to natural capital

Consideration of transition plans, including the assessment of nature-related business risks and opportunities, their anticipated impacts, and transformation of business model

Stakeholder engagement support

Support for engagement with stakeholders (experts, local communities, etc)

Support for obtaining certification of SBTs for Nature^{*1}

Support for setting goals to achieve nature positive and obtaining certification of SBTs for Nature

TNFD disclosure support

Initial diagnosis and scoping support

Support for initial overview, preliminary analysis, hypothesis building, roadmap creation, etc

Support for nature-related risk and opportunity analysis

Identifying the data required for analysis, analysis using management tools, and supporting the analysis of dependencies, impacts, risks, and opportunities (the LEAP^{*2} approach)

Support for setting metrics and targets

Support for setting key nature-related metrics and targets based on dependency/impact and risk/opportunity analysis

Pick up

Initiatives of KAGOME CO., LTD. and MURC



Comment

As this was our first TNFD disclosure, we took advice from MURC, which has abundant experience in this area, and implemented TCFD^{*3} / TNFD disclosure in the integrated report.

For the Kagome Group, which uses nature's bounty as ingredients, the greatest risk to its business is a disruption in the procurement of ingredients. We recognized that the loss of natural capital is a major issue that will affect the sustainable growth of our business. The scope of the TNFD included "tomato-related businesses," which account for a large portion of the Kagome Group's sales. The dependencies on and impacts of nature, as well as risks and opportunities, were evaluated using the LEAP approach of the TNFD framework. This analysis helped us reconfirm the importance of the activities we have promoted based on our findings over the years, but also made us realize the importance of a new perspective, the LEAP approach, as we made new discoveries. We will continue to actively work towards a sustainable global environment.



Mitsubishi UFJ Research and Consulting

Comment

For Kagome, whose main ingredients are agricultural products, the affinity between climate risk, and water risk, and nature-related risk is high, and since these risks are compositely related, we considered conducting an integrated analysis. In addition, for the analysis related to the TNFD, which is Kagome's first initiative of this kind, we considered an evaluation focused on tomatoes, using the LEAP approach.

MURC provided analysis using various tools such as biodiversity risk filters, screening to select priority areas, and support by providing expert advice and preparing disclosures.

^{*1} Science-Based Targets for Nature ^{*2} Locate, Evaluate, Assess, Prepare ^{*3} Task Force on Climate related Financial Disclosure

Opportunities for MUFG: Focus Area (2) Financial Support (1/2)

MUFG actively supports its clients' initiatives to achieve nature positive through green finance, blue finance, and sustainability-linked loans (SLL). In November 2024, we launched the "Natural Capital Management Evaluation Loan," which integrates regular loans with evaluations of clients' natural capital management practices and provides feedback.

Green and Blue finance



- MUFG supports clients' initiatives by arranging green loans / bonds. The use of proceeds is limited to projects that contribute to clean energy such as renewable energy, and biodiversity conservation.



- For marine and water-related projects, MUFG supports the arrangement of blue loans / bonds by referring to international standards, such as the International Finance Corporation's (IFC^{*1}) Guidelines for Blue Finance.



- MUFG has entered into a partnership with IFC.
- One of the partnership's themes is the exchange of views on blue finance.

^{*1} International Finance Corporation

Sustainability Linked Loan (SLL)



- Sustainability-linked loan (SLL) is a financial product that sets targets based on a company's management strategy. The interest rate and other borrowing terms change depending on the company's achievement of those targets.
- We support our clients in promoting natural capital management by setting KPIs that contribute to biodiversity conservation, etc.

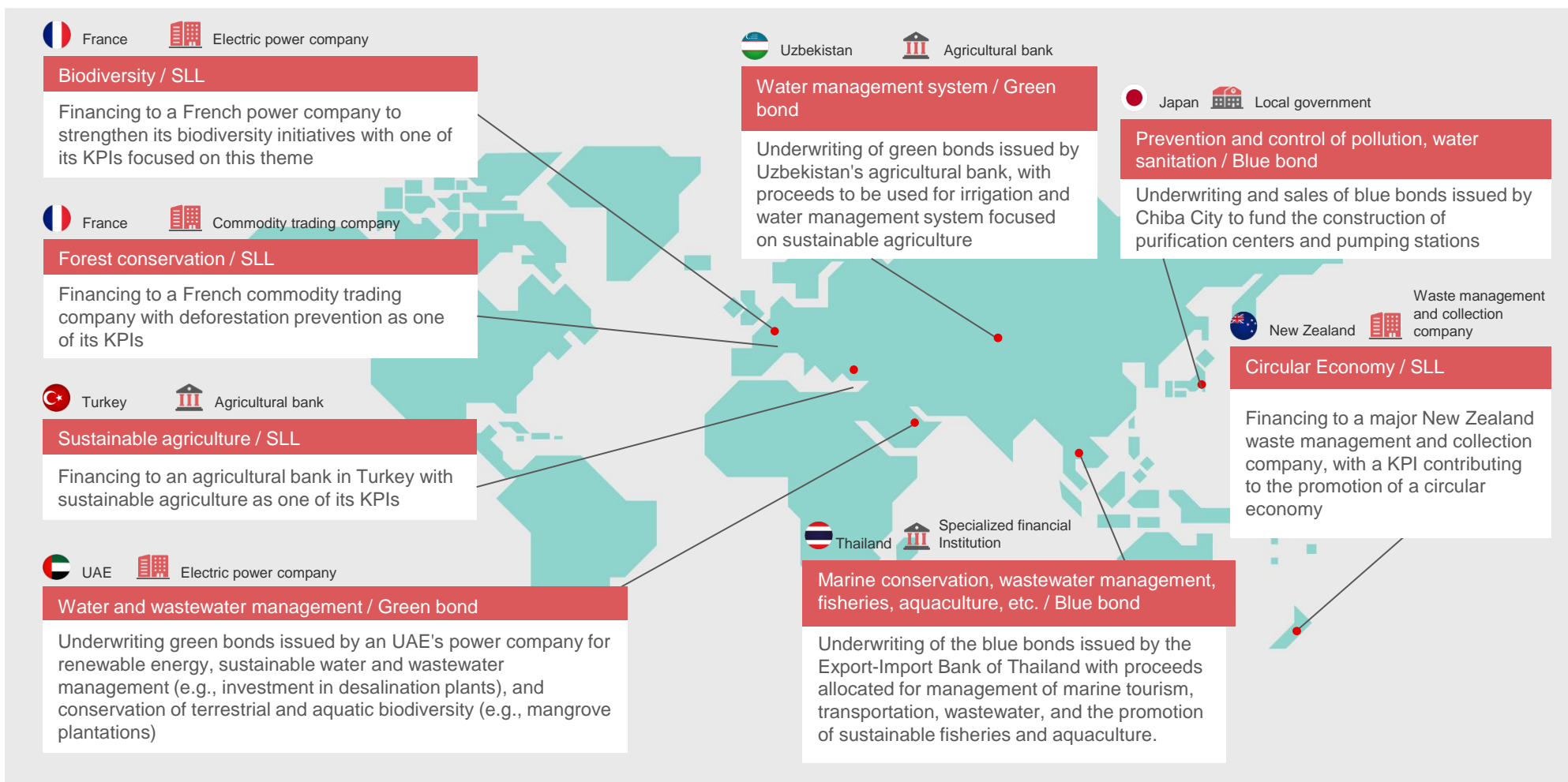
Natural Capital Management Assessment Loan



- In November 2024, we launched a loan product in which we evaluate our clients' natural capital management efforts and execute loan if evaluated score is above a certain criteria.
- Our evaluation on the client's effort will be confirmed by Japan Credit Rating Agency, Ltd., and feedbacks will be provided to the client.
- In addition, clients who use this product can also disclose as "Natural Capital Management Evaluation Loan".

Opportunities for MUFG: Focus Area (2) Financial Support (2/2)

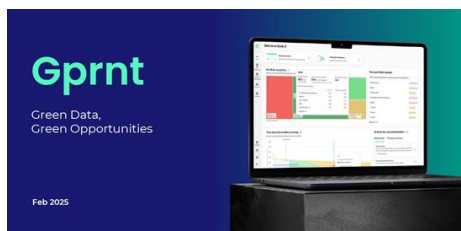
MUFG provides various types of financing for initiatives worldwide that contribute to the conservation of natural capital, including sustainable agriculture and forest conservation.



Opportunities for MUFG: Focus Area (3) Partnership

MUFG is working with stakeholders, including national and local governments and companies, to develop solutions and create businesses for achieving nature positive.

Participation in Green Print's sustainability data platform building project



- The Monetary Authority of Singapore has launched a project to build a platform for centrally managing sustainability data such as GHG emissions and water usage. MUFG has been involved as a partner company since its founding.

- In November 2024, we released Disclosure and Marketplace Tools and launched the service for Singaporean companies. In the future, we aim to expand our business mainly in the APAC region.
- Through our participation in the project, MUFG aims to promote sustainability disclosure, including nature-related disclosure, and create financing opportunities in APAC.

Participation in the Natural Capital Study Group by Zeroboard Inc.



- MUFG participates in the Natural Capital Study Group organized by Zeroboard Inc., a startup we invested.
- The study group, comprising companies from various industries, has been engaging in discussions with experts from the Japan Environmental Management Association for Industry and The Nature Conservation Society of Japan. These discussions have thus far focused on issues related to TNFD disclosure and fostering understanding within companies and the Group published a report in March 2025.

[Main themes of the report]

- (1) Challenges companies face and regulatory issues in TNFD disclosure
- (2) Fostering understanding of the LEAP*1 approach, nature-related dependency and impact analysis, assessment, and use of the tools, etc.
- (3) Proposals to stakeholders for nature positive management

Collaboration with Fujitsu Limited



- MUFG has signed a memorandum of understanding (MOU) with Fujitsu Limited and is collaborating to create networks and jointly develop solutions.
- In FY 2024, we discussed initiatives to achieve nature positive with companies with food and beverage companies, manufacturing industries, and government agencies.
- We will continue to work with clients across a wide range of industries, deepening our collaborations through developing solutions and trials.

Agreement with Maniwa City, Okayama Prefecture, to promote reforestation



- The Trust Bank has signed an agreement with Maniwa City, Okayama Prefecture, with the aim of engaging in a reforestation promotion project using J-Credit. Through appropriate forest management on land that has not been reforested, the project will contribute to an increase in CO₂ absorption. Through this, the project aims to acquire new sources of income for mountain owners, revitalize the forestry industry, and provide a forest fund that utilizes carbon credits.

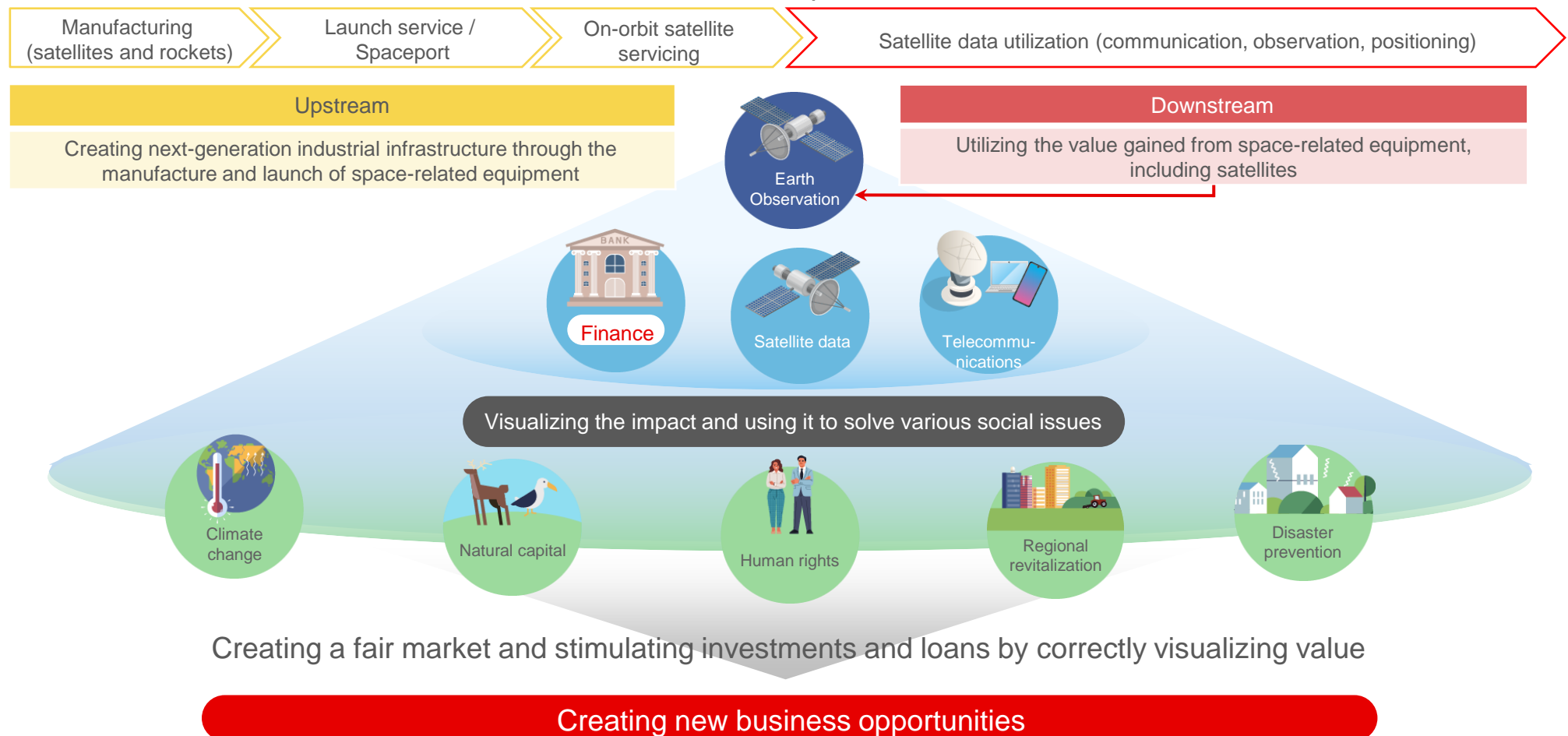
*1 Locate, Evaluate, Assess, Prepare

Opportunities for MUFG:

Focus Area (3) Partnership (Space Innovation Strategies) (1/2)

The space industry is a broad industry that includes not only the manufacturing and launching of satellites but also the utilization of space technology and data. Among them, the utilization of satellite data plays a significant role in addressing solving social issues such as climate change and natural capital. MUFG aims to create new business opportunities by visualizing the impact and value on the environment and society using satellite data, thereby stimulating the market and spurring financing needs.

