

## **MUFG Adopts Environmental Policy Statement, Human Rights Policy Statement, and Environmental and Social Policy Framework**

**Tokyo, 15 May 2018** --- MUFG pursues its management vision as part of our mission as a financial institution to develop lasting relationships from a long-term perspective with both our clients and society to achieve shared sustainable growth. As part of this mission, we are advancing initiatives with goals including protecting the global environment and promoting human rights. In particular, we are proactively working to arrange project finance for and provide lending to businesses involved in renewable energy, such as solar energy and wind power.

With a view to further strengthening our undertakings with relation to the environment, society, and governance, we recently formulated the MUFG Environmental Policy Statement and the MUFG Human Rights Policy Statement: fundamental policies designed to contribute to the resolution of environmental and social issues through our business activities. As a framework for implementing these basic policies, we have formulated the MUFG Environmental and Social Policy Framework. This will go into effect on July 1, 2018.

### **1. Summary**

#### **(1) MUFG Environmental Policy Statement**

MUFG recognizes that acting to address global environmental issues, including protecting the environment and responding to climate change, is the responsibility of all human beings. In light of recent trends in society and the debate about climate change, we have revised our policy on the environment. The group's four previously formulated policies, namely the MUFG Environmental Statement, the MUFG Environmental Policy, the MUFG Environmental Action Policy, and Our Approach to Addressing Biological Diversity Conservation, have been revised and integrated into the new MUFG Environmental Policy Statement.

#### **(2) MUFG Human Rights Policy Statement**

MUFG recognizes respect for human rights as an important issue that can be addressed through the management of our business. We have revised the group's basic policies on human rights, which previously concentrated on the human rights of officers and employees of the group, with reference to international standards on human rights including the UN's Guiding Principles on Business and Human Rights. Based on this, we have adopted the MUFG Human Rights Policy Statement, which stipulates that officers and employees must work to respect the

human rights of all people, and also urges our clients and suppliers to respect human rights.

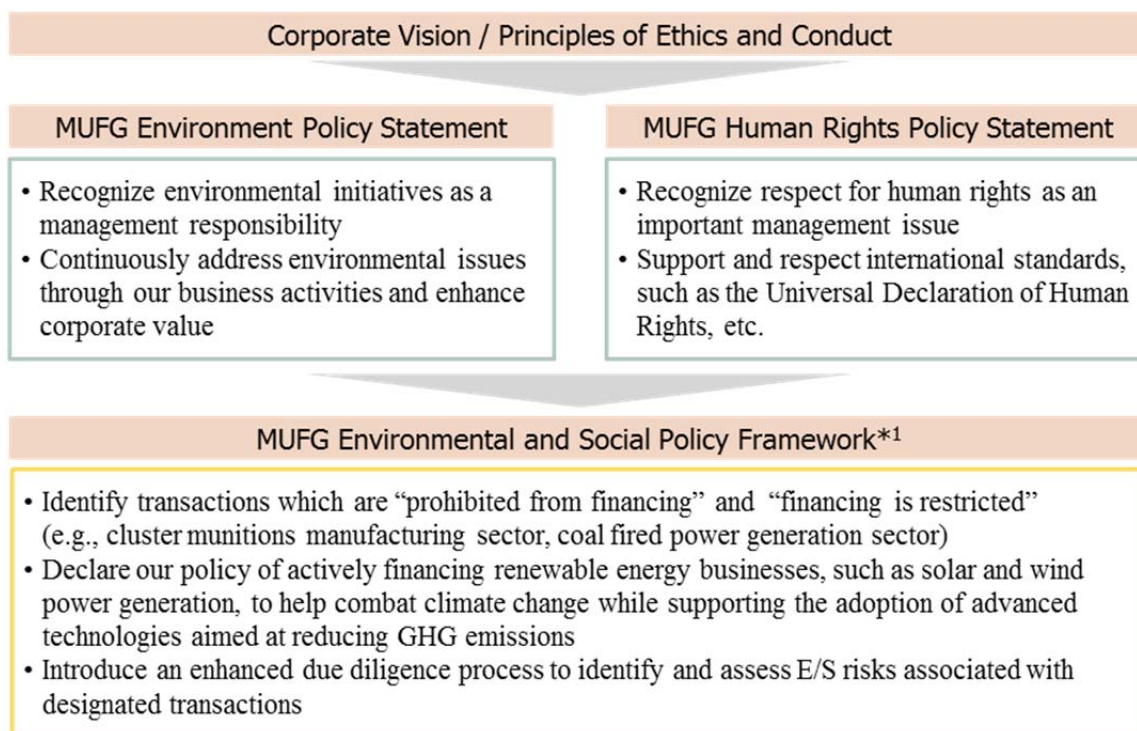
### **(3) MUFG Environmental and Social Policy Framework**

