

Mitsubishi UFJ Financial Group Sustainable Finance Framework

July 2024



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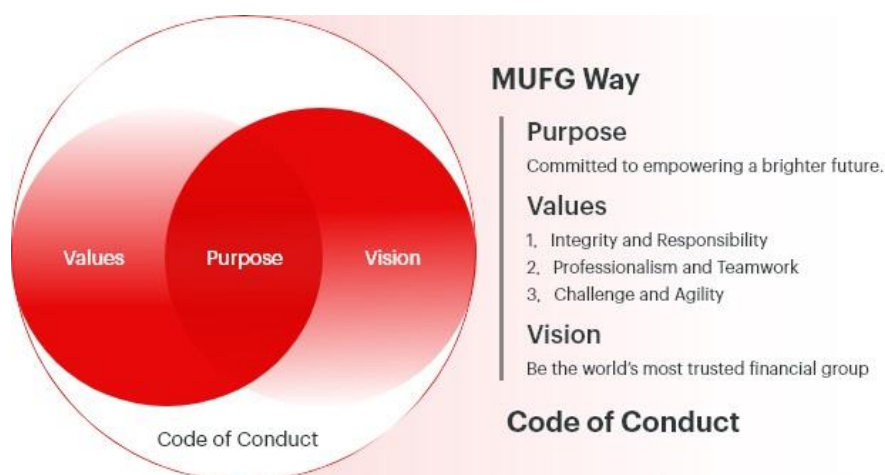
1. Introduction

1.1. Overview

Mitsubishi UFJ Financial Group (“MUFG”), a financial holding company founded on 1st October 2005 following a business merger, is the largest bank holding company in Japan and one of the largest financial institutions in the world, providing financial services in Japan and overseas. MUFG has 7 business groups including Digital Service Business Group, Retail & Commercial Banking Business Group, Japanese Corporate & Investment Banking Business Group, Global Commercial Banking Business Group, Asset Management & Investor Services Business Group, Global Corporate & Investment Banking Business Group, and Global Markets Business Group. Business groups are responsible for formulating strategies and managing measures that combine the strengths of each group company in order to meet the wide-ranging needs of customers.

1.2. MUFG Way

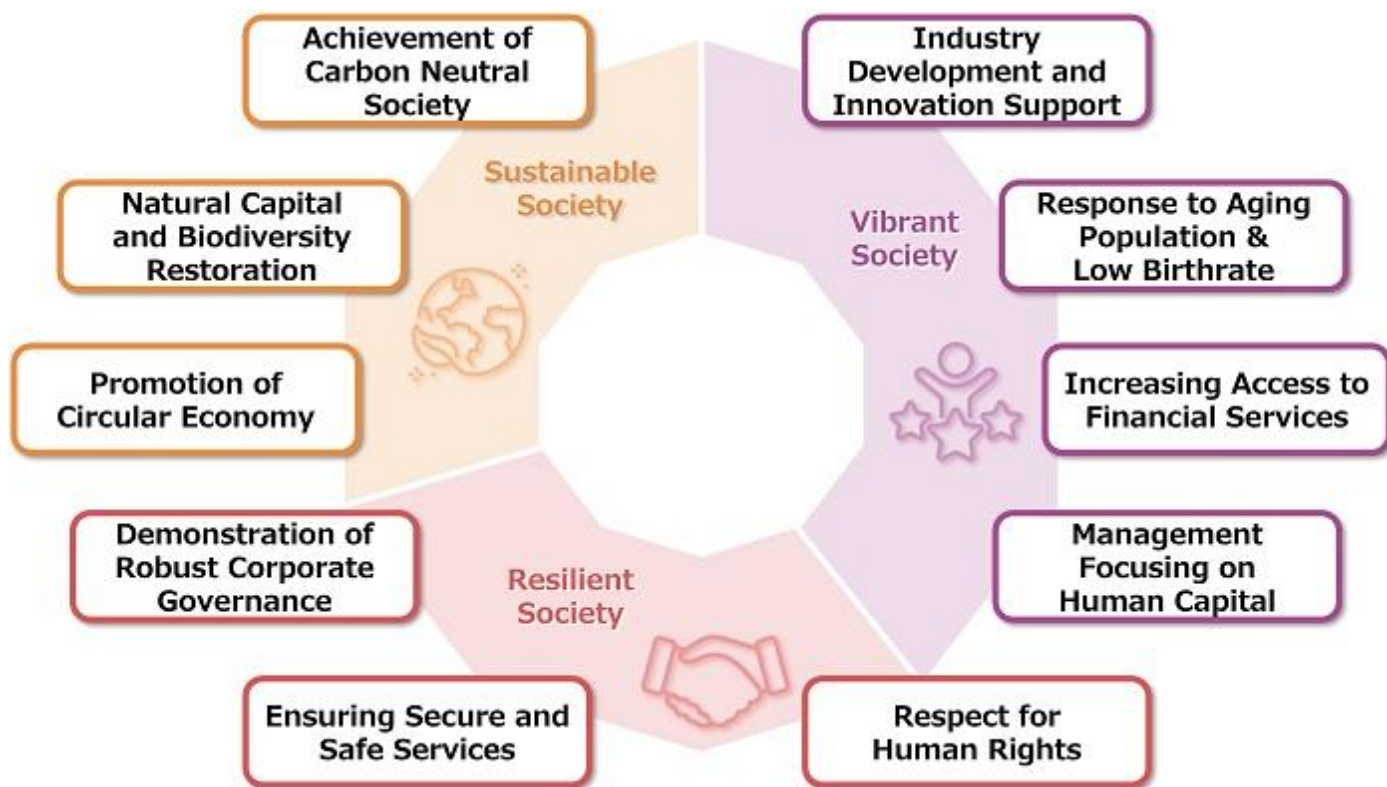
MUFG Way serves as the basic policy in conducting our business activities, and provides guidelines for all group activities. MUFG Way also is the foundation for management decisions, including the formulation of management strategies and management plans, and serves as the core value for all employees.