A value chain of space business

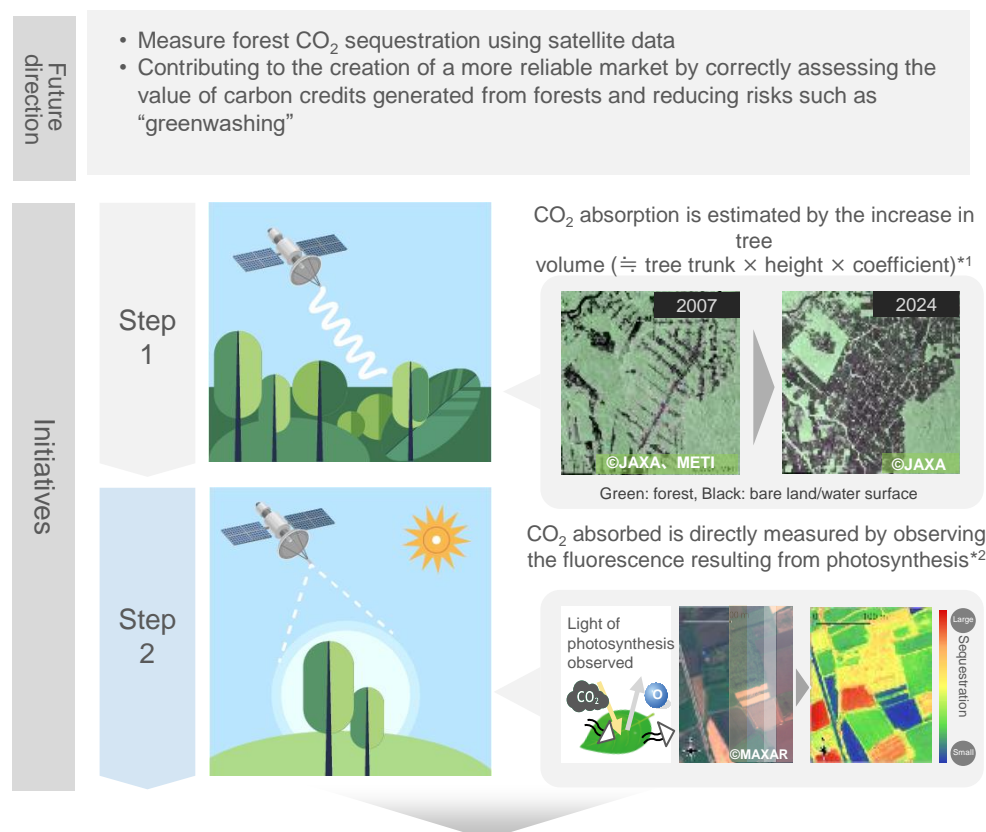


Opportunities for MUFG:

Focus Area (3) Partnership (Space Innovation Strategies) (2/2)

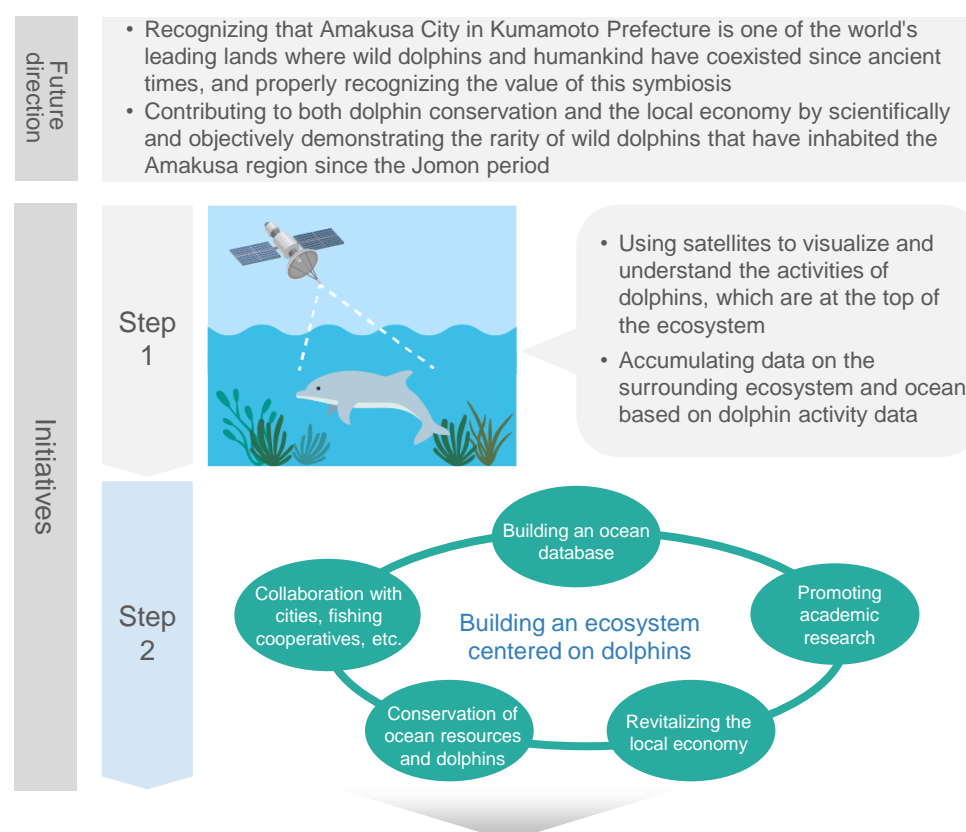
MUFG is utilizing satellites to observe CO₂ absorption by forests and to build an ocean database. By visualizing the impact on the environment and society through satellite data, we aim to create a highly reliable market and apply it to MUFG's business, including finance.

Observation of CO₂ absorption from forests



Utilization for carbon credit business and finance

Building an ocean database centered on dolphins living in the Amakusa area



Utilizing reliable data for client engagement and financing

*1 The underlined items were observed using satellite data. MUFG was commissioned by JAXA (Japan Aerospace Exploration Agency) to conduct "Demonstration Work on Forest Carbon Credit Calculation Using Satellite Data" (FY 2024-2025)(Collaborative demonstration by Satellite Data Services Co., Ltd. (SDS), Mitsubishi Electric Corporation, Archeda, Inc., Forest Value Inc, and MUFG)

*2 Prepared in cooperation with Mitsubishi Electric Corporation and SDS based on Maxar's satellite data.

Opportunities for MUFG:

Focus Area (4) Startup Support and Collaboration

MUFG actively invests in startups that develop technologies to reduce environmental impacts and achieve nature positive outcomes, thereby supporting the promotion of innovation within each company. In FY 2024, we invested in six new startups. Additionally, we collaborate with various functions within our Group to enhance the value of the companies in which we invest.



Data



Biome Inc.

Investment
in FY 2024



Archeda, Inc.



Investment
in FY 2024

DeepForest Technologies Co., Ltd.



sustainacraft, Inc.

Circular economy



ASTRA FOOD PLAN Co., Ltd.

For details,
see page 27



AmicaTerra Co., Ltd.



AlgaleX Inc.



Symbiobe Inc.

Investment
in FY 2024



Emulsion Flow Technologies Ltd.



algal bio

Algal Bio Co., Ltd.

Water resources



Waqua Inc.

Ocean and fisheries



Regional Fish
Institute, Ltd.



Benners Co., Ltd.



FRD JAPAN CO., LTD

Soil and agriculture



DAIZ Inc.



TOWING Co., Ltd.



greenase Inc.



Nagasuna Mayu,
Co. Ltd.



Hydro Powtech Japan Co.,
Ltd.



GRA&GREEN Inc.



Quantum Flowers & Foods
Co., Ltd.



Kinish Inc.

Investment
in FY 2024

Investment
in FY 2024

Investment
in FY 2024

Opportunities for MUFG:

Focus Area (4) Startup Support and Collaboration (ASTRA FOOD PLAN Co., Ltd.)

MUFG support ASTRA FOOD PLAN Co., Ltd., a startup aiming to relieve environmental burden and achieve a circular economy through upcycling and reuse of “hidden food loss” such as food remnants.



Business description

We develop and sell superheated steam-drying machine, which we named “JOSEN”, a technology dries and sterilizes food in just 10 seconds. Our technology upcycles “hidden food loss” - food remnants or out-of-spec products that are otherwise disposed - into edible food powder “GULURICO®”.

Significance of collaboration with MUFG

We believe that in order to reduce hidden food loss, it is crucial to involve stakeholders throughout supply chain, from food production to consumption. Through our collaboration with MUFG, we aim to work with food-related companies and distributors to expand a sustainable food system.

Relieve environmental burden and contribute to a circular economy

Upcycling food remnants into food or livestock food can promote a circular usage of food resources, relieving environmental burden. We also contribute to carbon neutrality by reducing CO₂ emissions during the combustion of these food remnants.



Upcycled powder seasoning



Mitsubishi UFJ Capital

- Evaluating the business model of upcycling food remnants in addition to sympathizing with the theme of reducing hidden food loss
- Evaluating President Kano's outstanding managerial qualities, and quickly investing in the company
- Continuing to provide support as a shareholder through the MUFG business support program “Rise Up Festa” by acting as a mentor and introducing Group companies



MUFGBank

- Collaborating with the Bank's in-house project team (Food-X Project) to solve social issues related to “food”
- Introducing our solutions to major food manufacturers and others

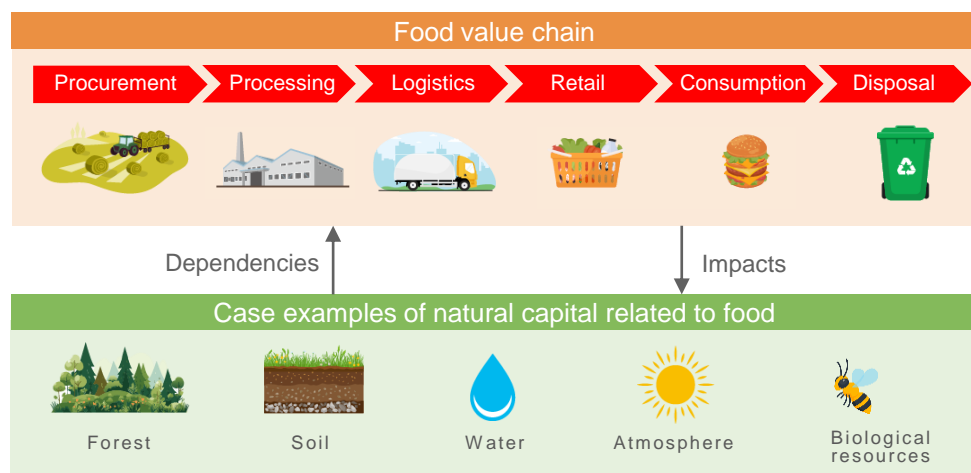
Mitsubishi UFJ Morgan Stanley

- Operating Japan Inclusive Ventures Lab (JIVL), which is dedicated to promoting Japanese startups run by women or diverse backgrounds, leverages the program developed by Morgan Stanley, a strategic partner of MUFG, in the Americas, Europe, the Middle East and Africa.
- Selected as a participant in JIVL. Providing customized curriculum and the opportunity to participate in a Demo Day in London.

Opportunities for MUFG:

Focus Area (5) Initiatives in the Field of Food (Food-X Project)

Food-related businesses are built on the blessings of nature throughout the supply chain, and it is increasingly important to conserve, restore and rehabilitate natural capital, in order to enhance the sustainability of business. MUFG has launched the “Food-X Project” within the company with the aim of simultaneously achieving food system resilience and individual well-being. We are working with stakeholders from industry, government, academia, and financial sector, to build sustainable food value chains and create international frameworks.



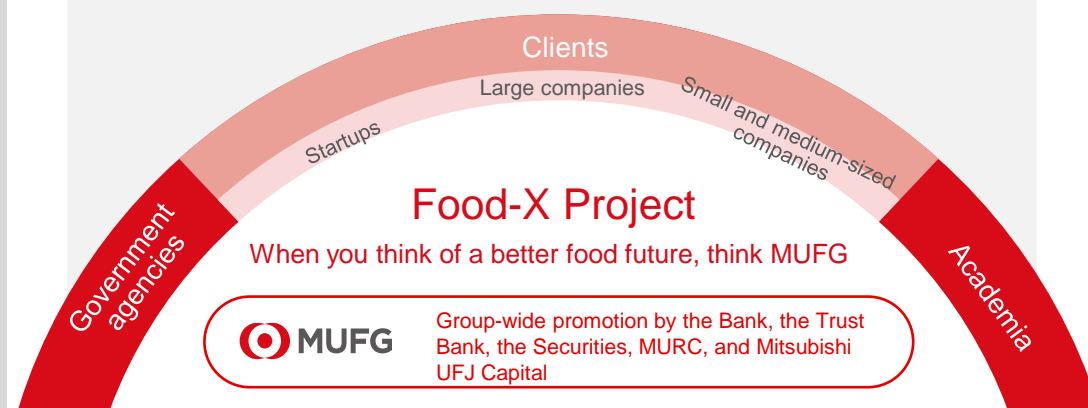
Issues surrounding the food industry

- As the world population grows, the time is approaching when the current food system will not be able to provide enough food (e.g., protein crisis)
- Climate change and conflict, among other factors, are heightening awareness of the risk of fragmentation of food value chains and raising concerns for food security.
- Japan has a low food self-sufficiency rate and relies heavily on specific countries for agricultural inputs such as fertilizers and feed. Therefore, it is crucial to promptly address sustainable agriculture and establish medium- to long-term food security.