MUFG recognizes that the environmental and social risks arising from the business activities of each group company are important to our business and require appropriate management. Under the MUFG Environmental Policy Statement and the MUFG Human Rights Policy Statement, we have formulated the MUFG Environmental and Social Policy Framework. This framework aims to appropriately identify and manage the environmental and social risks arising from our business activities and those of our main subsidiary companies.

We will periodically review the content of the MUFG Environmental Policy Statement, the MUFG Human Rights Policy Statement, and the MUFG Environmental and Social Policy Framework in accordance with changes in business activities and the business environment, and will work to improve and refine them.

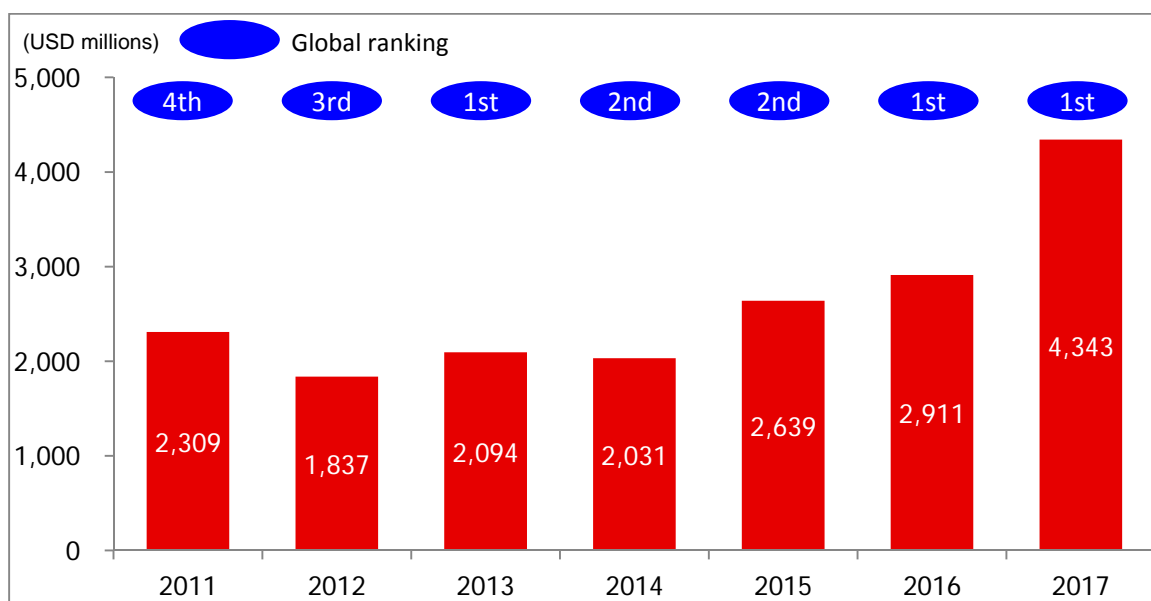
(Reference)

## Outline of MUFG Environmental Policy Statement, MUFG Human Rights Policy Statement and MUFG Environmental and Social Policy Framework



\*1 Applies to MUFG Bank, Ltd., Mitsubishi UFJ Trust and Banking Corporation and Mitsubishi UFJ Securities Holdings Co., Ltd.

### Financing arranged in the renewable energy sector



Source: Bloomberg New Energy Finance ASSET FINANCE/Lead arrangers LEAGUE TABLE

## **2. MUFG Environmental Policy Statement**

### **1. Our Approach to Addressing Environmental Issues**

Mitsubishi UFJ Financial Group (hereinafter referred to as MUFG) recognizes that taking actions to address global environmental issues, including protecting the environment and responding to climate change, is the responsibility of all human beings.

As a result, MUFG, as a responsible corporate citizen, is aiming to contribute to the realization of a sustainable society by protecting the global environment. In order to achieve this goal, not only does MUFG comply with applicable legislation and international agreements, but also responds appropriately when our operations result in environmental risks or negative impacts, by reducing the environmental impacts of our operations, as well as actively working towards finding solutions to global environmental issues through our business activities.

