Sustainability Initiatives

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

Specifically, each business group has incorporated initiatives aimed at helping resolve environmental and social issues into their respective strategies and is extending financing for renewable energy projects and otherwise assisting customers in their efforts to step up sustainability initiatives. From the perspective of risk management, we have the MUFG Environmental and Social Policy Framework in place to ensure that due consideration is given to environmental and social concerns in the course of financing, including the extension of credit and underwriting of stocks and bonds. We also continually update our in-house rules to secure through compliance with this framework.

Furthermore, although we have extended support for medical institutions and struggling students amid the spread of the COVID-19, we have concluded that we must also step up initiatives outside of fields in which we seek to help resolve social issues through our main business. Accordingly, we established a framework that appropriates 0.5% of the Group’s net operating profits in the previous fiscal year to an additional budget for social contribution activities.

The total of annual spending associated with social contribution activities undertaken by Group companies in fiscal 2019 and spending based on the new framework amounts to approximately 1% of the Group’s net operating profits in fiscal 2019.

In addition, the Sustainability Committee discusses initiatives undertaken by MUFG to address environmental and social issues, while the Board of Directors and the Executive Committee receive reports from and make decisions based on conclusions reached by the former committee. Also, we engaged two experts representing the fields of the environment and social to give their specialist opinions and recommendations to members of the Board of Directors and the Sustainability Committee.

Also, in May 2020 we appointed a Chief Sustainability Officer (CSuO) to gear up our approach and clarify responsibilities with regard to sustainability initiatives. With an officer in charge of corporate planning and strategy appointed to concurrently serve as CSuO, we aim to integrate our efforts to help resolve social issues and our business management strategies.

Sustainability Promotion Structure

Our sustainability initiatives will be disclosed in the upcoming Sustainability Report in autumn 2020.

Initiatives for Addressing Environmental and Social Issues toward Sustainable Growth

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Sustainability Promotion Structure

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Our Approach to Environmental and Social Issues

Business Opportunities
MUFG aims to contribute to environmental and social sustainability and help realize United Nations Sustainable Development Goals (SDGs) through financial services. We have committed to extending a total of ¥20 trillion for sustainable financing over a period spanning fiscal 2019 through fiscal 2030 (of this, ¥8 trillion will be used for environmental finance).

In fiscal 2019, we made great progress, extending a total of ¥3.7 trillion. As a world-leading financial group providing financing for renewable energy projects, we will proactively support our clients’ “transition” to more sustainable business and energy structures via the enhancement of energy efficiency etc., while facilitating “innovation” that employs alternative energy and IT technologies.

Also, we will focus on supporting efforts to resolve issues society is now confronting by, for example, extending financial solutions to the medical industry to help prevent the spread of COVID-19 and create a cure for the virus.

Goals and Results of Sustainable Financing

<table>
<thead>
<tr>
<th>Goals</th>
<th>FY2019 results</th>
<th>FY2030 goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Arrangement of loans and project finance</td>
<td>¥0.9 trillion</td>
<td>¥8 trillion</td>
</tr>
<tr>
<td>for renewable energy projects, etc.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Underwriting and sales of Green Bonds</td>
<td>¥0.5 trillion</td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>¥0.8 trillion</td>
<td></td>
</tr>
<tr>
<td>Social</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finance for social infrastructure development</td>
<td>¥0.9 trillion</td>
<td>¥12 trillion</td>
</tr>
<tr>
<td>and regional revitalization, etc.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>¥0.6 trillion</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>¥3.7 trillion</td>
<td>¥20 trillion</td>
</tr>
</tbody>
</table>

Business Risks
MUFG has an Environmental and Social Policy Framework* in place to ensure due consideration is given to environmental and social concerns in the course of financing. In fiscal 2019, MUFG announced that it will not provide financing for new coal-fired power generation projects in principle. Furthermore, MUFG revised the framework in May 2020 to include oil sand, Arctic development etc., as “Restricted Transactions.” Looking ahead, we will periodically review and upgrade this framework in light of changes in the Group’s business activities and operating environment.