Food-X Project

What we aim for

- (1) Achieving a robust food system by improving the self sufficiency of food and agricultural materials through the sustainable use of natural capital
- (2) Providing new food services that will change consumer behavior regarding health and the environment and contribute to improving individual well-being



Opportunities for MUFG:

Focus Area (5) Initiatives in the Field of Food (Creating Ecosystems)

MUFG aims to contribute to the creation of an ecosystem that addresses food-related issues by connecting various stakeholders, including a diverse range of clients, startups, and academia.

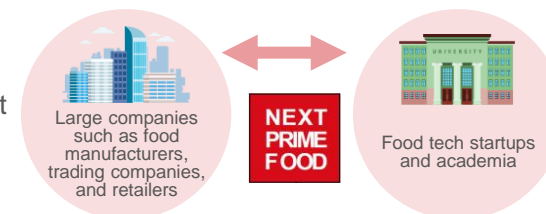
Memorandum of Understanding (MoU) with Mitsui Fudosan Co., Ltd.

- In October 2024, the Bank and Mitsui Fudosan Co., Ltd. signed an MOU to contribute to solving social issues by creating new businesses and promoting innovation in food-related fields.
- Mitsui Fudosan Co., Ltd. is working with over 30 partners, including restaurants in Nihonbashi and trading companies, on the “&mog” project, which provides food business development support to food manufacturers and others.
- MUFG’s Food-X Project and the “&mog” project will collaborate to promote co-creation between companies, aiming to contribute to the revitalization of the food industry.



Appointed as innovation partner of Next Prime Food

- Next Prime Food is a platform for industry-government-academia collaboration aimed at solving issues and creating new growth opportunities in the agri-food tech industry.
- In December 2024, the Bank and Trust Bank became innovation partners of Next Prime Food.



The Bank and Trust Bank appointed as innovation partners



Accelerator program for startups

- In June 2024, we collaborated with Inclusion Japan, Inc. (ICJ) to implement a venture business support program focused on the development of a sustainable food ecosystem. The purpose of this program is to provide a forum for connecting large companies and venture companies.
- This will enhance MUFG’s presence in the fields of sustainable food and biodiversity and expand business opportunities.



Opportunities for MUFG:

Focus Area (5) Initiatives in the Field of Food (Solving Nutrition Issues)

In the field of “food,” in addition to the sustainable use of natural capital, nutrition is also an important issue. While the development of evaluation standards originating in Europe is progressing, there is a recognition that European standards do not necessarily lead directly to improvements in the health of the Japanese people. Therefore, we are participating in international rule-making through collaboration among industry, government and academia, and actively disseminating our opinions to ensure appropriate evaluation of the Japanese food industry.

1

Efforts to create Japanese nutritional profiling model

Purpose

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

Initiatives for FY 2024

- Made donations to the nutrition profiling project of the National Institutes of Biomedical Innovation, Health and Nutrition
- Promoted Food-X Project initiatives at The Food and Agriculture Organization of the United Nations (FAO^{*2}) event

2

Collaboration with clients

Purpose

- Pursue robust activities as Team Japan encompassing industry, government, academia, and financial sector, and collaborate with clients in food-related fields

Initiatives for FY 2024

- Continuously consulting with clients of major food companies, including Ajinomoto Co., Inc., Meiji Holdings Co., Ltd., and Nissin Foods Holdings Co., Ltd.
- Dialogues with a wide range of retailers and distributors

3

Continuous engagement with ATNI^{*1}

Purpose

- Achieve interconnection of the Japanese version of nutrition profiling model with global rules

Initiatives for FY 2024

- Conducted continuous engagement
- Communicated opinions on Japan's current situation and appropriate assessment at the N4G Paris in March 2025



Pick up

Communication at The Food and Agriculture Organization of the United Nations (FAO)

- In October 2024, we participated in the World Food Day event hosted by the Food and Agriculture Organization of the United Nations (FAO) and took part in a panel discussion.
- This year's event dealt with themes such as "sustainable food systems", "the importance of healthy eating", and "the nutritional value of Japanese food and its cultural background".
- The Bank was the only financial institution to participate in the panel discussion. We communicated our support for the development of a Japanese nutritional profiling model in collaboration with the Japanese government and food companies and commitment to sustainable finance.

^{*1} Access to Nutrition Initiative ^{*2} Food and Agriculture Organization of the United Nations

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. MUFG is working to promote sustainable agriculture through collaboration with food-related clients.

Necessary approaches to promote sustainable agriculture

MUFG believes that in order to promote the spread of sustainable agriculture, a broad-based approach is necessary, from farms to consumers.

Generating extra capacity for agricultural producers

Improving agricultural management efficiency

Use of technology



Establishing sustainable agricultural methods

Technology research, development and implementation of agricultural methods

Financial support for startups, etc.



Consumer awareness and behavioral change

Consumer literacy enhancement and demand stimulation

Understanding of added-value and trends that consumers are looking for



Main initiatives

Initiatives with nakamori agroindustry, Inc.

- In March 2025, we signed an MOU (Memorandum of Understanding) for collaboration in agricultural production with nakamori agroindustry, Inc., a large-scale organic farmer of rice and other crops.
- This MOU aims to promote sustainable agriculture and the digitalization of farming by leveraging nakamori agroindustry, Inc.'s expertise in agricultural production and MUFG's client network.

Major promotion items

- ✓ Building a "food and agriculture innovation consortium" that brings together numerous players from industry, government, academia and agricultural players
- ✓ Digitalizing agricultural production and challenging to create new business models

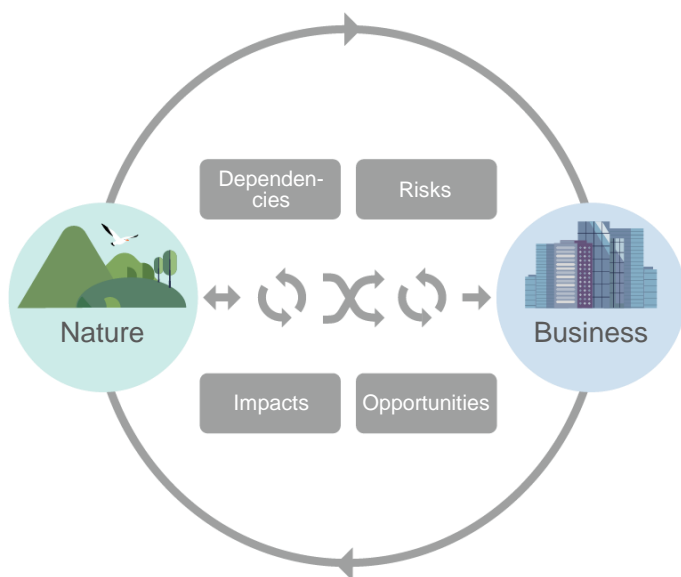
Initiatives with AEON AGRI CREATE Co., Ltd.

- MUFG signed a Memorandum of Understanding (MOU) with AEON AGRI CREATE Co., Ltd. to collaborate on promoting sustainable agriculture.



Analysis of Dependencies and Impacts: Overview

In order to identify opportunities and risks related to natural capital in business, it is important to analyze dependencies and impacts. MUFG is working to identify key sectors in terms of opportunities and risks by analyzing dependencies and impacts of each sector in its investment and loan portfolio. In addition, for some sectors, we conducted analysis based on client location information (location analysis).



Source: Created by MUFG based on the final version of the TNFD recommendations

Approach of the analysis

Step1

Evaluate dependencies and impacts on natural capital by sector

● Data source: ENCORE*1



→For details, see pages 33-34

Step 2

Identify important sectors, taking into account the results of Step 1 and the amount of exposure in the investment and loan portfolio

● Coverage: Corporate and project financing

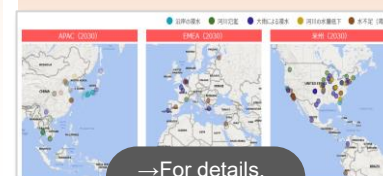


→For details, see page 35

Step3

Analyze dependencies and impacts based on location information of factories and sales offices of clients in some of the priority sectors identified in Step 2

● Data source: MSCI



→For details, see page 36



Pick up

Analysis using MSCI data

In addition to the varying analysis methods for different types of natural capital, such as water and biodiversity, it is necessary to account for the varying degrees of dependencies and impacts based on the clients' location. MUFG is using "MSCI GeoSpatial Asset Intelligence," provided by MSCI, to analyze nature-related locations.

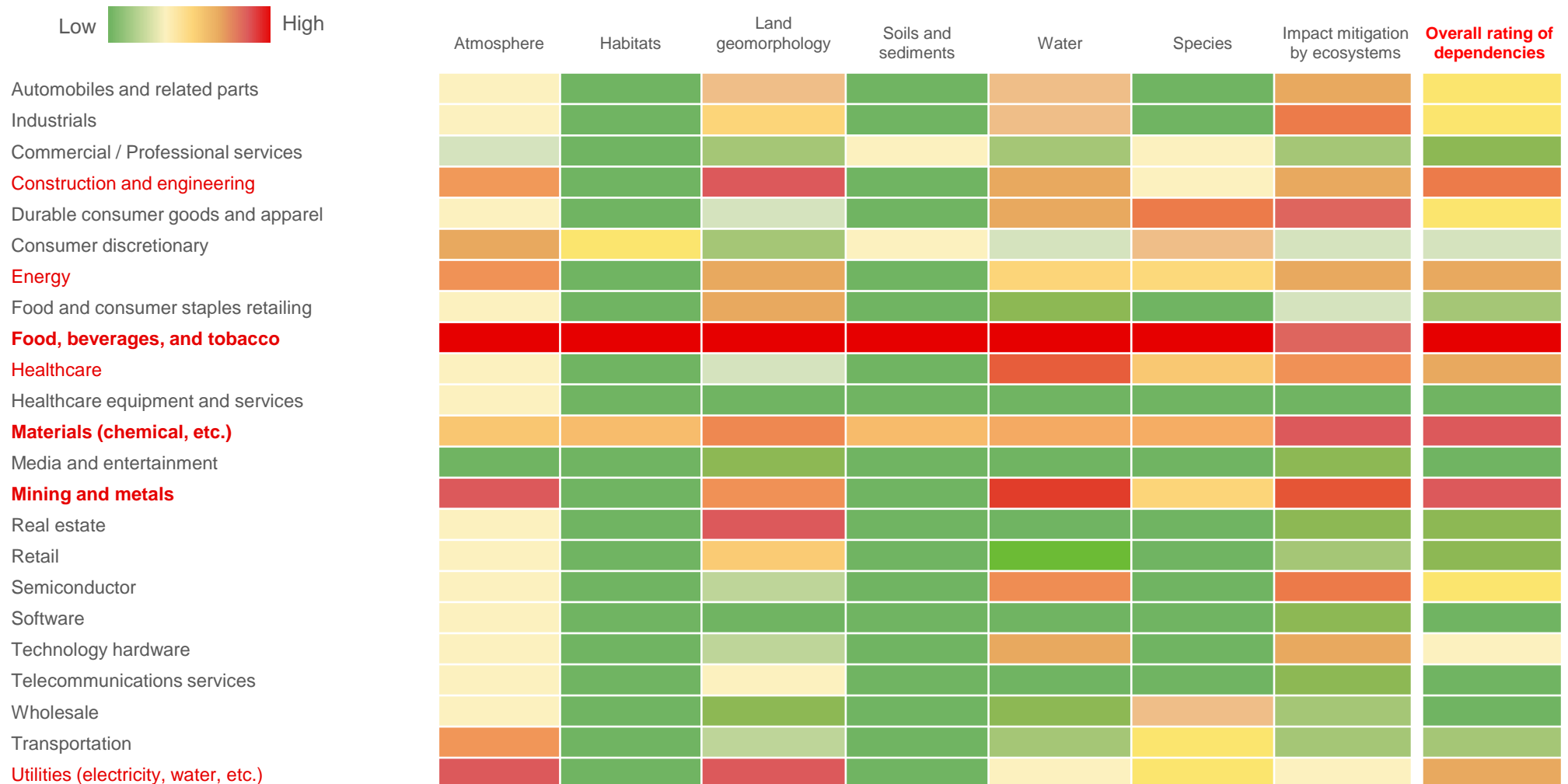
About MSCI GeoSpatial Asset Intelligence:

A data tool provided by MSCI that identifies locations of concern for climate and nature-related risks. It provides information on the physical risks associated with approx. 1.18 million locations of approx. 100,000 companies.