1.3. Sustainability Management

With the conviction that environmental and social sustainability are essential to achieving sustainable growth for MUFG, we will engage in value creation employing an integrated approach in which the execution of management strategies goes in tandem with the pursuit of solutions for environmental and social issues.

In its Medium-term Business Plan (“MTBP”) for the three-year period from FY2024, MUFG seeks to integrate efforts aimed at solving environmental and social issues into its management strategy and position such efforts as one of the three pillars of the MTBP, as well as strengthen them going forward. MUFG has previously established priority issues in our sustainability management to realize a sustainable environment and society. One of the most important issues is “Achievement of Carbon Neutral Society”.



In May 2021, MUFG published its Carbon Neutrality Declaration, making a commitment to achieve net zero greenhouse gas (GHG) emissions across its finance portfolio by 2050 and in its own operations by 2030. Since then, MUFG has strived to reduce emissions from its own operations, supported customers in their decarbonization efforts, and set 2030 interim targets for specific sectors based on the Net-Zero Banking Alliance (NZBA) guidelines, as well as creating frameworks for risk management and governance.

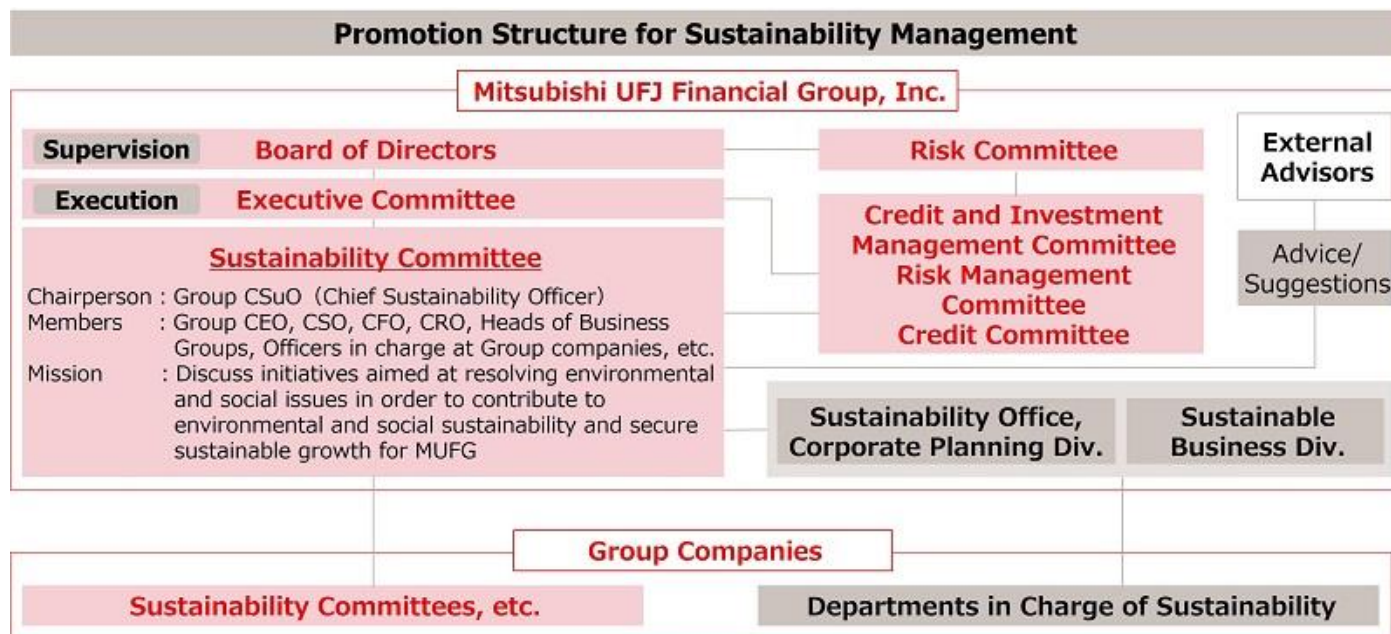


1.4. Sustainability Promotion Structure

MUFG Under the supervision of the Board of Directors, MUFG has established a system to promote sustainability centered on the Sustainability Committee.