In addition, the Bank is a signatory to the Equator Principles (EP),*1 which is an international framework for addressing environmental and social concerns when financing projects including infrastructure and natural resources development.

In July 2020, the Bank commenced application of the fourth version of the EP which includes assessment of climate change related risks (transition risks and physical risks) associated with each project and enhanced engagement with project-affected indigenous peoples.

Priority Environmental and Social Issues

MUFG Must Address
As we aim to help resolve environmental and social issues while securing sustainable growth, we have determined seven priority issues that must be addressed through our business activities.

This determination involved selecting issues relevant to MUFG’s operations at home and abroad from among the environmental and social issues identified by SDGs as well as prevailing industry standards.

Furthermore, we have incorporated input from external specialists. The determination of these issues has thus been made with an eye to better fulfilling society’s expectations in areas where MUFG’s capabilities can be brought to bear.

Each business group has incorporated these priority issues into its strategies and is currently engaged in concrete initiatives addressing such issues. Also, we periodically review these priority issues in light of changes in the operating environment.

Process for Selecting Priority Issues

Integration and selection

Areas where MUFG’s capabilities can be brought to bear

Business incubation & job creation (P. 60)

Cross-sectoral issues (P. 58 - 59)

Dialogue with external specialists

SDG Implementation Guiding Principles (cabinet office)

Keidanren’s policies regarding ESG issues

Internationally recognized standards and guidelines (cabinet office)

Areas where MUFG’s capabilities can be brought to bear

Endorsement of International Sustainability Initiatives*

*1 https://www.mufg.co.jp/eng/csr/policy/

*2 https://www.mufg.co.jp/eng/csr/environment/equator/

Sectors Added by the May 2020 Revision of the MUFG Environmental and Social Policy Framework

<table>
<thead>
<tr>
<th>Sectors</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oil sand, Development of the Arctic</td>
<td>Assessing the state of implementation of environmental and social considerations by our clients, including the impact on the ecosystems and indigenous communities in the region</td>
</tr>
<tr>
<td>Large Hydropower</td>
<td>Assessing the state of implementation of environmental and social considerations by our clients, such as the impact of dam construction on the ecosystem, local communities, and the living environment and livelihoods of residents</td>
</tr>
<tr>
<td>Inhumane Weapons</td>
<td>Prohibiting the provision of financing for the production of inhumane weapon</td>
</tr>
</tbody>
</table>

*including initiatives endorsed by Mitsubishi UFJ Financial Group Inc. and those endorsed by Group subsidiaries.
Responding to Business Opportunities

Global Warming & Climate Change

MUFG is addressing issues arising from global warming and climate change by relying on the Group’s comprehensive strengths. As stated on page 10, we are ranked among the world’s top finance arrangers of renewable energy projects while contributing to the expansion of the Green Bond market.

Contributing to the Expansion of the Green Bond Market

Aiming to contribute to environmental and social sustainability via participation in the capital market, MUFG steadily issues Green Bonds. As of the end of fiscal 2019, MUFG had issued Green Bonds at home and abroad six times for a total worth of approximately ¥290 billion. This amount is the largest of its kind in the domestic industry as a total value of Green Bonds issued by a single issuer. The net proceeds from Green Bonds have been allocated via the Bank to financing projects aimed at resolving environmental issues.

In addition, Mitsubishi UFJ Morgan Stanley Securities has been acting as a leading underwriter in the Green Bond market since the inception of such bonds. Mitsubishi UFJ Morgan Stanley Securities boasts the top position in Japan in terms of both the total value of public placement yen-denominated Green Bonds underwritten (since fiscal 2016) and the number of issuance cases in which it acted as a Green Bond structuring agent.* Looking ahead, Mitsubishi UFJ Morgan Stanley Securities will continue to take a lead in the expansion of the Green Bond market.