*1 Exploring Natural Capital Opportunities Risks and Exposure (Data as of November 2024)

Analysis of Dependencies and Impacts: Step 1. Evaluating Dependencies by Sector

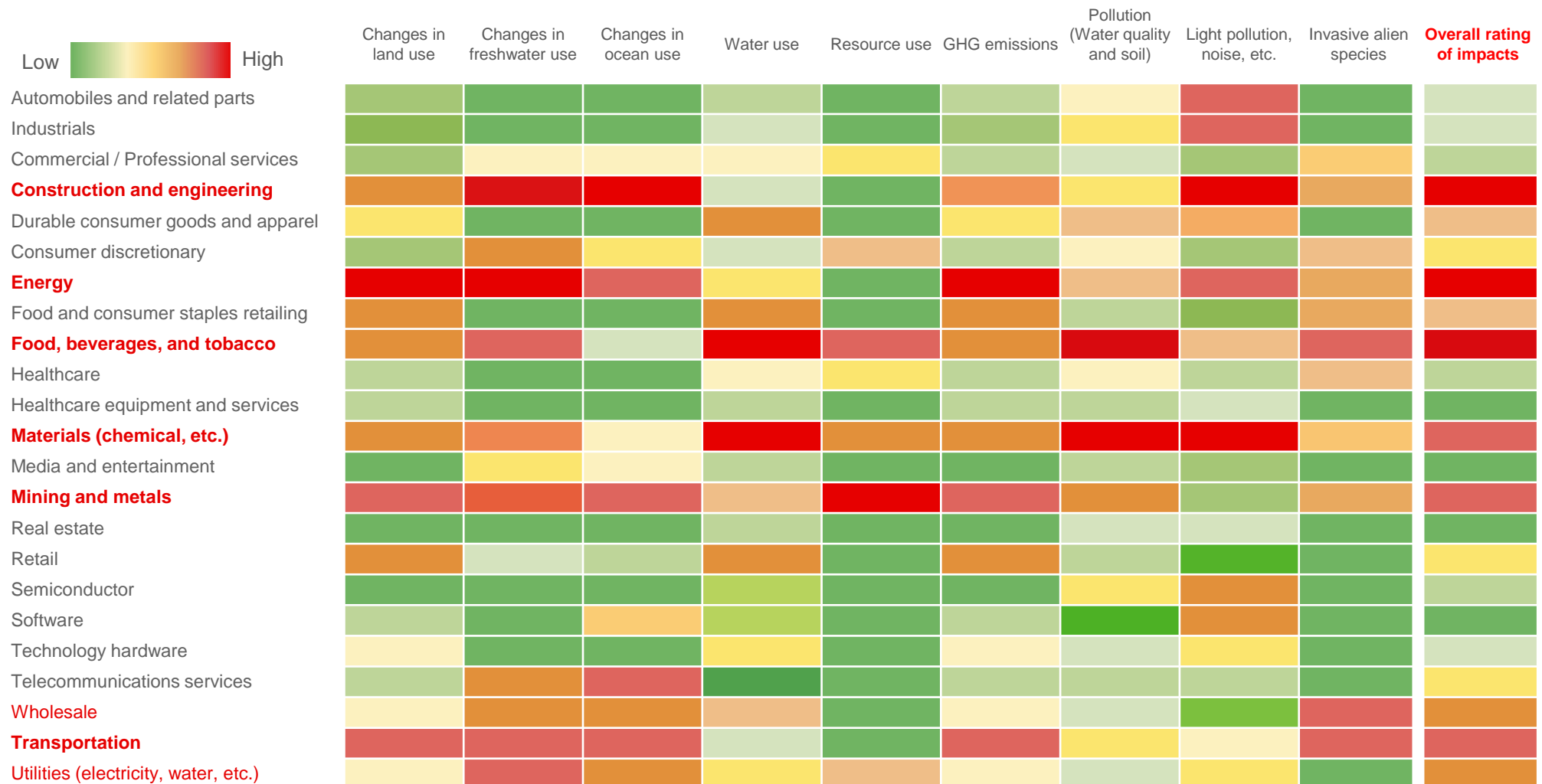
Using “ENCORE*1”, we analyzed each sector’s degree of dependencies on natural capital, and found that sectors such as construction and engineering; energy; food, beverages, and tobacco; healthcare; materials (chemical, etc.) ; mining and metals; and utilities (electricity, water, etc.) are the most highly dependent on natural capital.



*1 Exploring Natural Capital Opportunities, Risks and Exposures

Analysis of Dependencies and Impacts: Step 1. Evaluating Impacts by Sector

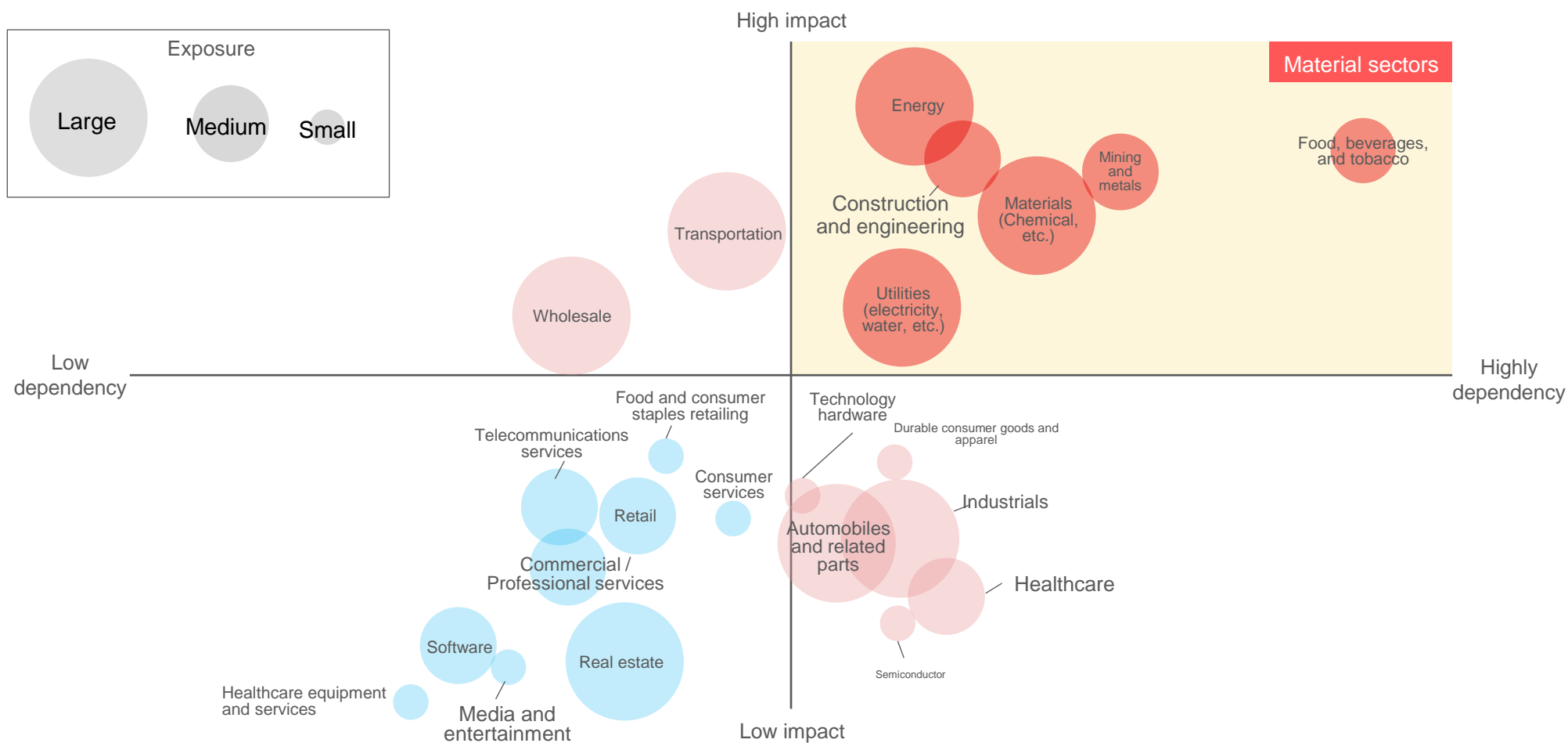
Using “ENCORE”^{*1}, we analyzed each sector's impacts on natural capital and biodiversity and found that sectors such as construction and engineering; energy; food, beverages, and tobacco; materials (chemical, etc.) ; mining and metals; wholesale ; transportation; and utilities (electricity, water, etc.) have large impacts on natural capital and biodiversity.



*1 Exploring Natural Capital Opportunities, Risks and Exposures

Analysis of Dependencies and Impacts: Step 2. Consideration of Exposure

We are in the process of identifying material sectors by analyzing dependencies and impacts on natural capital by sector while taking into account the amount of exposure in our investment and loan portfolio.



Analysis of Dependencies and Impacts: Step 3. Location Analysis

For the food, beverages, and tobacco sectors, which have high dependencies and impacts, we are working on location analysis based on the location of our clients' manufacturing sites. As a case study, we identified areas that are likely to experience water shortages (droughts) and flooding in the future. Through analyses like this, we aim to understand the impact of environmental changes and other factors on the businesses of our clients, and to identify nature related opportunities and risks.

Focus

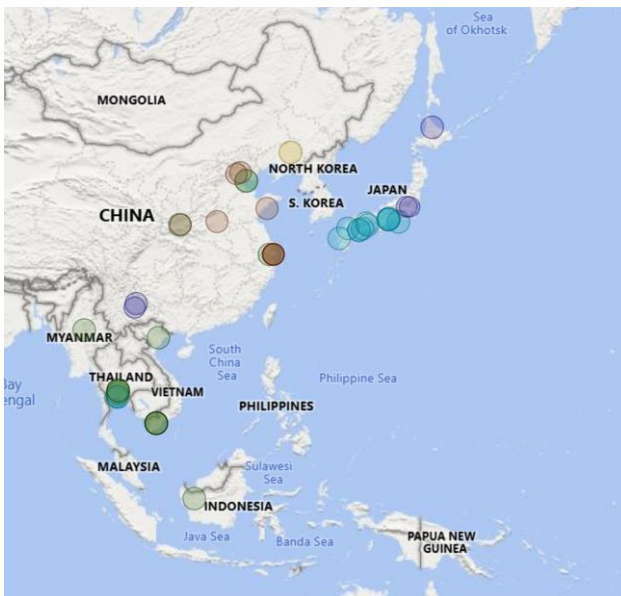
Manufacturing sites (factories, farms, etc., 538 locations) of the top 50 companies with the highest exposure to the food, beverages, and tobacco sectors

Method

Analysis of environmental changes in the relevant locations between now and 2030 based on the "NGFS*1 1.5°C Orderly Transition Scenario"

● Water scarcity
 ● River low flow
 ● Coastal flooding
 ● Fluvial flooding
 ● Pluvial flooding

APAC (2030)



EMEA (2030)



Americas (2030)



*1 Network for Greening the Financial System

Initiatives to Manage Dependencies and Impacts at Our Sites

MUFG is promoting initiatives such as effective use of plastic waste and paper resources, recycling of waste, and reduction of GHG emissions in order to reduce dependencies and impacts on natural capital from our business activities.

	Target	Actual results for FY 2023	Main initiatives
Effective use of plastic waste	-	100% (PET bottle recycling rate at headquarters buildings in Tokyo, Nagoya and Osaka)	<ul style="list-style-type: none"> Distribute My Bottles (reusable bottles) to employees and installing water servers in offices in the Securities Shifting to “bottle-to-bottle” recycling
Effective use of paper resources	-	100% (Paper recycling rate at the Tokyo, Nagoya and Osaka headquarters)	<ul style="list-style-type: none"> Reduce paper consumption through digitization of client handouts such as contracts, bankbooks, prospectuses, and bank statements, driving workplace digitalization, and visualization of the number of sheets printed. Promote the maintenance and improvement of the recycling rate through thorough separation of paper materials
Waste reduction	Over 90%	96.6% (Paper recycling rate at the Tokyo headquarters)	<ul style="list-style-type: none"> Installing waste and recycling stations for promoting enhanced separation of recyclable waste by clearly stating rules for separate collection and examples of separation
Reduction of own GHG emissions ^{*2}	2026: 50% reduction (compared to 2020) 2030: Net zero	175 Mt (48% reduction compared to 2020)	<ul style="list-style-type: none"> Set a goal to reduce GHG emissions from our business activities to net zero by 2030 In addition to energy efficiency and conservation efforts, promoting the use of renewable energy for electricity consumption and switching to electric vehicles (EVs)

See [here](#) for an analysis of our own locations



Pick up

Promoting “bottle-to-bottle” recycling in collaboration with the Suntory Group

- In November 2024, MUFG and the Suntory Group signed an agreement on “bottle-to-bottle” recycling, which will transform used plastic bottles discarded from six large MUFG buildings into new plastic bottles.
- MUFG will contribute to the horizontal recycling of plastic bottles by delivering used PET bottles to processors designated by the Suntory Group through collection and transportation companies.



Pick up

Utilizing agricultural carbon credits

- In March 2025, MUFG and TOWING Ltd. entered into a J-Credit sales agreement. The use of high-performance biochar created by TOWING Ltd. on farmland is expected to improve soil quality and reduce GHG emissions through carbon fixation.
- By utilizing carbon credits from absorption and removal systems using high-performance biochar, MUFG aims to support the spread of biochar, the decarbonization of agriculture, and the achievement of sustainable next-generation agriculture in the region, as well as to contribute to the enhancement of the corporate value of TOWING Ltd.



^{*1} It stands for Forest Stewardship Council. It certifies appropriate forest management for sustainable forest utilization and conservation

^{*2} Scope 1 and 2 emissions



3

Risk and Impact Management

Risk Management of Investments and Loans: MUFG Environmental and Social Policy Framework (1/2)

As a framework to understand and manage the environmental and social risks in finance*1, the MUFG Environmental and Social Policy Framework has been established. Additionally, when financing large-scale projects such as infrastructure and resource development, an environmental and social risk due diligence based on the Equator Principle*2 is conducted.

