

Mitsubishi UFJ Financial Group

Green Finance Framework

March 2024



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1. Introduction

1.1 MUFG Overview

Mitsubishi UFJ Financial Group (MUFG, hereafter), 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

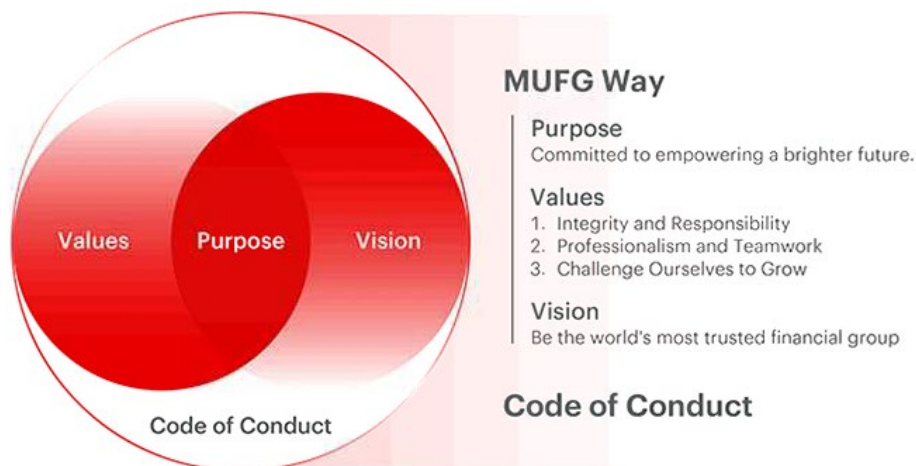
MUFG Way serves as the basic policy in conducting our business activities, and provides guidelines for all group activities.

MUFG Way is also the foundation for management decisions, including the formulation of management strategies and management plans, and serves as the core value for all employees.

MUFG defines its purpose as "Committed to empowering a brighter future". We define its values that should be shared by all employees as for the purpose of achieving further growth as a group and continuing to contribute to customers and society. We value and practice the following:

1. Integrity and Responsibility
2. Professionalism and Teamwork
3. Challenge Ourselves to Grow

Also, we define its Vision as "Be the world's most trusted financial group".



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.

To solve environmental and social issues, MUFG has set sustainable finance targets with a cumulative execution amount of ¥35 trillion (including ¥18 trillion in the environmental area) from FY2019 to FY2030. The cumulative execution amount through the first half of FY2023 is ¥27.7 trillion (including ¥10.4 trillion in the environmental area) and is steadily growing.

MUFG has also formulated the MUFG Carbon Neutral Declaration*¹ and is pursuing various initiatives aiming to achieve net zero GHG emissions from the financed portfolio by 2050 and net zero GHG emissions from our own operations by 2030. Moreover, the Net-Zero Banking Alliance (NZBA), launched in April 2021, is an industry-led alliance convened by the United Nations Environment Programme Finance Initiative (UNEP FI). Its goal is to align lending and investment portfolios among the alliance's member banks in order to achieve net-zero greenhouse gas emissions by 2050. And in June 2021, MUFG became the first Japanese financial institution to join the NZBA. The alliance started with 43 member banks but has since expanded to 142 banks worldwide, as of January 31, 2024.

Furthermore, MUFG participates in and endorses a variety of initiatives*² such as CDP (formerly the Carbon Disclosure Project) and TCFD (Taskforce on Climate-related Financial Disclosures) to meet the social responsibilities as a financial institution, meet the demands of the international community, and contribute to the realization of a sustainable society.

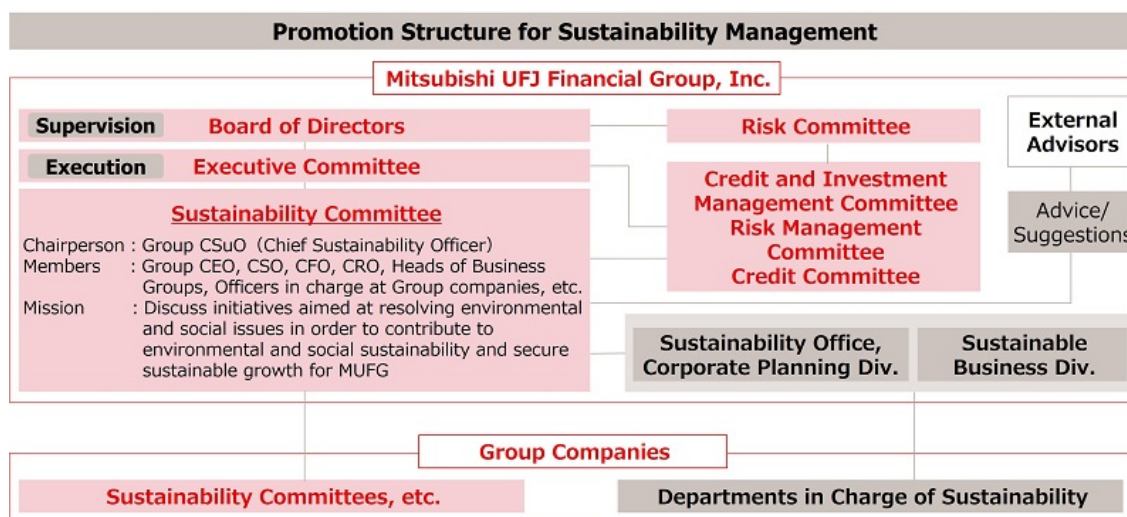
¹ MUFG published "MUFG Transition White Paper 1.0" on Japan's regional characteristics/path to decarbonization, and made policy recommendations in collaboration with industry and government agencies. In September 2023, MUFG further prepared and published the "MUFG Transition Whitepaper 2023 (Whitepaper 2.0)," based on the Whitepaper 1.0 and taking into account opinions from various stakeholders and the current international situation, from the perspective of increasing the transparency of Japan's transition planning from the global community. Whitepaper 2.0 will feature the technologies and supply chains that are critical for promoting carbon neutrality of Japan's electricity and heat sources. In addition, by summarizing the progress of Japan's carbon neutral measures since fiscal year 2022, it will lead to measures to increase investment predictability in Japan's initiatives.