This committee is chaired by the Group Chief Sustainability Officer (CSuO), who is responsible for all sustainability initiatives. Under the leadership of the Group Chief Strategy Officer (CSO), the CSuO continue the work closely with him to promote sustainability initiatives in conjunction with management strategies.

In principle, MUFG convenes the Sustainability Committee at least once a year to check and discuss the status of sustainability initiatives and to report the contents to the Executive Committee and the Board of Directors, which supervise the Committee. In addition, three external advisors have been invited to provide expert opinions on sustainability issues and risks at any time. These advisors exchange opinions with the members of the Board of Directors and provide advice and recommendations from their professional standpoints on MUFG's sustainability initiatives.



2. Framework Overview

MUFG will issue Sustainable Finance Framework ("Framework"). This Framework aligns with the four core components of the Green Bond Principles 2021 ("GBP"), Social Bond Principles 2023 ("SBP") and Sustainability Bond Principles 2021 ("SBG") published by the International Capital Markets Association ("ICMA") and Green Loan Principles 2023 ("GLP") and Social Loan Principles 2023 ("SLP") published by the Loan Market Association ("LMA"), the Asia-Pacific Loan Market Association ("APLMA"), and the Loan Syndications and Trading Association ("LSTA").

All of the existing and new projects to be financed and/or refinanced through the net proceeds of the Green, Social, Sustainability Bond/Loan ("Sustainable Finance") must be eligible under the Use of Proceeds criteria below.

2.1. Use of Proceeds

The net proceeds from Sustainable Finance are lent to MUFG Bank, Ltd. ("MUFG Bank"), a subsidiary of MUFG, and MUFG Bank allocates amounts equivalent to the net proceeds to Eligible Projects.

The Eligible Green or Social Project will meet both of the two conditions i) and ii) below.

i). A project meets one or more of the Eligible Project Categories 1 to 6 below.

Green Eligible Categories

Project Category	Eligibility Criteria	SDGs
1. Green Building	<ul style="list-style-type: none"> New and existing loans to the eligible green buildings including the ones owned by J-REITs (Japanese Real Estate Investment Trusts) The eligible green buildings are buildings which have received or will receive during the life of the Green bond/loan at least one of the following classifications. <ul style="list-style-type: none"> LEED: Platinum or Gold (confined to buildings of which the CO2 emissions are trackable) BREEAM: Outstanding or Excellent (confined to buildings of which CO2 emissions are trackable) CASBEE: S Rank or A Rank (confined to buildings of which the CO2 emissions are trackable) DBJ Green Building Certification: 5 Stars or 4 Stars (confined to buildings of which the CO2 emissions are trackable) 	11
2. Renewable Energy	<ul style="list-style-type: none"> Financing of new and existing eligible renewable energy projects which meet the following eligibility criteria: <ul style="list-style-type: none"> Determined as Category B or Category C in accordance with the Equator Principles, and Expenditures related to the development construction, operation, or expansion of facilities for new and existing solar thermal power generation, solar photovoltaic power generation and onshore and offshore wind farm projects 	7

Social Eligible Categories

Project Category	Eligibility Criteria	Target Population Criteria	SDGs
3. Access to essential services (Healthcare)	<ul style="list-style-type: none"> Projects/loans of MUFG Bank to Public hospitals (domestic and overseas) and domestic hospitals run by a social medical care corporation or a social welfare corporation that will ensure accessibility to people living below the poverty line 	<ul style="list-style-type: none"> General public 	3
4. Access to essential services (Education)	<ul style="list-style-type: none"> Projects/loans of MUFG Bank to public schools that will ensure accessibility to people living below the poverty line 	<ul style="list-style-type: none"> General public 	4
5. Employment Generation (Natural Disaster)	<ul style="list-style-type: none"> Projects/loans of MUFG Bank to businesses contributing to reconstruction of areas affected by natural disasters in Japan, with priority given to the ones using the relevant Japanese government schemes; <ul style="list-style-type: none"> "Compensation for Interest Rates on Special Zones for Reconstruction" and "Tsunami & Nuclear Disaster Area Employment Creation Business Siting Subsidy" 	<ul style="list-style-type: none"> Businesses operating in the affected area and residents in the area 	8
6. Affordable housing	<ul style="list-style-type: none"> Projects/loans of MUFG Bank to public housing suppliers that are registered in England 	<ul style="list-style-type: none"> Living below the poverty line 	11

ii). A loan for a project has been financed by MUFG Bank within 36 months preceding the execution of the Sustainable Finance, or will be newly financed on or after the issue date thereof.