Overview of MUFG Environmental and Social Policy Framework

Applicable products and services

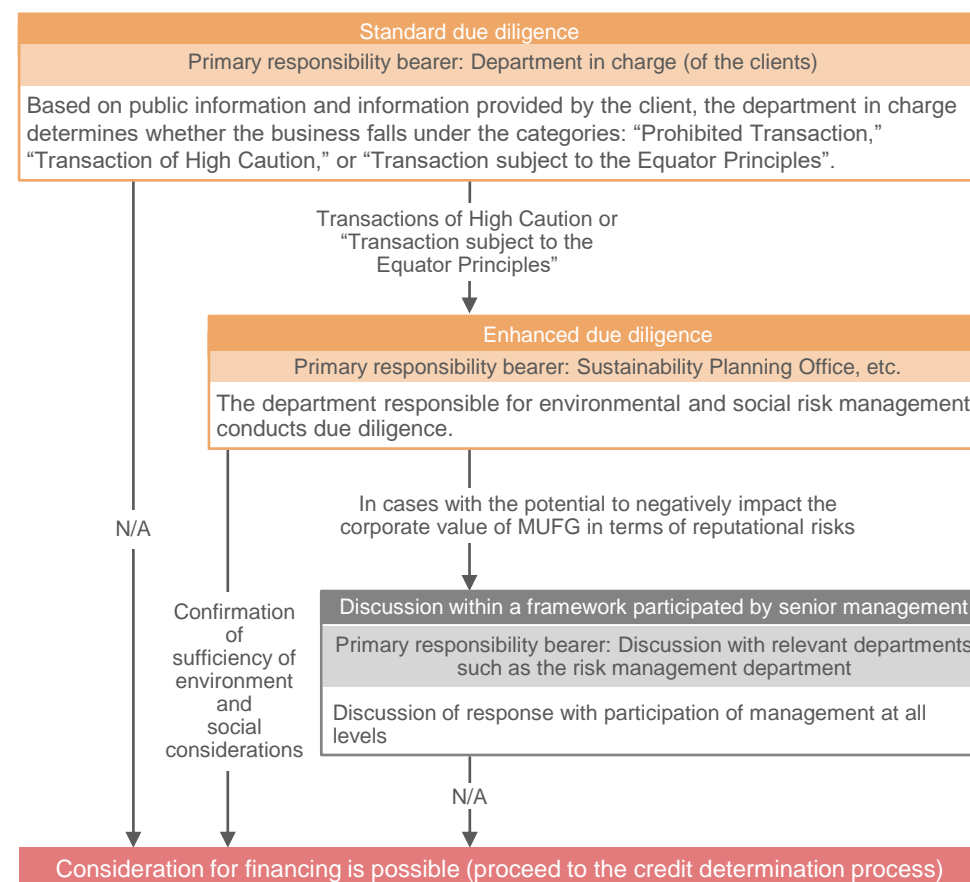
- Financing for corporate clients in the Bank, theTrust Bank and the Security in all countries and regions

Prohibited transactions

- Illegal transactions and transactions for illegal purposes
- Transactions which violate public order and good morals
- Transactions that negatively impact wetlands designated under Ramsar Convention
- Transactions that negatively impact UNESCO designated World Heritage Sites
- Transactions violating the Convention on International Trade in Endangered Species of Wild Fauna and Flora (Washington Convention)
- Transactions involving the use of child labor, forced labor or human trafficking
- Cluster munitions and inhumane weapons manufacturing

Transactions of high caution

Cross-sector guidelines	<ul style="list-style-type: none"> Impact on indigenous peoples communities Land expropriation leading to involuntary resettlement Impact on high conservation value areas Cause of or contribution to violation of human rights, or direct linkage with violation of human rights in conflict areas 	
Sector specific guidelines	<ul style="list-style-type: none"> Coal-fired power generation Mining Oil and gas (oil sand, development of the arctic, shale oil and gas, oil and gas pipelines) 	<ul style="list-style-type: none"> Large hydropower Biomass power generation Forestry Palm oil Fisheries and aquaculture



*1 Providing credit and bond/equity underwriting for customers of the Bank, Trust Bank, and Security *2 Bank approach

Risk Management of Investments and Loans: MUFG Environmental and Social Policy Framework (2/2)

MUFG has designated businesses with a high likelihood of existing negative impacts on natural capital and biodiversity as transactions of high caution. When considering financing, we confirm our clients' implementation of environmental and social considerations through a process of identifying and evaluating environmental and social risks or impacts. In April 2025, fisheries and aquaculture businesses, which are highly dependent on and have an impact on natural capital, were newly designated as businesses to be considered.

Transactions of high caution related to natural capital and biodiversity

Cross-business



Businesses that have a negative impact on high conservation value areas

- Recognizing national parks and habitats of endangered and rare species as areas of high conservation value
- Conducting risk and impact assessments of businesses with negative impacts on the region through interviews, assessments by independent consultants, and on-site inspections to ensure consistency with international standards such as the IFC^{*1} Performance Standards

By business

Forests and large-scale farms

Key points of risk and impact assessment

- Acquiring or planning to acquire FSC^{*2}, PEFC^{*3} certification, etc.
- Establishing NDPE^{*4} Policy
- Requiring stronger supply chain management and improved traceability



Fisheries and aquaculture

Key points of risk and impact assessment

- Not fall under illegal, unreported, and unregulated fisheries
- The status of third-party certifications



Palm oil

Key points of risk and impact assessment

- Acquiring or planning to acquire RSPO^{*5} certification
- Compliance with NDPE Policy
- Requiring stronger supply chain management and improved traceability



Other businesses

- Checking whether the following businesses have any negative impacts on the ecosystem

Mining

Oil and gas

Large hydropower

Biomass power generation

^{*1} International Finance Corporation ^{*2} Forest Stewardship Council ^{*3} Programme for the Endorsement of Forest Certification ^{*4} No Deforestation, No Peat, No Exploitation ^{*5} Roundtable on Sustainable Palm Oil

Risk Management in Investments and Loans: Equator Principles (1/2)

The Equator Principles are a framework for identifying, assessing, and managing environmental and social risks when providing financing for large-scale development projects. The International Finance Corporation (IFC) Performance Standards, which are referenced during due diligence conducted under the Equator Principles, stipulate considerations for biodiversity and the respect for the human rights of Indigenous Peoples. In addition to conducting due diligence before financing, the Bank also monitors projects after financing to ensure they do not cause adverse environmental and social impacts.

1. Equator Principles

- As of the end of March 2025, the Equator Principles have been adopted by 128 financial institutions worldwide. This framework assigns risk categories from A to C based on the magnitude of the project's risks and manages these risks accordingly.
- The Equator Principles apply to project finance, corporate loans where the proceeds are used for specific projects, and advisory services.
- In addition to conducting due diligence before financing, the Bank also monitors projects after financing to ensure they do not have adverse environmental and social impacts.

Before financing

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 financing

Continuously monitor whether environmental and social risks are materializing.

Achievements

- In 2023, the Bank applied the Equator Principles to a total of 108 projects. This is the highest number of applications among the Equator Principles financial institutions.
- The number of Equator Principles applications in 2024 is expected to reach 126.

2. IFC Performance Standards

- The Equator Principles refer IFC Performance Standards ("PS") which consist of 8 standards.

IFC Performance Standards



Key IFC Performance Standards Related to TNFD

- PS1** requires the identification and assessment of the environmental and social risks and impacts of projects, as well as appropriate engagement with stakeholders affected by projects.
- PS7** requires the implementation of appropriate consultations and the respect for FPIC to ensure the human rights of Indigenous Peoples affected by projects are respected.
- PS6** requires the avoidance and reduction of impacts on biodiversity and ecosystems throughout the project lifecycle, with the aim of protecting and conserving biodiversity.

Source: IFC

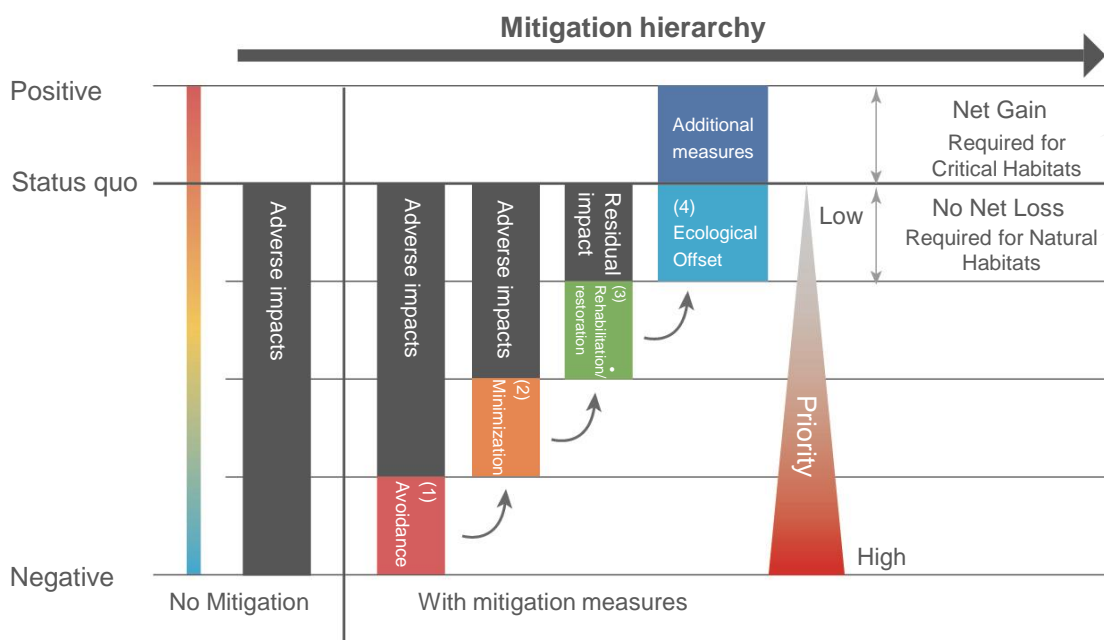
Risk Management in Investments and Loans: Equator Principles (2/2)

The standards concerning natural capital and biodiversity conservation (IFC^{*1} Performance Standard 6) require that impacts on natural capital and biodiversity be minimized in accordance with the mitigation hierarchy. This approach involves prioritizing the “Avoidance” of impacts, “Minimization” of unavoidable impacts, “Rehabilitation and Restoration” on-site, and finally, using “Biodiversity offsets” to compensate for any remaining impacts.



IFC Performance Standard 6

- The mitigation hierarchy is an approach that outlines the prioritization of measures to address the negative impacts of a project.
- According to IFC Performance Standard 6, if a project has negative impacts on Critical Habitats, Natural Habitats, or Modified Habitats, it is required to follow the mitigation hierarchy in addressing these impacts.



If a project impacts Critical Habitats, it is required to restore the natural state to be better than it was before the development.

If a project impacts Natural Habitats, the project related impacts must be balanced by undertaking on-site restoration to offset residual values.

Actions Required by the Mitigation Hierarchy

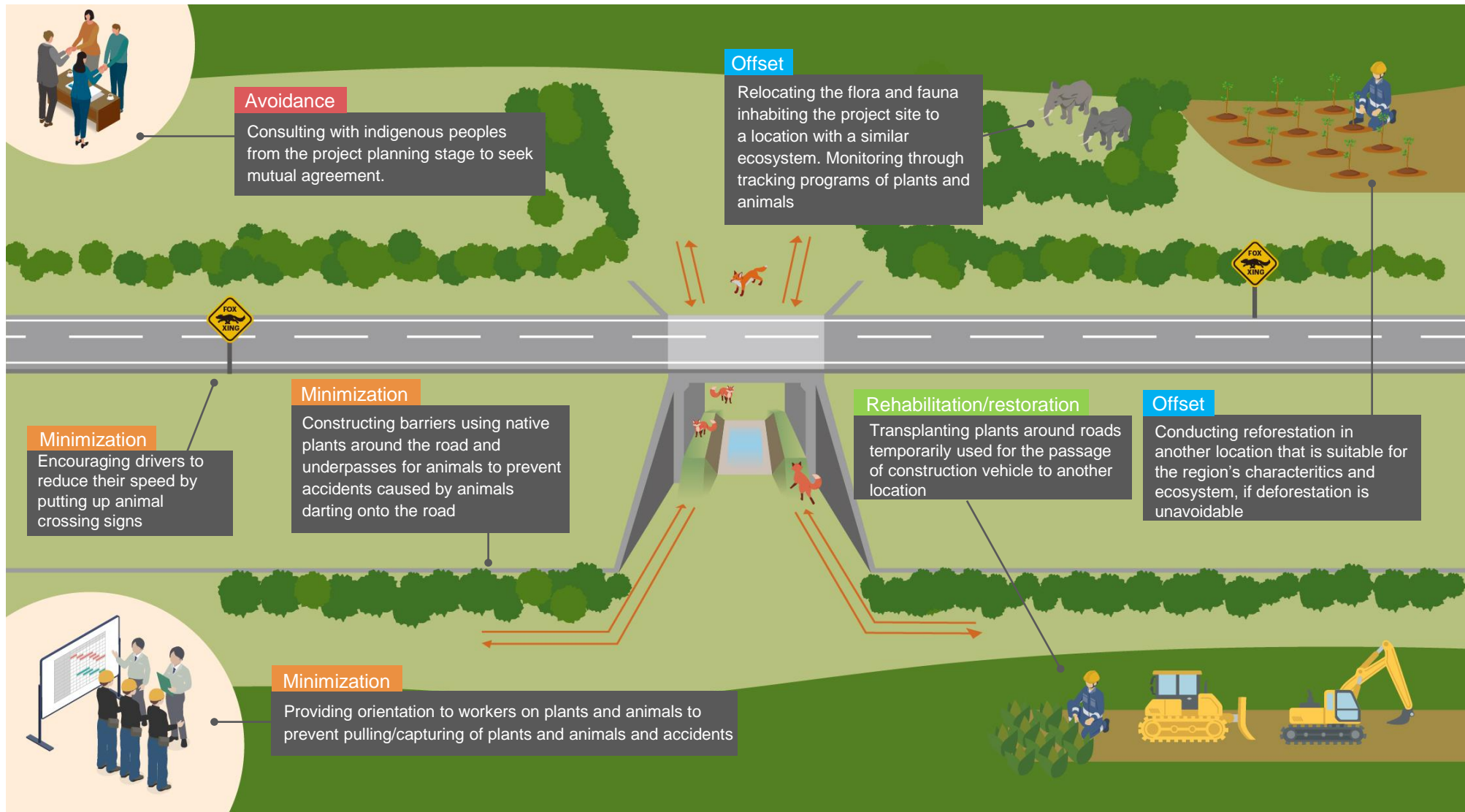
- | | |
|--------------------------------|--|
| (1) Avoidance | Avoiding impacts on the ecosystem |
| (2) Minimization | Reducing the duration and extent of the impact on the ecosystem as much as possible |
| (3) Rehabilitation/Restoration | Putting back degraded ecosystems (restoration) / improving the function of ecosystem services (regeneration) |
| (4) Ecological Offset | Offsetting by restoration and regeneration of ecosystems in alternative areas |