Cross-sectoral Issues

MUFG is helping clients resolve a number of the environmental and social issues they are confronting.

Extending Loans to Assist in Efforts to Address Environmental and Social Concerns through Business Activities

We offer corporate loans and private placement bonds specially designed to evaluate and support clients’ ESG initiatives. Specifically, Mitsubishi UFJ Research and Consulting evaluates clients’ initiatives and scores them in tandem with Japan Credit Rating Agency, Ltd., thereby providing clients with feedback on the challenges they must address. In fiscal 2019, five clients utilized these products, with the total value of loans and bonds amounting to ¥8.7 billion. Furthermore, we became the first financial institution in Japan to develop a “Sustainability Linked Loan” that places no restrictions on the usage of funds and is equipped with variable interest rates reflecting the status of ESG-related targets achieved by clients. In fiscal 2019, we have acted as an arranger for three syndicated loans for clients committed to pursing specific targets in terms of the enhancement of ESG-oriented corporate management and the reduction of environmental burdens.

Looking ahead, we will continue to help clients shift their business focus to and promote structural transition toward achieving sustainability.

Issuance of Social Bonds and Sustainability Bonds

In October 2019, MUFG formulated its Green, Social and Sustainability Bond Framework* by expanding its existing Green Bond framework. In addition to the “green” category comprising environmental projects, the new framework includes projects related to such fields as healthcare, education, employment generation and preservation and affordable housing aimed at addressing social issues as eligible for financing. In May 2020, we also included projects associated with countermeasures against the COVID-19 into the scope of eligible categories.

In line with this framework, we became the first among domestic private financial institutions to issue Social Bonds in December 2019, with the total value amounting to US$150 million. We also issued Sustainability Bonds worth 500 million euro in June 2020 to finance such initiatives as countermeasures against COVID-19. The net proceeds from these bonds have been allocated via the Bank to financing for eligible green and social projects.

Allocation of Funds and Environmental Impact

| Balance of Eligible Green Projects funded through the issuance of MUFG Green Bonds | US$133 million |
| Total annual energy generation | 37,410 million kWh |
| Total annual CO₂ emissions avoided (via financing by the Bank) | 3.8 million t CO₂ |

* An agent who supports the issuance of Green Bonds through the formulation of Green Bond frameworks and advice on obtaining a secondary opinion, etc.

Promoting a Sustainable Investment Strategy

We believe that investment and engagement activities based on ESG opportunities and risks will encourage the sustainable growth of portfolio companies and improve investment performance. Based on this belief and in line with the MUFG AM Responsible Investment Policy,* we have incorporated the evaluation of investees’ ESG initiatives into our asset management process while engaging in dialogue to encourage their efforts to improve corporate value. As of March 31, 2020, the balance of responsible investment, which represents the balance of ESG-oriented investment, accounts for 45.4%* of the overall balance of assets under MUFG’s management.

In addition, the Group’s subsidiary asset managers* declared their support of the Task Force on Climate-related Financial Disclosures (TCFD) and are addressing climate change-related issues through asset management. They also engage in the analysis of investors’ climate change data and confirmed that the sum of Scope 1 and Scope 2 greenhouse gas (GHG) emissions from all investees of MUFG AM* and First Sentier Investors (FSI), the latter of which was acquired by the Group in August 2019, amounts to 23.3 million tCO₂e (as of March 31, 2020) based on data obtained from external assessment organizations.* Going forward, we will engage in ongoing dialogue with investees to encourage them to properly respond to opportunities and risks arising from climate change.