### **2. Positioning of MUFG Environmental Policy Statement**

In line with our Corporate Vision, MUFG has adopted the mission of being a financial institution that is committed on a long-term basis to developing lasting relationships with both our clients and society, and promoting shared and sustainable growth for a better world, a vision we are continuously working towards.

MUFG recognizes that environmental issues are significant to our operations. This Environmental Policy Statement, which is based on our Corporate Vision and our Principles of Ethics and Conduct supporting such Corporate Vision, provides the basis for our policies in pursuing environment related initiatives.

### **3. Environmental Actions through Business Activities**

#### **(1) Actions through business activities**

MUFG supports clients that actively seek to find solutions to environmental issues and manage their environmental impacts. Additionally, MUFG takes into consideration the environmental impacts associated with our products and services. In the case that potential environmental impacts associated with our products and services are identified, MUFG responds in an appropriate manner. MUFG actively promotes the appropriate management of environmental risks, including climate change.

Through this approach, MUFG aims to contribute to the realization of a sustainable society and increase corporate value through the sustainable growth of our business.

#### **■ Climate Change**

MUFG recognizes climate change as a critical issue for the global environment and believes that climate change challenges must be addressed to realize sustainable growth and support the continued operation of each group company and our clients. MUFG recognizes that as a global financial institution, we play an important role in the transition to a low-carbon society and other global actions aimed at combatting climate change.

Based on such recognition, MUFG promotes the transition to a low-carbon

society and reduces climate change risk through actions associated with both our own operations and through the products and services we provide to clients.

Initiatives taken by MUFG include the following:

- We will move ahead with measures to reduce greenhouse gas emissions through our support for businesses involved in solar and wind power and other forms of renewable energy and by providing funding for companies that pay due attention to environmental risks.
- Consideration of the potential climate change impacts associated with the products and services provided by each group company and responding in an appropriate manner based on thorough consideration of such impacts
- Research into the potential future impacts of climate change on our business to support management of climate change risk.

In addition, MUFG supports the following climate change related international agreements and initiatives:

- Paris Agreement
- Recommendations of Task Force on Climate-related Financial Disclosures (TCFD)
- Principles for Responsible Investment (PRI)
- Equator Principles
- United Nations Environment Programme Finance Initiative (UNEP FI)
- Principles for Financial Action for the 21st Century
- CDP (formerly the Carbon Disclosure Project)

## ■ Biodiversity

Maintenance and protection of the biodiversity which supports our society is the foundation for the realization of a sustainable society.

MUFG supports businesses that protect biodiversity through the provision of products and services. Each group company also takes appropriate measures to prevent negative impacts on biodiversity associated with our products and services.

## (2) Actions to Reduce Our Environmental Impacts

Through initiatives such as those shown below, each group company works towards reducing our environmental impacts, environmental improvement and pollution prevention across all of our operations.

- Reduction of Environmental Impact at Our Offices  
Recognizing the environmental impact associated with resource consumption and waste generation from our business activities, we work to minimize environmental impacts through resource recycling efforts and the efficient use of energy and resources.
- Environmental Improvement and Pollution Prevention  
Monitoring the impacts of our activities on the environment on a continuous basis and working towards environmental improvement and prevention of pollution.
- Awareness Raising Across the Group  
MUFG Environmental Policy Statement is shared across the entire group and

supported by initiatives to raise awareness of environmental issues among our employees. In-house environmental education and support is provided to encourage environmental protection activities of our executives and employees.

#### **4. Governance and Management System**

MUFG Environmental Policy Statement was discussed by the CSR Committee responsible for environmental and social issues and approved by the Executive Committee.

The CSR Committee regularly reviews the need to update the policy statement and makes amendments as necessary to reflect changes in our business activities and the business environment.

#### **5. Stakeholder Engagement**

MUFG works to progress and improve our environmental initiatives as well as raise awareness of environmental issues through engagement with external stakeholders on MUFG's publicly disclosed Environmental Policy Statement.

### **3. MUFG Human Rights Policy Statement**

#### **1. Commitment to Respect Human Rights**

Mitsubishi UFJ Financial Group (hereinafter referred to as MUFG) recognizes respect for human rights as an important issue to be addressed in the management of our business for the realization of our Corporate Vision to be the world's most trusted financial group. We are committed to endeavor to fulfill our responsibility to respect human rights across all of our operations.