From the perspective of minimizing the impact on original natural environment, measures should be considered in the order of (1) to (4), with (4) being considered as a last resort

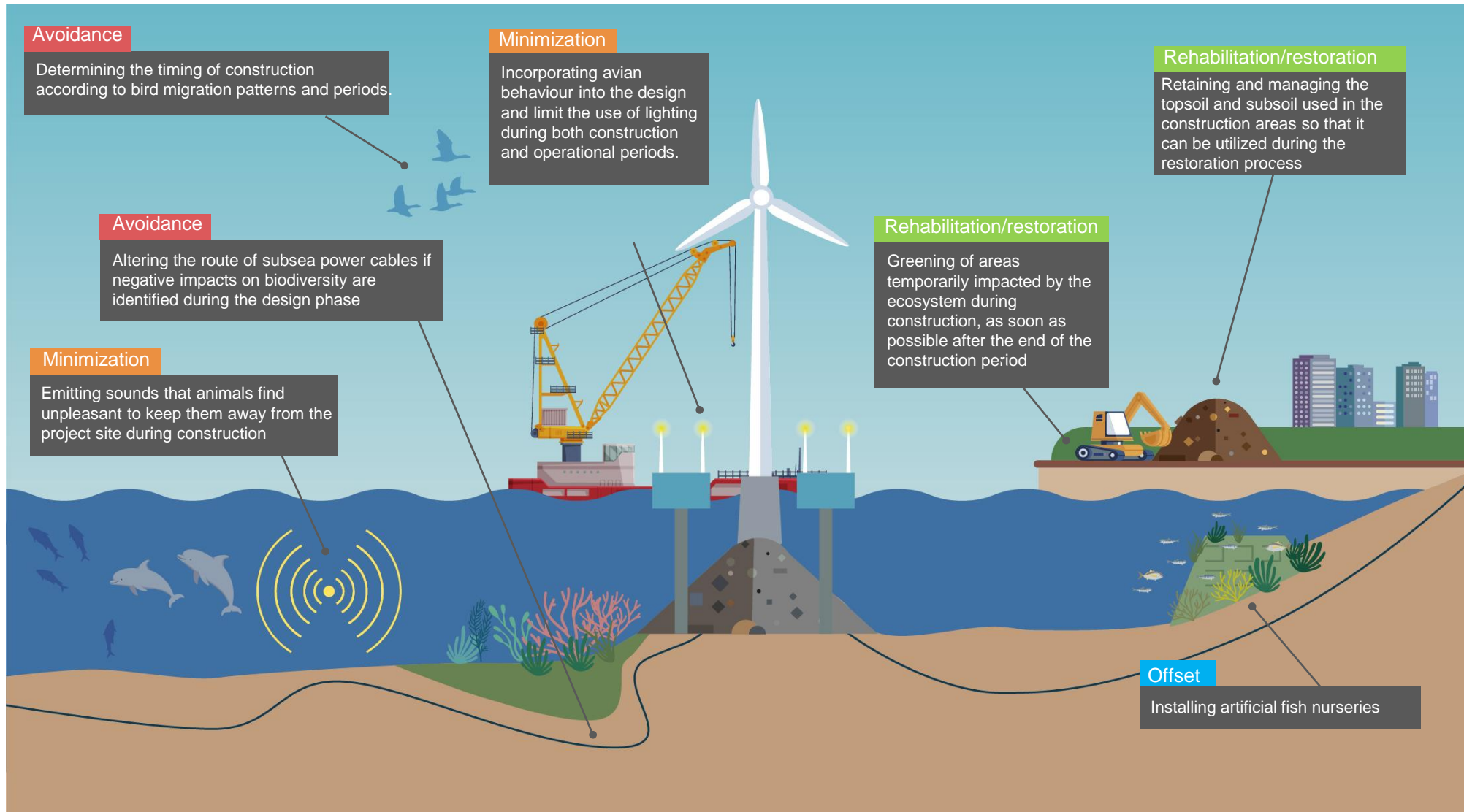
Source: Cross-Sector Guide for Implementing the Mitigation Hierarchy

^{*1} International Finance Corporation

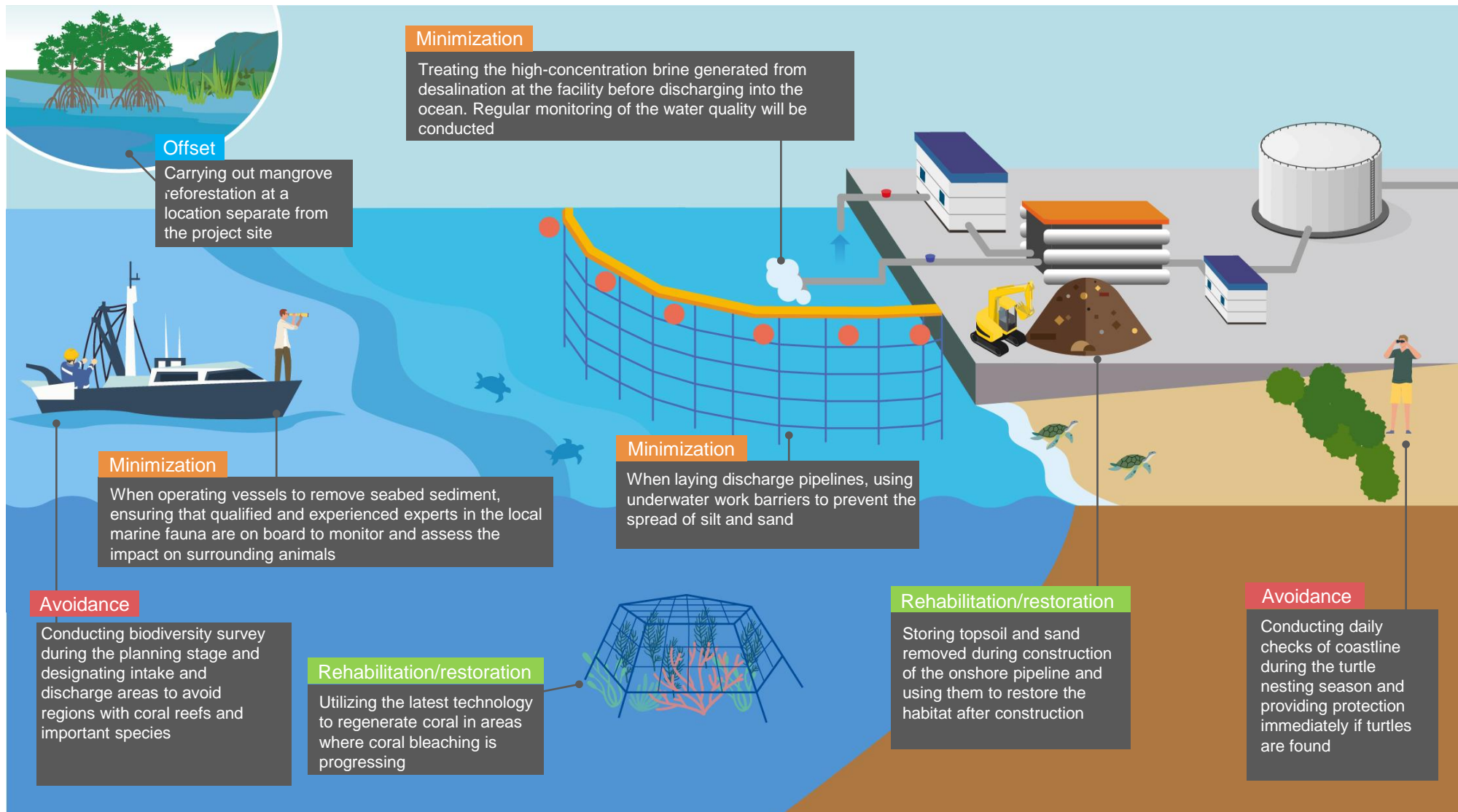
Case Study on Risk Management in Investments and Loans: Examples of Road Construction and Expansion Projects



Case Study on Risk Management in Investments and Loans : Examples of Offshore Wind Power Projects



Case Study on Risk Management in Investments and Loans : Examples of Desalination Projects





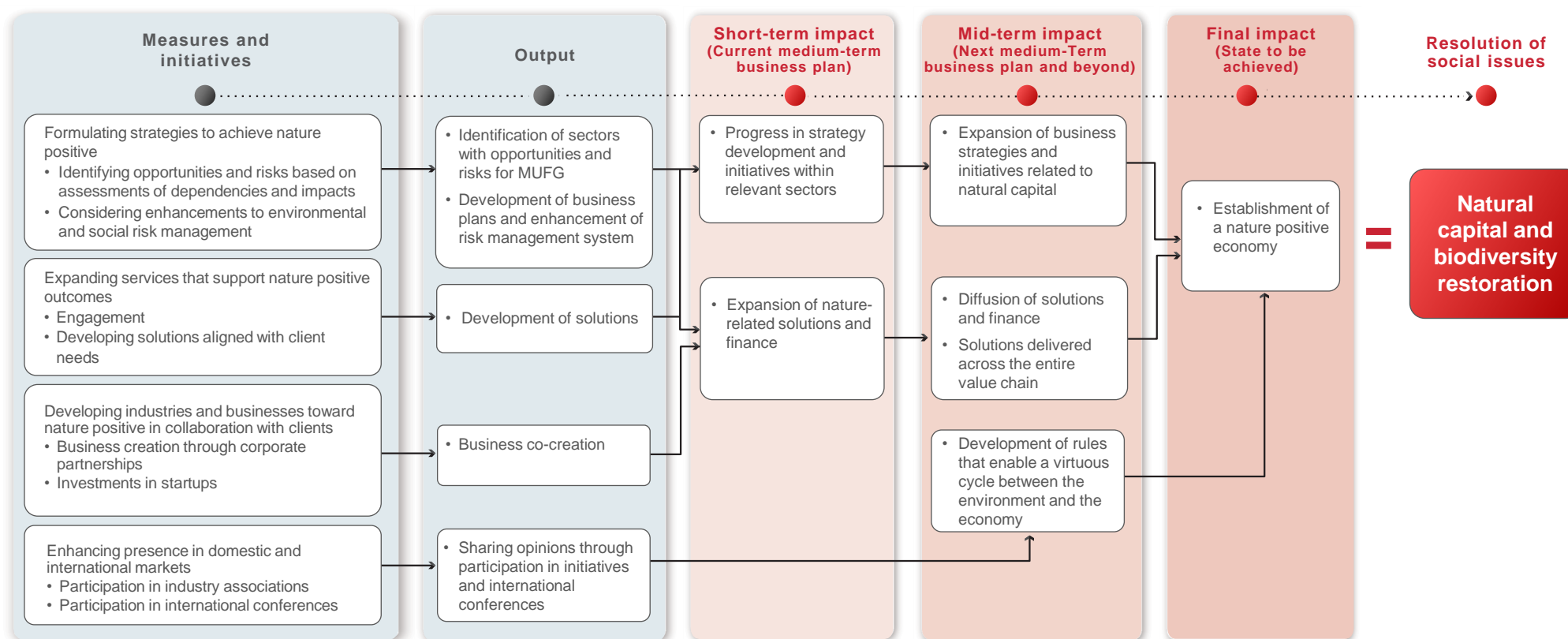
4

Metrics and Targets

Logic Model / Metrics and Targets

MUFG has systematically structured its actions towards realizing a societal vision and addressing short- to long-term impacts using a logic model framework. As part of this initiative, we have established "expanding support for nature-related startups" as a key impact indicator. Additionally, we have set quantitative targets, including a sustainable finance goal and benchmarks for recycling rates.

Logic model



Metrics and targets

Impact indicator	<ul style="list-style-type: none"> Expansion of support for startups related to nature capital and biodiversity 	Investments and loans	<ul style="list-style-type: none"> A sustainable finance target of 100 trillion yen by 2030 (including natural capital) 	MUFG's business activities	<ul style="list-style-type: none"> Target: Recycling rates exceeding 90% at the Bank's headquarters in Tokyo, Nagoya and Osaka., Net zero emissions from our operations by 2030 Metrics: Recycling rates of PET plastic bottles and paper resources (at the Bank's headquarters in Tokyo, Nagoya and Osaka)
------------------	--	-----------------------	--	----------------------------	---



5

Next Step

Primary Actions Going Forward

MUFG will promote the following four initiatives toward achieving nature positive across the entire value chain.

Advancement for solutions for clients' challenges

- Support of clients' initiatives through consulting service on strategy formulation and disclosure, green/blue finance, etc.
- Promote initiatives that integrate natural capital with other sustainability domains, including climate change, respect for human rights, and circular economy.