Practicing Responsible Investment via Asset Management

The Bank aims to maximize the positive impact of its financing activities on the environment and society while striving to identify business opportunities for MUFG in the field of sustainability. To this end, the Bank adopted a new fund investment strategy that utilizes the environmental and social impacts of investees’ activities as indices for investment judgement in addition to achieving economic performance. As part of this strategy, the Bank introduced an internal carbon pricing system, a method used to measure environmental impact in the course of making investment judgments by multiplying the expected reduction in CO₂ emissions by future carbon prices. Applying this system for the first time, in March 31, 2020 we invested in Global Renewable Power Fund III, which engages in asset management in the field of renewable energy. We expect this fund, via the investment by the Bank, to help reduce CO₂ emissions by approximately 20,000 tons per year.
Sustainability Initiatives

Responding to Business Opportunities

Business Incubation & Job Creation

MUFG engages in financing for growth industries and venture startups while, in developing countries, providing micro financing solutions. By doing so, MUFG helps a broad range of sectors grow and contribute to the creation of new industries and employment.

Supporting Corporate Growth

MUFG offers services tailored to individual needs of corporate clients appropriate to their stage of development.

Large-Scale Business Matching Events

MUFG hosts periodic large-scale business matching events aimed at helping corporate clients find growth opportunities by facilitating exchange between those in different sectors. The 16th round of such events, held in December 2019, resulted in approximately 9,700 cases of business negotiations. Attendees included representatives from Krungsi as well as a number from overseas corporations. Taking advantage of the Group’s network at home and abroad, we are thus supporting the business expansion of our clients.

Supporting Corporate Growth

The number of corporate clients that received visits by branches and those established at business matching events held in Japan and overseas)

Large-Scale Business Matching Events

Number of business matching cases in fiscal 2019

Approximately 9,000

The sum of business matching cases conducted by branches and those established at business matching events held in Japan and overseas.

Overview of Micro Finance Offered by HKL (2019)

Number of account openings

168,892 (+17% year on year)

Outstanding loan balance

US$1,051 million (+39% year on year)

Number of branches

177 (+0% year on year)

Financial Inclusion

The Thailand-based Krungsi (Bank of Ayudhya) offers micro finance through its subsidiary Hatha Kakesik Limited (HKL), making financial services available to customers in ASEAN countries which constitute promising markets with the continuous economic growth.

Investment in rolling stock leasing to a rail operator in the UK

Japan Infrastructure Initiative* (JII) signed an investment agreement in relation to the procurement and leasing of new rolling stock for Abellio East Midlands Railway, a rail franchise operator in the UK. This project will introduce a new state-of-the-art high-speed fleet to East Midlands main lines in England. The trains' bi-modal functionality will enable operations powered by overhead electricity lines or by diesel engine on routes where self-powering is required, and will replace existing diesel-only trains. The new fleets will help improve train services and offer environmental benefits.

Financial Inclusion

The number of in-house specialists in corporate rehabilitation

Approximately 80

The number of in-house specialists in corporate rehabilitation.

Releasing a Non-JPY Deposit Product with Earthquake Protection

Targeting corporate clients, the Bank has developed a non-JPY term deposit product equipped with earthquake protection. Although the product’s interest rates are relatively lower than conventional non-JPY term deposit products, the depositors are eligible to receive a certain amount of coverage when conditions associated with seismic intensity are met and confirmed at designated observation points. In contrast to earthquake insurance, the product does not require evidence of damage and places no restrictions on the usage of funds, enabling the depositors to utilize funds for such purposes as the payment of compensation for temporary disability or the restoration of indirect damage. Furthermore, coverage under this product is delivered to the depositors in a relatively short period of time. As the looming possibility of a Nankai megathrust earthquake prompts growing corporate interest in taking protective measures against earthquake damage, we will meet the contingency funding needs of our clients while offering diverse vehicles for risk hedging. In these ways, we will help them step up their focus on ESG-oriented management aimed at securing sustainable operational continuity by bringing agile to customer support when disaster occurs.