#### **2. Human Rights Principles**

MUFG is guided by the following international principles for human rights:

- Universal Declaration of Human Rights
- Declaration on Fundamental Principles and Rights at Work (International Labour Organization (ILO))
- Guiding Principles on Business and Human Rights

In addition, MUFG supports and promotes the following international initiatives:

- The OECD Guidelines for Multinational Enterprises
- The United Nations Global Compact
- Principles for Responsible Investment (PRI)
- Equator Principles
- United Nations Environment Programme - Finance Initiative (UNEP FI)
- Principles for Financial Action for the 21st Century

While national governments are primarily responsible for protecting the human rights of their citizens, MUFG supports and respects internationally recognized human rights standards, regardless of whether the national legislation of the relevant country contains such protections or not.

In countries where local legislation conflicts with internationally recognized human rights standards, MUFG seeks to respect international standards.

#### **3. Positioning of the Human Rights Policy Statement**

In line with our Corporate Vision, MUFG has adopted the mission of being a

financial institution that is committed on a long-term basis to developing lasting relationships with both our clients and society, and promoting shared and sustainable growth for a better world, a vision we are continuously working towards.

With this Human Rights Policy Statement, which is based on our Corporate Vision and our Principles of Ethics and Conduct supporting such Corporate Vision, we commit to respect human rights throughout our business operations.

#### **4. Applicability & Scope**

In compliance with this MUFG Human Rights Policy Statement, executives and employees of each group company strive to respect human rights.

Additionally, MUFG urges clients and suppliers of each group company to respect human rights. MUFG also works to respond in an appropriate manner to known cases of human rights violation by our clients or suppliers

#### **5. Executives and Employees**

MUFG is committed to eliminating all kinds of employment and workplace discrimination from our business operations. We will not tolerate any type of human rights violation including, but not limited to, discrimination on the basis of race, national origin, belief, religion, disabilities, family origin, gender, sexual orientation, gender identity, age or health status as well as sexual, power and other types of harassment, forced labor, and child labor. All MUFG executives and employees are required to comply with this commitment.

In addition, each group company provides consultation or support services for human rights infringements in the workplace. We show no tolerance for human rights infringements and have established this system to prevent such incidents.

Human rights awareness-raising trainings are also provided for executives and employees at all levels of our business as part of MUFG's efforts to promote the correct understanding and appreciation of human rights issues among all executives and employees.

#### **6. Clients**

MUFG expects its clients to respect human rights and avoid any human rights violations. MUFG promotes the respect of human rights by responding in an appropriate manner in situations where our products and services are directly connected to violations of human rights and urging clients to implement the appropriate responses.

MUFG has introduced an Environmental Social Policy Framework, which incorporates environmental and social due diligence requirements, to assess and manage transaction related environmental and social impacts associated with the business conducted with our clients.

#### **7. Suppliers**

MUFG expects suppliers to respect human rights and avoid human rights violations. MUFG promotes the respect for human rights by responding in an appropriate manner to known cases where human rights are negatively affected by our suppliers.

## **8. Remedial Actions**

In cases when executives or employees of each group company, or financial products or services provided by them, are confirmed as conducting or being involved in activities which adversely affects human rights, MUFG responds in an appropriate manner and implements remedial actions.

## **9. Governance and Management System**

MUFG Human Rights Policy Statement was discussed by the CSR Committee responsible for environmental and social issues and approved by the Executive Committee.

The CSR Committee regularly reviews the need to update the policy statement and makes amendments as necessary to reflect changes in our business activities and the business environment.

## **10. Stakeholder Engagement**

MUFG is committed to progressing and improving actions to ensure human rights are respected through dialog and consultations on our Human Rights Policy Statement with relevant stakeholders.

## **4. MUFG Environmental and Social Policy Framework**

### **1. Introduction**

The international community, aiming at achieving the Sustainable Development Goals (SDGs) and Paris Agreement on climate change, is working towards the protection of the global environment, which is fundamental to the existence of humanity and all living creatures, and the realization of a sustainable society.

As a global provider of financial services, Mitsubishi UFJ Financial Group (hereinafter, MUFG) defines its mission as being committed on a long-term basis to developing lasting relationships with both our clients and society, and promoting shared and sustainable growth for a better world.

In addition, through the financial services we provide we are actively working towards finding solutions to environmental and social issues which also contribute to our sustainable business growth and enhancement of our corporate value.