² Please see below for the list of initiatives that MUFG participates in and endorses.
<https://www.mufg.jp/english/csr/initiatives/index.html>

1.4 Sustainability Promotion Structure

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 continues 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.



1.5 Purpose to Establish Framework

MUFG has established the first green bond framework in 2016 in order to strengthen initiatives aiming to contribute a sustainable environment and society through our capital markets activities. Since then, updating the frameworks until today, MUFG issued seven green bonds, one social bond, and three sustainability bonds for a total amount of US\$4.9 billion equivalent by September 2020.

This time, MUFG has determined to rebuild the MUFG and MUFG Bank head offices, and construct the "MUFG Headquarters Building". Also MUFG has determined to establish the "Green Finance Framework" (the framework, hereafter) aiming for funding the proceeds to construct "MUFG Headquarters Building".

With the purpose (significant of existence) of "Committed to empowering a brighter future",

"MUFG Headquarters Building" aspires to be "the symbol of MUFG" by being open and linked to every stakeholder. Through the execution of green finance based on the framework, MUFG will continue to contribute to our customers, communities, society, and all other stakeholders through our group-wide efforts.

2. Green Finance Framework

MUFG has obtained a second party opinion from Japan Credit Rating Agency, Ltd. (JCR), an external reviewer, with respect to the framework and its alignment with the "Green Bond Principle 2021 (GBP)" published by ICMA (International Capital Market Association) and the "Green Loan Principles 2023 (GLP)" published by the Loan Market Association (LMA), the Asia-Pacific Loan Market Association (APLMA), and the Loan Syndications and Trading Association (LSTA). Green finance will be executed based on the framework.

2.1 Use of Proceeds

The proceeds of green finance will be allocated to the financing or refinancing, meeting the eligibility criteria below, for the funds related to the construction of MUFG Headquarters Building.

GBP/GLP Project Category	Eligibility Criteria
Green Buildings (Environment Objectives: Climate Change Mitigation)	The eligible green buildings are the buildings which have received or will receive at least one of the following certifications within last 36 months preceding the green finance execution, or the buildings for which at least one of the following certifications is still valid and which were completed to construct within last 36 months preceding the green finance execution. <ul style="list-style-type: none">➤ LEED : Platinum or Gold➤ CASBEE : Rank S or Rank A➤ ZEB Certification : ZEB, Nearly ZEB, ZEB Ready or ZEB Oriented

2.2 Process for Project Selection and Evaluation

With regards to the process for project selection and evaluation, Corporate Administration Division of MUFG confirms to align with the eligibility criteria, and the final decision for the eligibility selection and evaluation will be made by MUFG's Office of the CFO, Financial Planning Division.

Also, following the relevant laws and international practices, MUFG considers the potentially negative environmental and social impacts on the candidate projects.

2.3 Management of Proceeds

MUFG will monitor and track the allocation of proceeds to eligible green projects using MUFG Bank's internal expenses and investments management system at least annually.

While the finance will be executed by MUFG, proceeds will be loaned to MUFG Bank, a wholly-owned subsidiary of MUFG. As soon as MUFG receives the proceeds of the finance, MUFG will remit an amount equivalent to the proceeds to MUFG Bank, based on a loan agreement made between MUFG and MUFG Bank. Pending allocation of an amount equal to the net proceeds to eligible green projects, MUFG Bank is expected to manage and hold an amount equal to any unallocated balance of such net proceeds in cash, cash equivalents or highly secured and liquid securities such as short-term financial assets.

2.4 Reporting

2.4.1 Allocation Reporting

MUFG has confirmed that it will, at least annually until full allocation and in a timely manner, in case of material developments, provide information on below:

- Allocation of green finance proceeds
- Amount of unallocated proceeds and planned allocation period
- In case of refinancing, the ratio of financing and refinancing

MUFG will disclose the allocation reporting on the MUFG's website*³ (in case of the loans, MUFG will report to the lender) within three months (by June), from the fiscal year end of March.

2.4.2 Impact Reporting

MUFG has confirmed to publishing an impact reporting on MUFG's website*³ (in case of the loans, MUFG will report to the lender) annually, while the finance proceeds remain, to the extent practicable, containing the following impact metrics:

- (Before the completion of construction) CO₂ emission reduction in MUFG Headquarters Building
- (After the completion of construction) CO₂ emission in MUFG Headquarters Building
- Status of receiving green building certifications (when the certifications have been provided, or will be provided, and the type / level of the certifications)

³ Reporting will be disclosed on <https://www.mufg.jp/english/>