Supporting Corporate Growth

The number of branches

177 (+0% year on year)

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US$1,051 million (+39% year on year)

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**Aging Population & Low Birth Rate**

Providing solutions for issues arising from Japan’s rapidly aging population and low birth rate, MUFG is offering financial and economic education in addition to developing products specially designed for elderly customers and assisting smooth business succession.

**Financial and Economic Education**

MUFG is providing various educational programs and seminars tailored to meet the interests of different age groups, helping them better understand what it takes to begin investment and asset building for the future. For example, we provide on-demand lectures at schools while inviting students to participate in workplace experience programs. During fiscal 2019, we held these lectures and programs on a total of 424 occasions, and the cumulative total number of these events held since 2012 reached 3,282. For businesspeople, we host seminars dealing with such topics as life planning and asset management. In addition, our website offers a broad range of articles, cartoons and other materials aimed at encouraging viewers to develop their interest in asset building.

**Research on Asset Management & Asset Building and Publicizing Our Insights**

The Trust Bank has established the MUFG Financial Education Institute, which engages in surveys and research on investment education and publicizes practical insights from an unbiased standpoint, as well as the MUFG Inheritance Research Institute, a body charged with surveys and research associated with needs for asset management and smooth asset succession in an aging society. In fiscal 2019, the former institute conducted such surveys as those targeting businesspeople who are near or have reached retirement age to assess their awareness regarding preparation for post-retirement life. Its fiscal 2019 activities also included surveys aimed at assessing public awareness about savings-type investments amid widespread media coverage of a government-sponsored paper concluding that people will need at least ¥20 million in savings to be prepared for post-retirement life, in addition to surveys targeting 10,000 individuals to assess the degree of their financial literacy. Going forward, we will strive to publicize our insights by publishing various papers and books as well as by holding seminars and symposia.

**Tsukaete Anshin, a Trust Product with Proxy Withdrawal Functions**

The Trust Bank released Tsukaete Anshin, a trust product with proxy withdrawal functions to address needs among elderly customers anxious about becoming incapable of the administration and withdrawal of funds due to a decline in cognitive functions. This product enables a designated proxy to withdraw funds via a dedicated app, which also makes it easier for the customers’ families to check the status of their bank accounts. The product will thus allow the customers rest assured about the custody of their assets over the long term even if their cognitive ability deteriorates due to dementia or other factors. In fiscal 2019, we secured a total of approximately 3,000 contracts for this product while being chosen to receive the Nikkei Veritas Award for Excellence under the 2019 Nikkei Superior Products and Services Awards.

**Supporting Smooth Business Succession**

Due to the rapid aging of society, a number of domestic SME owners are facing a pressing challenge in the form of a lack of successors. As part of its initiatives to help resolve such challenges, the Bank is engaged in ongoing investment in the “Dream Succession III Limited Partnership,” which extends hands-on assistance to business succession. This fund was the first in Japan, following the 2019 enforcement of revised tax measures associated with business succession funds, to be certified by the Minister of Economy, Trade and Industry as a fund defined by the Small and Medium-sized Enterprises Business Enhancement Act, etc. As a result, clients who are funded by this fund are eligible to receive tax breaks.

In addition to offering solutions associated with business strategy and succession, we provide individual business owners wishing to pass on wealth with high-value-added services backed by MUFG’s unique strengths. Thanks to these initiatives, we were able to support the succession of businesses and assets worth more than ¥1 trillion in total, continuing the robust track record established a year earlier. Looking ahead, we will provide solutions aimed at supporting sustainable growth for customers and society as a whole.

MUFG considers responding to climate change-related and other environmental concerns to be an important management issue and is stepping up measures to address such concerns. As part of these efforts, we are striving to enhance the content of information disclosure in accordance with the TCFD’s recommendations.