Attainment of business opportunities and improvement of risk management

- Deepen the analysis of dependencies and impacts on natural capital within investment and loan portfolios, including location analysis.
- Capitalize on business opportunities in sectors closely linked to nature, such as food, materials, construction, and real estate.
- Improve risk management, including periodic reviews of the MUFG Environmental and Social Policy Framework.

Development of industries and businesses

- Build value chains that facilitate the realization of nature positive, and collaborate with industry, government and academia to develop solutions.
- Invest in and partner with startups that possess technologies for nature-related data analysis and the realization of nature positive.

Improvement of domestic and international presence

- Articulate perspectives through participation in the TNFD Transition Plan Pilot Program launched in March 2025.
- Participate in COP and other international conferences.



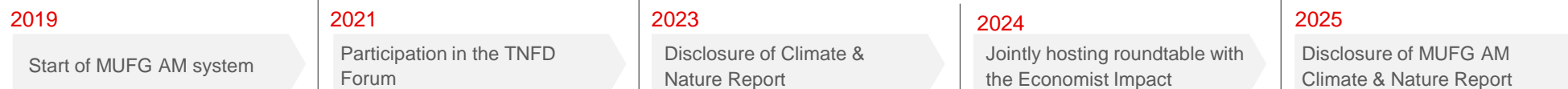
6

Asset Management

Sustainable Investment

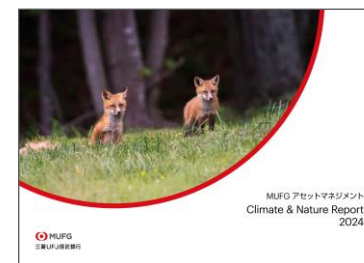
In April 2023, MUFG Asset Management (“MUFG AM”) established MUFG AM Sustainable Investment (“MUFG AM Su”) as a system to promote sustainable investment. MUFG AM is advancing sustainable investments by expanding products and services while consolidating specialized expertise through the aggregation of its professional talent and the recruitment of external personnel. Regarding natural capital and biodiversity, we actively address these as critical themes alongside climate change, participating in global initiatives and publishing Climate & Nature Reports.

History of MUFG AM thus far



● Overview of Climate & Nature Report

- Recognizing that “natural capital & biodiversity” and “climate change” are interrelated challenges, we issued the “MUFG AM Climate & Nature Report” which cohesively integrates these two themes in March 2025.
- The report discloses information such as the roles of financial institutions, initiatives by MUFG AM so far, results of dependencies and impacts of stock and bond portfolios upon natural capital, and future policies informed by these findings.



● Overview of Portfolio Analysis

- The report examines the dependencies and impacts of MUFG AM's stock and bond portfolios upon natural capital using ENCORE^{*1}. MUFG AM leverages the results of these analyses of natural capital-related risks to engage in effective dialogues with companies.

* 1 Exploring Natural Capital Opportunities, Risks and Exposure

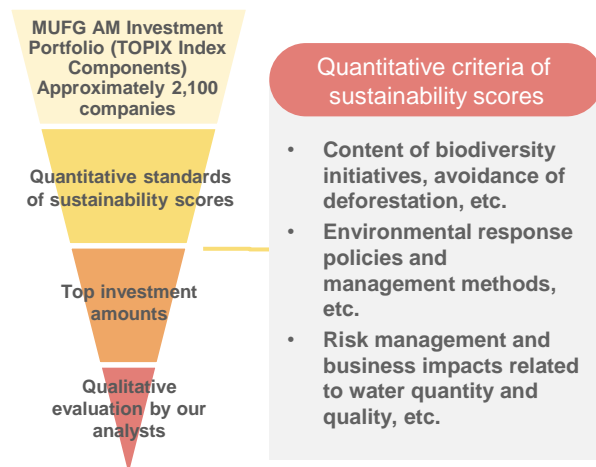
Three Engagement Approaches

Thematic Engagement

After determining high-priority themes, we conduct strategic and intensive engagement with the investee companies that are closely related to the themes.

Selection of companies for engagement

Companies for engagement on biodiversity are selected based on quantitative criteria such as sustainability scores and investment amounts, incorporating analysts' corporate insights.



Collaborative Engagement

To enhance the effectiveness of engagement, we collaborate with other investors and stakeholders to address specific themes and challenges.

Engagement case example Marine Microfibre Pollution

Marine Microfibre Pollution is a global collaborative engagement program, which is led by First Sentier Investors, a subsidiary of the MUFG Group.

The company requires that manufacturers of washing machines install filters to catch microfibers in the cleansing process by default, thereby aiming to prevent ocean pollution.

MUFG AM engages with upstream apparel manufacturers, as well as major Japanese-affiliated washing machine manufacturers

Public Engagement

We make direct and indirect proposals to stakeholders in the financial market to resolve sustainability issues.

Engagement case example

We jointly hosted a roundtable with the Economist Impact in October 2024.








Comments from chairman of the roundtable



Mr. Charles Goddard
Editorial Director
The Economist Impact

The twin crises of climate change and nature loss are deeply interconnected, as are the solutions. We believe that financial institutions, particularly asset managers, can play a pivotal role in working collaboratively with investee companies to address climate- and nature-related dependencies, impacts, risks, and opportunities in an integrated manner.

Thematic Engagement Cases

	Biodiversity		
	 Agriculture, foods, forestry products sector Food company A 	 Materials and construction sector: Rubber manufacturer B	 Materials and construction sector: Constructor C
Focus of analysis 	Food company A has determined an animal welfare policy*1 and aims to abandon gestation crates*2 at its own farm by 2030. However, the company scored low in the international benchmark for livestock animal welfare.	It is challenging to ensure the traceability of natural rubber, the main raw material for tires, which is subject to the EUDR*3, due to the smallness of producers and the complexity of commercial flows.	Although Company C has a policy on wood procurement, their disclosure is insufficient in several areas. These include due diligence to ensure policy enforcement, responses to violations, establishment of biodiversity KPIs, and concrete examples of engagement with communities and addressing human rights issues.
Reaction from the companies that we held dialogues with 	We have confirmed that Company A intends to improve the environment of its farm. However, Company A's efforts to encourage improvements in other companies' farms have proven challenging, as such improvements necessitate cost increases and operation changes. Therefore, the company indicated that the government-led establishment of guidelines is necessary.	We have confirmed that Company B is starting to implement more effective measures beyond its current initiatives, which include supporting the modernization of natural rubber farmers and developing alternative raw materials.	We have confirmed Company C's implementation of due diligence and its effectiveness regarding wood procurement. We have also confirmed their intention to improve disclosure regarding human rights and biodiversity, as the company understands the importance of information disclosure.
Future engagement objectives 	To overcome the cost issue, we have proposed the company produce a private brand that emphasizes that the products are "grown in a bio-friendly environment". We plan to continue our support for their production of high value-added products by tackling environment and biodiversity issues thereby improving its corporate value.	In order to improve traceability, engaging with only a portion of suppliers is insufficient, and we consider it is important to address the system and social structure in natural rubber-producing countries. We thus plan to encourage Company B to further strengthen its efforts to advocate for policy development in these countries.	The aforementioned issues were successfully communicated to Company C, leading to an agreement on the direction of the company's future responses. In addition, we have made some other proposals, including various policy engagement activities toward the government's climate change and forest conservation policies, implementation of internal carbon pricing, and disclosure of the ratio of foreigners.

*1: Raising livestock in comfortable environments can reduce animal stress and prevent diseases

*2: Confining breeding sows individually in narrow spaces during gestation periods

*3: European Union Deforestation Regulation



7

Corporate
Social Responsibility

Activities (1/2)

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.



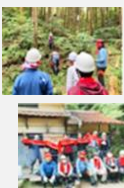
Forest conservation

Krungsri supports a forest carbon fixation project to develop local communities and conserve a forest.

→ For details, see page 56

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.



Biodiversity conservation

- Supported biodiversity conservation research by zoos and aquariums in collaboration with JAZA.*¹
- 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.

→ For details, see page 56



Mangrove conservation

- Implemented mangrove planting activities in Malaysia, a country rich in biodiversity. 1,120 mangrove trees were planted in collaboration with MUFG Bank (Malaysia), the Bank's Labuan Branch, government facilities, and NGOs.
- Krungsri and Bank Danamon implemented similar initiatives.



Greenery conservation

MUFG Park received the top triple-star certification through TSUNAG, the Ministry of Land, Infrastructure, Transport and Tourism's certification system for securing the quantity and quality of urban green spaces.



Environmental conservation

Mitsubishi UFJ NICOS issues environmentally friendly Mitsubishi UFJ Cards for signing up for cards, bill statements, and point rewards²



Marine conservation

- Held marine litter pickup events in Kanagawa, Aichi, and Hyogo Prefectures as activities to protect the abundance of the ocean.
- Donated to NPO Blue Carbon Network to support their establishment of restoration and survey technologies for seagrass beds.



→ For details, see page 56

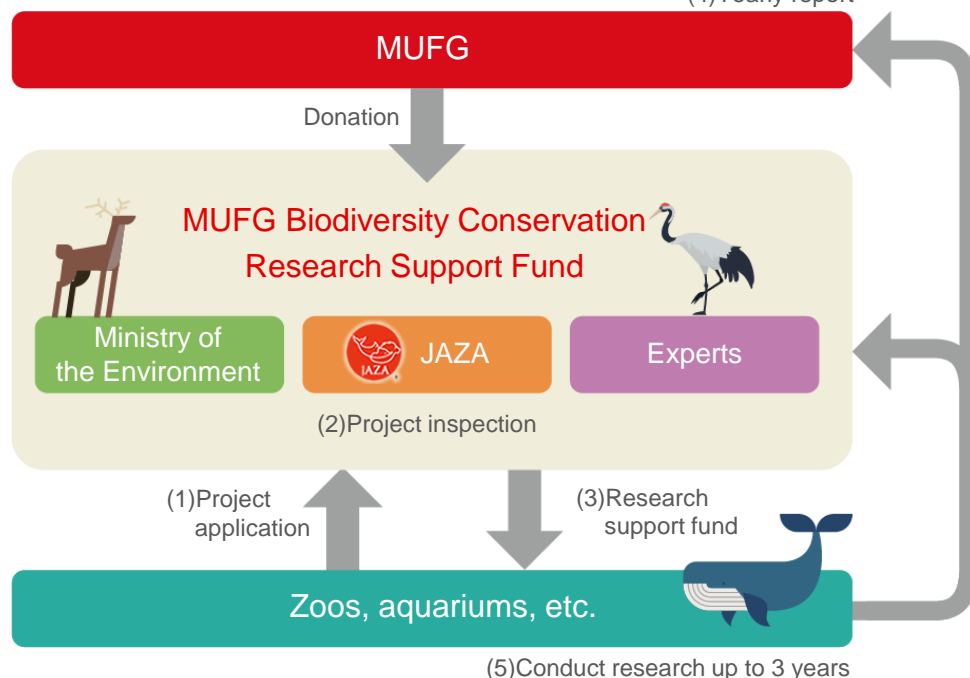
*1 Japanese Association of Zoos and Aquariums *2 With some exceptions

Activities (2/2)

Supporting biodiversity research of zoos and aquariums

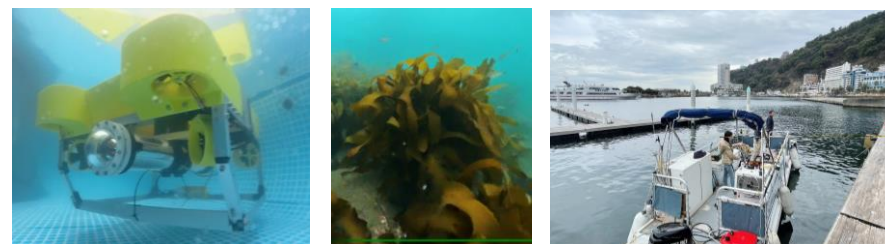
- Zoos and aquariums play an important role in preserving species and the natural environment through species conservation activities, ecological research, environmental education, and other efforts.
- MUFG donated to JAZA (Japanese Association of Zoos and Aquariums) and established the MUFG Biodiversity Conservation Research Support Fund. The fund supports research that contributes to the conservation of rare species and biodiversity around the world, activities that contribute to social education, and more.
- MUFG aims to convey the importance of conserving biodiversity to visitors of zoos and aquariums by supporting the facilities and collaborating to promote their initiatives.

(4) Yearly report



Support for Atami's seagrass bed restoration project

- The neritic zone's marine ecosystem is an effective carbon sink. Restoring seagrass beds is essential to promote blue carbon, but their numbers are significantly declining.
- To support the restoration of seagrass beds through the establishment of restoration and survey technologies, MUFG donates to Blue Carbon Network, an NPO which conducts demonstration experiments to tackle seagrass-related issues like cultivation and survey.



Supporting a carbon fixation project aimed at conserving forests and developing society

- Krungsri is collaborating with Mae Fah Luang Foundation^{*1}, to support a carbon fixation project for a 160-hectare forest.
- The local community can earn income from Krungsri's support fund by participating in the project and engaging in forest conservation initiatives. The aim of this project is to conserve the forest, support community development, improve quality of life, and reduce emissions.



^{*1} A non-profit organization established by Princess Srinagarindra of the Royal Thai Family. The organization aims to realize sustainable development and improve social welfare.



Appendix

Initiatives We Participate In



30by30 Alliance for Biodiversity

30by30 Alliance for Biodiversity
(participation since April 2022)

- 30by30 refers to the target of effectively conserving at least 30% of the land and sea as healthy ecosystems by 2030, with the commitment of G7 countries.
- This alliance was established in April 2022 as a voluntary coalition to effectively promote measures included in the 30by30 Roadmap formulated by the Ministry of the Environment.
- MUFG has been a participant since its inception. We will continue to secure conservation areas directly and support other conservation activities to achieve the 30by30 target, while sharing our progress.