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. This Environmental and Social Policy Framework (hereinafter, 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. The opinions and perspectives of various stakeholders were taken into consideration in the development of the Framework.

The Framework outlines the approach that MUFG takes in responding appropriately to environmental and social issues in our business activities and contributing to sustainable environmental and social development. Through the adoption of this approach, we expect to contribute to the realization of a



sustainable environment and society.

To promote understanding and cooperation regarding our approach, the contents of this Framework is communicated to clients in all of our group companies.

## **2. Governance**

The MUFG Corporate Vision guides the way in which we carry out our business activities. To realize our Corporate Vision, the MUFG Principles of Ethics and Conduct standards have been established which apply to executives and employees of all group companies and guide their everyday decisions and actions. The Framework is based on our Corporate Vision and Principles of Ethics and Conduct.

### **(1) Positioning of the Environmental and Social Policy Framework**

The Framework is based on the “MUFG Environmental Policy Statement” and “MUFG Human Rights Policy Statement” and is structured to enable the appropriate identification and management of environmental and social risks associated with our business operations. The Framework is aligned with the MUFG reputational risk management framework to avoid negative impacts to MUFG corporate value.

### **(2) Governance and Management System**

The CSR committee, which reports to the Executive Committee, is responsible for developing appropriate responses to the environmental and social issues relevant to our business.

Individual transactions with significant environmental and social risks or impacts that have the potential to negative impact on the corporate value of MUFG are assessed for reputational risk, as necessary. Transactions are evaluated with the involvement of executive management, taking into consideration the potential transaction related reputational risks.

### **(3) Role of Business Group**

Business Groups are responsible for performing environmental and social due diligence to assess the potential environmental and social issues associated with the products and services to be provided. The assessment includes information collected from approaches such as interviews with clients. In implementing environmental and social due diligence, Business Groups consult with the relevant department responsible for management of environmental and social risks.

### **(4) Management of the Environmental and Social Policy Framework**

The Framework was discussed by the CSR Committee and approved by the Executive Committee. The CSR Committee regularly reviews the need to update the Framework and makes amendments as necessary to reflect changes in our business activities and the business environment.

## **3. Applicable Products and Services**

Products and services provided to clients by each group company include the extension of credit and the underwriting of bonds and stocks (hereinafter, financing). 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 (hereinafter referred to as "Core Subsidiaries"). The Framework is integrated into the internal procedures and standards of each Core Subsidiary.

MUFG Bank also conducts environmental and social due diligence of large-scale projects based on the Equator Principles adopted in 2005.

#### **4. Applicable Transactions**

The Framework provides a guideline allowing us to confirm whether corporate clients receiving financing from each Core Subsidiary are fulfilling their social responsibility by demonstrating appropriate consideration of environmental and social issues based on applicable legislation and international best practice.

Taking into consideration the nature and severity of associated environmental and social risks or impacts, MUFG has identified transactions which are "Prohibited from Financing" and where "Financing is Restricted".

##### **(1) Prohibited Transactions**

The transactions listed below are considered as having significant environmental and social risks or impacts. In cases where each Core Subsidiary is aware of the environmental and social risks or impacts, financing is not provided.

- A) Illegal transactions and transactions for illegal purposes
- B) Transactions which violate public order and good morals
- C) Transactions that negatively impact wetlands designated under the Ramsar Convention
- D) Transactions that negatively impact UNESCO designated World Heritage Sites
- E) Transactions violating the Convention on International Trade in Endangered Species of Wild Fauna and Flora (Washington Convention)<sup>1</sup>
- [<sup>1</sup> Taking into consideration country specific considerations]
- F) Transactions involving the use of child labor or forced labor

##### **(2) Restricted Transactions**

Restricted transactions consist of cross-sector items and sector specific items.

For transactions where the conditions listed below may exist, the potential that environmental and social risks or impacts may exist is considered to be high and clients are expected to implement the appropriate environmental and social measures. When each Core Subsidiary is considering providing financing for these transactions, the identification and assessment process for environmental and social risks or impacts will be used to confirm the client's approach to managing environmental and social issues.

If the environmental and social management approach of client's is not considered sufficient relative to the level of the potential risks or impacts, financing will not be provided.