**Goverance**

At MUFG, the Sustainability Committee operating under the Executive Committee regularly engages in the deliberation of the Company’s policies on and the status of initiatives to manage opportunities and risks arising from environmental and social issues, including climate change. Furthermore, the Risk Management, Credit & Investment Management and Credit Committees also discuss specific themes associated with climate change. Conclusions reached by these committees are reported to the Executive Committee. Eventually, these matters are reported to and discussed by the Board of Directors to ensure its oversight of the Group’s initiatives to address climate change.

**Climate Change-Related Risks in Financial Institutions**

**Response to the Task Force on Climate-Related Financial Disclosures (TCFD) Recommendations**

*Issues MUFG must tackle in the course of sustainability initiatives and direction it must take in addressing such issues*

- Strengthening and upgrading MUFG’s governance systems to enhance its ability to promote sustainable development
- Integration of efforts aimed at addressing ESG issues and SDGs with business strategies
- Initiatives being undertaken via financing etc. and those undertaken by MUFG itself
- Enhancement of information disclosure in accordance with the TCFD recommendations, for instance, by publicizing results of climate change scenario analysis

**Matters Reported to and Discussed by the Board of Directors (fiscal 2019)**

In terms of addressing climate change-related risks (transition risks and physical risks), financial institutions need to address the direct impacts these risks will have on their business activities as well as the indirect impacts on the corporate clients to which they extend credit. Taking heed of the TCFD recommendations, we have analyzed such impacts based on specific climate change scenarios in order to assess how our credit portfolio will be affected by this phenomenon (see the next page).
Climate Change-Related Scenario Analysis

Since 2019, MUFG has been a participant in a pilot project aimed at discussing and developing methodologies for the disclosure of climate change-related financial information under the auspices of United Nations Environment Programme Finance Initiative (UNEP FI).

Based on conclusions reached by the project, we have analyzed the probable impact of transition and physical risks on our credit portfolio based on climate change scenarios encompassing a period spanning 2020 through 2050.

Analysis Results

Based on scenarios and assumptions used, the analysis concluded that, the annual financial impact on the targeted portfolio of transition risks (sum of energy and utility sectors) and physical risks (risk arising from flooding) will be limited to several billions of yen in each fiscal year.

Analytical Methods

Transition risks

Targeting the energy and utility sectors, which are both defined as carbon-related assets under the TCFD recommendations, we adopted an integrated analytical approach aimed at measuring climate change-related impacts in accordance with conclusions reached by the pilot project under the auspices of UNEP FI. This approach combines a bottom-up method that assesses the status of individual corporations and a top-down method that assess the overall status of the sector involved.

In addition, our analysis employed a pair of climate change scenarios that assume a less than 2°C rise and a 4°C rise in global temperatures, respectively. These scenarios have been published by the International Energy Agency (IEA) and are widely used in a variety of analyses, with the former being referred to as the sustainable development scenario, and the latter being known as the new policies scenario. We placed particular emphasis on analyzing the climate change-related impact on customer’s credit ratings under various circumstances based on the former scenario. At the same time, we analyzed the overall financial impact on our credit portfolio in each sector.

With regard to the measurement of the climate change-related financial impact, universal methods have yet to be determined, while UNEP FI’s pilot project is engaged in ongoing discussion to develop such methods. Aware of this problem, our analysis carefully took MUFG’s decarbonizing initiatives into account and incorporated essential future costs for helping achieve the Paris Agreement’s objective of “holding the increase in the global average temperature to well below 2°C above pre-industrial levels,” via investment in renewable energy projects and those arising from carbon taxation.

Going forward, we will strive to update our analytical methods while expanding the scope of targeted sectors.

Physical risks

In recent years, flooding risk has become one of most profound physical risks arising from climate change due to its growing frequency and increasing magnitude of damage and is affecting various regions around the globe, including Japan. With this in mind, we have adopted an analytical approach that measures the overall impact of flooding on MUFG’s credit portfolio by using changes in default ratios resulting from such a disaster.