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 create a sustainable society through living in harmony with nature. MUFG is working toward this goal by integrating business activities with environmental measures, including decarbonization, recycling, and biodiversity conservation.



**Taskforce on Nature-related
Financial Disclosures**

TNFD Forum

(Start of participation - MUFG: February 2022,
MUFG AM: September 2021, MURC:
October 2021)

- The TNFD Forum is an initiative that aims to provide technical support for sharing information and developing frameworks related to TNFD.
- MUFG, MUFG AM, and MURC have participated in the TNFD Forum.
- In addition, MUFG and MUFG AM are registered as TNFD Early Adopters, demonstrating our intention to disclose information based on the TNFD recommendations at an early stage (MUFG: January 2024, MUFG AM: February 2024)
- Since March 2025, we have been participating in the TNFD Transition Plan Pilot Program to contribute our perspectives on the development of transition plans.

Six General Requirements Considered in the Disclosures in This Report

1. Application of Materiality

Requirements Applied Materiality

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

2. Scope of Disclosures

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

- Within the scope of our own business operations, 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 identified, but an analysis using a tool to identify areas of high biodiversity importance has confirmed that some of our sites are connected to such areas.
- Regarding investments and loans, location analysis for specific sectors has been conducted using data on potential flood and drought areas and client manufacturing sites. We will continue to analyze the impact of environmental changes on the businesses of our investment and loan recipients.

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 we recognize the importance of a seamless approach to natural capital and climate change. We 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

- The analysis to identify opportunities and risks is still ongoing. As we continue this process, we will also consider clarifying the timeline.

6. Engagement with Affected Stakeholders such as Indigenous Peoples and Communities

Requirements Policies and initiatives related to engagement with stakeholders who are affected by nature, such as indigenous people and communities

- Along with specific examples, we disclosed our efforts in governance related to respecting the human rights of indigenous peoples and local communities, as well as human rights due diligence and remediation.

Comparison Table with the TNFD Disclosure Framework

Recommended disclosures		Page
Governance	Describe the Board of Directors' oversight of nature-related dependencies, impacts, and risks and opportunities	P11-12
	Describe management's role in assessing and managing nature-related dependencies, impacts, risks and opportunities	P11-12
	Describe the organization's human rights policies and engagement activities, and oversight by the board and management, with respect to Indigenous Peoples, Local Communities, affected and other stakeholders, in the organization's assessment of, and response to, nature-related dependencies, impacts, risks and opportunities	P13-14
Strategy	Describe the nature-related dependencies, impacts, risks and opportunities the organization has identified over the short, medium and long term	P16-36,P49
	Describe the effect nature-related dependencies, impacts, risks and opportunities have had on the organization's business model, value chain, strategy and financial planning, as well as any transition plans or analysis in place.	P32-36,P49,P51
	Describe the resilience of the organization's strategy to nature-related risks and opportunities, taking into consideration different scenarios	-
	Disclose the locations of assets and/or activities in the organization's direct operations and, where possible, upstream and downstream value chain(s) that meet the criteria for priority locations.	P32-37
Risk & impact management	Describe the organization's processes for identifying, assessing and prioritizing nature-related dependencies, impacts, risks and opportunities in its direct operations.	P37
	Describe the organization's processes for identifying, assessing and prioritizing nature-related dependencies, impacts, risks and opportunities in its upstream and downstream value chain(s).	P32-36
	Describe the organization's processes for managing nature-related dependencies, impacts, risks and opportunities.	P39-42
	Describe how processes for identifying, assessing, prioritizing and monitoring nature-related risks are integrated into and inform the organization's overall risk management processes.	P39-42
Metrics and targets	Disclose the metrics used by the organization to assess and manage material nature-related risks and opportunities in line with its strategy and risk management process	P37,47
	Disclose the metrics used by the organization to assess and manage dependencies and impacts on nature.	
	Describe the targets and goals used by the organization to manage nature-related dependencies, impacts, risks and opportunities and its performance against these.	

Relationship with GBF

At COP15 in 2022, the Kunming-Montreal Global Biodiversity Framework (GBF) was adopted, establishing an international agreement to achieve nature positive by 2030, along with 23 action targets. The targets that are particularly relevant for MUFG and our ongoing efforts to achieve them are as follows:

GBF goals	Main action targets		MUFG's ongoing efforts
Reducing threats to biodiversity	Goal 2	Restoring the ecosystem	<ul style="list-style-type: none">● Supporting mangrove planting activities at our Malaysian base and the Atami seaweed bed restoration project● Incorporating fisheries and aquaculture as a business into MUFG Environmental and Social Policy Framework, and verifying that they do not fall under the category of illegal fishing● Reducing plastic pollution through initiatives, such as PET-to-PET horizontal recycling● Initiatives to reduce our own emissions and those from our investment and loan portfolio in accordance with our Carbon Neutral Declaration
	Goal 5	Ensure sustainable, safe and legal harvesting and trade of wild species	
	Goal 7	Reduce pollution to levels that are not harmful to biodiversity	
	Goal 8	Minimize the impacts of climate change on biodiversity and build resilience	
Meeting people's needs	Goal 10	Enhance biodiversity and sustainability in, aquaculture, fisheries, and forestry agriculture	<ul style="list-style-type: none">● Initiatives of the Food-X Project to achieve a sustainable food value chain● Investing in and collaborating with startups that have technologies for onshore aquaculture and sustainable agriculture
	Goal 11	Restore, maintain and enhance nature's contributions to people	
Tools and solutions for implementation and mainstreaming	Goal 15	Businesses assess, disclose and reduce biodiversity-related risks and negative impacts	<ul style="list-style-type: none">● Registration for TNFD Early Adopters● Disclosure in line with the TNFD Disclosure Framework, including the analysis of dependencies and impacts● Providing finance to achieve nature positive (Blue finance, etc.)● Conducting dialogues on natural capital and biodiversity with clients, mainly those in the food, chemical, and construction industries● Responding in accordance with FPIC^{*1} when there is a potential negative impact of financing on indigenous communities
	Goal 19	Mobilize financial resources	
	Goal 21	Ensure that knowledge is available and accessible to guide biodiversity action	
	Goal 22	Ensure participation in decision-making and access to justice and information related to biodiversity for all	
		<ul style="list-style-type: none">● Support the actions and disclosure by companies and financial institutions to reduce corporate risk and increase corporate action● Mobilize at least Usd 200 billion per year for biodiversity from all sources● Ensure that the best available data, information and knowledge, are accessible for effective management and participation● Ensure representation and participation in decision-making, and access to justice and information related to biodiversity for the indigenous peoples, women, and youth	

*1 Free, Prior, and Informed Consent

Source: Prepared by MUFG based on the Ministry of the Environment "Kunming-Montreal Global Biodiversity Framework (Tentative translation)"

Glossary (1/3)

Term	Explanation
Upcycling	A method of reusing waste and unwanted items by adding values through as design or ideas.
European Green Deal	A roadmap developed by the European Commission in 2019 that includes initiatives to halt climate change, reverse biodiversity loss, and reduce pollutions, while advancing the efficient use of resources.
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.
Global Risks Report	This report is regularly published prior to the World Economic Forum's annual meeting, which is held every January in Davos, Switzerland. It analyzes global risks and challenges and provides insights into future risks.
UNCCD COP16	The 16th session of the Conference of the Parties of the United Nations Convention to Combat Desertification. It was held in Riyadh, Saudi Arabia in December 2024.
Food residues	Inedible parts such as skin, seeds, and bones of food that are produced during cooking and eating, as well as or leftovers
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
Ecological 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.
Ecosystem services	Contribution of ecosystems to benefits used for economic and other human activities
Biodiversity COP15	The 15th session of the Conference of the Parties to the Convention on Biological Diversity. The first part was held in Kunming, China in October 2021 and the second part was held in Montreal, Canada in December 2022
Biodiversity COP16	The 16th session of the Conference of the Parties to the Convention on Biological Diversity. The first part was held in Cali, Colombia in October 2024, and the second part was held in Rome, Italy in February 2025
National Strategy for the Conservation and Sustainable Use of Biological Diversity: 2023-2030	The national plan for the conservation and sustainable use of biodiversity formulated by the Ministry of the Environment based on the "Kunming-Montreal Global Biodiversity Framework" adopted at COP15
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 finance 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

Glossary (2/3)

Term	Explanation
ATNI	The Access to Nutrition Initiative. It is initiative by the Access to Nutrition Foundation (ATNF), a non-governmental organization that addresses nutrition-related issues.
CSDDD	The Corporate Sustainability Due Diligence Directive. It is a directive established by the EU, which requires companies to conduct due diligence on adverse human rights and environmental impacts.
CSRD	The Corporate Sustainability Reporting Directive. It is a directive established by the EU to require companies to disclose information on sustainability.
ENCORE	Exploring Natural Capital Opportunities, Risks and Exposure. It is a tool to visualize how the economy depends on nature, whether there is a possibility of it being affected, and how environmental changes can lead to business risks. The tool is used to evaluate nature-related opportunities and risks of companies in which financial institutions invest and finance. It can also be utilized by companies to evaluate the locations of their own operations and those of their raw materials suppliers.
EUDR	The European Union Deforestation Regulation. It is a regulation aimed at ensuring a sustainable supply chain by restricting imports of goods and ingredients that contribute to deforestation.
FAO Biodiversity report	A report prepared by the Food and Agriculture Organization of the United Nations (FAO) in 2019 that assesses the current status and importance of biodiversity in agriculture and food systems and recommends measures for sustainable use and conservation.
FPIC	Free, Prior, and Informed Consent. It is an internationally recognized principle for respecting human and land rights. It requires important decisions regarding vulnerable and affected populations, particularly indigenous peoples and local communities, be subject to full consultation and participation procedures, with information made publicly available.
FSC	The Forest Stewardship Council. It is 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.
GFANZ	The Glasgow Financial Alliance for Net Zero. It is a coalition of banks, insurers, asset owners and investment managers to advance transition to net zero.
GHG	It stands for greenhouse gases, a general term for gases in the atmosphere that cause the greenhouse effect, such as carbon dioxide and methane.
IPBES	The Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services. It is an intergovernmental organization established in April 2012 as an intergovernmental platform to scientifically assess trends in biodiversity and ecosystem services and strengthen the link between science and policy.
IPBES report	A report by the Intergovernmental Panel on Climate Change (IPCC) and IPBES that assesses the interactions between climate change and biodiversity and recommends integrated measures.

Glossary (3/3)

Term	Explanation
LEAP Approach	<p>An integrated approach to assessment and management of nature-related issues, consisting of the following four phases developed by TNFD.</p> <ul style="list-style-type: none"> • Locate: Discover points of contact with nature in all geographies, sectors, and value chains • Evaluate: Diagnose dependencies on and impacts to nature • Assess: Evaluate nature-related risks and opportunities for the organization • Prepare: Prepare a response to nature-related risks and opportunities
NA100 (Nature Action 100)	An investor-led engagement initiative focused on supporting corporate action to reverse nature and biodiversity loss
NGFS	The Network for Greening the Financial System. It is a network of financial authorities on climate change risks by central banks and financial supervisory authorities
NDPE Policy	No Deforestation, No Peat, No Exploitation Policy. It aims to reduce environmental and social risks in industries such as agriculture and forestry
NPI	The Nature Positive Initiative. It is an initiative in the field of natural capital launched by 27 international environmental organizations. It sets specific targets and action plans to promote conservation and restoration of biodiversity and to promote sustainable economic activities
PEFC certification	The Programme for the Endorsement of Forest Certification. It is a non-profit organization promoting sustainable forest management through the endorsement and mutual recognition process for national forest certification systems
RSPO certification	The Roundtable on Sustainable Palm Oil. It is a non-profit organization made up of stakeholders involved in palm oil
SBTs for Nature (SBTN)	The Science-Based Targets for Nature. It is a target-setting scheme by the Science Based Targets Network, a group of organizations working to shape private sector and city impacts on nature by using science-based targets.
SLL	Sustainability-Linked Loans. SLL is a type of loans that sets 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	The Taskforce on Nature-related Financial Disclosures. It is 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 that have adopted the TNFD recommendations and indicated their intention to begin disclosing information aligned with the TNFD recommendations as part of their annual reporting in FY2024 or 2025

Abbreviations for Organizational and Title Names in This Report

Abbreviation of Related Organizations

Organization	Official Name / Remarks
MUFG	Mitsubishi UFJ Financial Group
Bank	MUFG Bank
Trust Bank	Mitsubishi UFJ Trust and Banking Corporation
Security	Mitsubishi UFJ Securities Holdings CO., Ltd.
MUMSS	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.
MUCAP	Mitsubishi UFJ Capital Co., Ltd.
NICOS	Mitsubishi UFJ NICOS Co., Ltd.
MURC	Mitsubishi UFJ Research and Consulting Co., Ltd.
MUFG AM	Mitsubishi UFJ Asset Management MUFG Asset Management (MUFG AM) is a brand of Mitsubishi UFJ Trust and Banking Corporation, Mitsubishi UFJ Asset Management Co., Ltd., Mitsubishi UFJ Real Estate Asset Management Co., Ltd., Mitsubishi UFJ Asset Management (UK) Ltd., and Mitsubishi UFJ Alternative Investments Co., Ltd. It represents the asset management companies of MUFG.
Krungsri (Bank of Ayudhya)	MUFG's consolidated subsidiary in Thailand
Bank Danamon	MUFG's consolidated subsidiary in Indonesia

Abbreviation of Title Names

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

Disclaimer

This report 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 this report 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 harmonized 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, 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 labeled objectives, or that no adverse environmental, social, and/or other impacts will occur.