For long-dated green assets that are refinanced by proceeds of multiple Green Bonds/Loans, MUFG will disclose the age and remaining useful life of the assets to an independent party prior to the initial execution of the Green Bonds/Loans from this Framework and update the information when such independent party provides an annual review as described below. The information provided will be supported by a review from such independent party to confirm the continuous environmental benefits of the long-dated assets.

Exclusion Criteria

For clarification purposes, the following sectors and activity types are excluded from the Framework: fossil fuel based assets, fossil fuel based transportation / infrastructure and transportation with the main objective of transporting fossil fuel, defense and security, palm oil, wood pulp, nuclear power generation, coal-fired power generation as well as all mining and tobacco sectors.

2.2. Project Evaluation and Selection

Projects financed and/or refinanced through the Framework are evaluated and selected based on compliance with the eligibility criteria set above.

Selection and evaluation process for The Eligible Green Projects will be executed by MUFG Bank's Environmental and Social Assessment Department (ESAD), Sustainability Office, Corporate Planning Division and Solution Products Division, and one for the Eligible Social Projects will be executed by Corporate Finance & Strategic Advisory Division, Solution Products Division or Office of the CFO, Financial Planning Division depending on project categories. Moreover, the final decision to select the eligible projects/loans will be made by MUFG's Office of the CFO, Financial Planning Division.

Process to mitigate environmental and social risk

MUFG recognizes that the environmental and social risks arising from the business activities of each group company are important to our business and require managing appropriately. MUFG Environmental and Social Policy Framework has been developed based on the "MUFG Environmental Policy Statement" and "MUFG Human Rights Policy Statement" which establish the basis for our policies for management of environmental and human rights issues respectively.

We recognize that the provision of financing may potentially contribute to environmental and social impacts as well as an increase in associated risks. The Framework applies to new finance in all countries / regions for corporate clients of MUFG's core subsidiaries; MUFG Bank, Mitsubishi UFJ Trust and Banking, and Mitsubishi UFJ Securities Holdings ("Core Subsidiaries"). The Framework is integrated into the internal procedures and standards of each Core Subsidiary.

MUFG Bank supports its clients' environmental and social risk management and contributes toward a sustainable world by adoption of and adherence to the Equator Principles, a risk management framework for determining, assessing and managing environmental and social risks and impacts for large-scale projects.

MUFG Environmental and Social Policy Framework can be found on <https://www.mufg.jp/english/csr/policy/index.html>

2.3. Management of Proceeds

The net proceeds from Sustainable Finance by MUFG are lent to MUFG Bank and MUFG Bank allocates amounts equivalent to the net proceeds to Eligible Projects. MUFG will monitor and track the allocation of proceeds to eligible green and social projects/loans using MUFG Bank's internal loan management system at least yearly.

Pending allocation of an amount equal to the net proceeds to eligible green and social projects/loans, MUFG Bank is expected to invest an amount equal to any unallocated balance of such net proceeds in cash, cash equivalents or marketable securities.

2.4. Reporting

Allocation Reporting

MUFG plans to disclose the allocation of funds on its website generally on an annual basis and provide the information below until full allocation and as necessary thereafter in the event of new developments.

- i). The allocation of net proceeds from Sustainable Finance and unallocated amount
- ii). Management assertions on the allocation of funds

Impact Reporting

MUFG will publish an impact report annually, throughout the term of Sustainable Finance, containing the following impact metrics

No	Project Category	Impact Reporting KPI
1	Green Building	<ul style="list-style-type: none"> CO2 emission reduction
2	Renewable Energy	<ul style="list-style-type: none"> CO2 emission reduction kWh of power generated for renewable energy projects
3	Access to essential services (Healthcare)	<ul style="list-style-type: none"> Number of patients receiving the medical services Number of hospital beds

4	Access to essential services (Education)	<ul style="list-style-type: none"> Number of students receiving the educational services
5	Employment Generation (Natural Disaster)	<ul style="list-style-type: none"> Number of employments created System for Provision of Compensation for Interest Rates on Special Zones for Reconstruction or Subsidy Program for New Business Establishment in the Areas Recovering from Tsunami and Nuclear Disaster towards Employment Creation
6	Affordable housing	<ul style="list-style-type: none"> Number of residences provided

The reporting will be made on MUFG's website.

3. External Review

MUFG has obtained a Second Party Opinion by Sustainalytics on the Framework, which will be published on MUFG's website. MUFG will obtain a report from Sustainalytics with its compliance with intended allocation of the net proceeds.