##### **(i) Cross-sectoral items**

- A) Impact on Indigenous Peoples Communities
- B) Land expropriation leading to involuntary resettlement

C) Impact on High Conservation Value areas

**(ii) Sector specific items**

A) Coal Fired Power Generation Sector

Protection of the environment, in particular actions which contribute towards combatting climate change, is one of the most important issues for MUFG in moving towards realizing a sustainable society. We actively provide financing to renewable energy businesses, such as solar and wind power generation, to contribute to providing solutions to environmental issues such as climate change through our business activities.

We support international initiatives that are aiming to reach the objectives set by the Paris Agreement and support the adoption of advanced technologies for high efficiency power generation which contribute to reducing greenhouse gases emissions and Carbon dioxide Capture and Storage technologies.

MUFG Bank and Mitsubishi UFJ Trust and Banking refer to international guidelines such as OECD Arrangement on Officially Supported Export Credits, when considering the provision of financing for new coal fired power generation. Decisions on financing are made following recognition of both the local and the international circumstances surrounding coal fired power generation.

B) Cluster Munitions Manufacturing Sector

Civilian populations have been greatly affected by cluster munitions as they release many bomblets over a wide area and because of their indiscriminate effect. As a result, their use has generated significant humanitarian concerns internationally.

In light of the inhumane nature of cluster munitions, Core Subsidiaries prohibit the provision of financing to any company that manufactures cluster munitions.

**5. Identification and assessment process for environmental and social risks or impacts**

A due diligence process to identify and assess the environmental and social risks or impacts associated with transactions has been introduced.

**(1) Standard Due Diligence**

Standard due diligence is implemented by the department in the relevant business division of each Core Subsidiary responsible for communications with the client. The decision regarding categorization of the transaction as a “Prohibited Transaction” or “Restricted Transaction” is made based on available public information and information provided by the client.

**(2) Enhanced Due Diligence**

Transactions categorized as “Restricted Transactions”, in addition to standard due diligence, are subject to enhanced due diligence. This is implemented by the department responsible for management of environmental and social risks in each Core Subsidiary. Decisions on financing are made following assessment of the findings of the enhanced due diligence.

**(3) Financing Reputational Risk Management Approach**

Transactions assessed as having the potential to have significant negative impacts

on the corporate value of MUFG are evaluated with the involvement of executive management.

## **6. Training**

### **(1) Corporate Training and Education**

Training on environmental and social issues is provided to relevant employees of each Core Subsidiary. The objective of the training is to enhance the understanding of global initiatives to environmental and social issues, as well as the process of confirming the client's approach towards management of environment and social issues. The training also aims at the spread of ideas supporting the Framework, and the environmental and social due diligence process.

Specialized training, with the objective of advancing the implementation of the Framework, is provided in divisions responsible for management of environmental and social risks.

### **(2) Stakeholder Engagement**

Implementation of the Framework includes constructive dialogue with various stakeholders. This dialogue is intended to help identify appropriately environmental and social risks or impacts to which MUFG is to respond and provides information relevant to discussions on revisions to the Framework to increase its effectiveness.

#### **[Disclaimer]**

No agency or contractual relationships between MUFG or each of the other group companies and other parties arise from the disclosure and implementation of the Framework. MUFG and other group companies assume no legal obligation, liability or responsibility as a result of such disclosure and implementation.

**- End -**

## **About MUFG**

Mitsubishi UFJ Financial Group, Inc. (MUFG) is one of the world's leading financial groups. Headquartered in Tokyo and with approximately 350 years of history, MUFG has a global network with over 2,000 offices in more than 50 countries. The Group has over 150,000 employees and offers services including commercial banking, trust banking, securities, credit cards, consumer finance, asset management, and leasing. The Group aims to "be the world's most trusted financial group" through close collaboration among our operating companies and flexibly respond to all of the financial needs of our customers, serving society, and fostering shared and sustainable growth for a better world. MUFG's shares trade on the Tokyo, Nagoya, and New York stock exchanges.

For more information, visit <https://www.muftg.jp/english>

On April 1, 2018 the name of MUFG's commercial bank changed from "The Bank of Tokyo-Mitsubishi UFJ, Ltd." to "MUFG Bank, Ltd." Many of the bank's overseas subsidiaries followed suit on the same day, but branches and subsidiaries in some countries will carry out the name change at a later date. MUFG's New York Stock Exchange ticker symbol also changed to "MUFG."

For more information regarding overseas subsidiaries, visit

[http://www.bk.mufg.jp/global/newsroom/announcements/pdf/201803\\_namechange.pdf](http://www.bk.mufg.jp/global/newsroom/announcements/pdf/201803_namechange.pdf)