We also used Representative Concentration Pathway (RCP) 4.5 and 8.5 scenarios compiled via the 5th round of the Coupled Model Intercomparison Project (CMIP5) conducted under the auspices of the Intergovernmental Panel on Climate Change (IPCC). Specifically, we mainly used the RCP 8.5 scenario to estimate flooding damage based on hazard map and other data* obtained from various external organizations in the course of analysis.

To measure the financial impact, we have estimated a period of operational suspension and assessed possible damage to our assets in a way that conforms to conclusions reached by UNEP FI’s pilot project.

In addition, although the method used in this analysis employs CMIP5 scenarios only to calculate the possibility of flooding, discussion is currently under way at MUFG to introduce a simulation method designed to reflect these scenarios in the calculation of disaster damage. As such, we are determined to continuously improve our analytical methods.

Risk Management

Enterprise Risk Management

MUFG has positioned climate change-related risk as one of the Top Risks that it must pay close attention to for the year going forward (please also refer to page 85).

Environmental and Social Risk Management in Finance

We implemented MUFG Environmental and Social Policy Framework to manage environmental and social risks associated with our financing. Concerning coal-fired power generation, mining (coal), oil and gas, and other specific sectors in which concerns are raised over environmental and social impacts, including climate change, we have established our finance policy and a due diligence process to identify and assess the environmental and social risks or impacts associated with transactions has been introduced.

Due Diligence Process for Financing

The decision regarding categorization of the transaction as a “Prohibited Transaction” or “Restricted Transaction” is made by the department in the relevant business division responsible for communications with the client.

Enhanced due diligence

Transactions categorized as “Restricted Transactions” are subject to enhanced due diligence which is implemented by the department responsible for management of environmental and social risks.

Executive management discussion addressing reputational risk

Transactions assessed as having the potential to have significant negative impacts on the corporate value of MUFG is evaluated with the involvement of executive management.

Metrics and Targets

Sustainable Finance Goals and Achievements

Please refer to page 56 for our fiscal 2019 achievements.

Reducing CO2 Emissions Attributable to Our Business Activities

Well ahead of schedule, the bank has met its fiscal 2030 target of reducing the energy intensity index* by 19.0% from the fiscal 2009 level. In fiscal 2019, the Bank’s Head Office building switched all of its energy sources to hydroelectric power generation.

Currently, we have started discussion to transition to an energy procurement structure solely dependent on renewable energy by the end of fiscal 2030.

For details of the reduction in greenhouse gas and other results accomplished by MUFG in the course of its business activities, please also refer to the CSR Data section of our corporate website.

Status of CO2 Emissions Intensity Index Associated with Project Finance in the Power Generation Business*

Figures presented below are calculated to determine the environmental impact of project finance in the Power Generation Business in the form of CO2 emissions intensity index (CO2 emissions divided by electricity output in proportion to funds extended by MUFG).

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Unit: t-CO2/MWh</td>
<td>0.470</td>
<td>0.388</td>
<td>0.394</td>
</tr>
</tbody>
</table>

* Including thermal power generation using fossil fuel (coal, oil and gas) and renewable energy power generation businesses.

Status of Carbon-Related Assets*

In accordance with the TCFD recommendations, we assess the proportion of carbon-related assets in the overall lending portfolio value.

<table>
<thead>
<tr>
<th>Type</th>
<th>Mar. 31, 2019</th>
<th>Mar. 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>3.0%</td>
<td>2.8%</td>
</tr>
<tr>
<td>Utility</td>
<td>3.6%</td>
<td>3.4%</td>
</tr>
<tr>
<td>Total</td>
<td>6.6%</td>
<td>6.2%</td>
</tr>
</tbody>
</table>

* Note: The total value of lending is ¥96.5 trillion as of March 31, 2019 and ¥99.1 trillion as of March 31, 2020.

* Based on the TCFD recommendations, MUFG has categorized the value of lending in the energy and utility sectors other than lending for renewable energy projects as constituting carbon-related assets.