

Revision of the MUFG Environmental and Social Policy Framework

Tokyo, April 1, 2022 --- MUFG today announced that it has decided to revise the MUFG Environmental and Social Policy Framework (“Framework”), including stricter policies for sectors negatively impacting climate change.

MUFG defines its Purpose as being "Committed to empowering a brighter future." and is actively working to provide solutions to environmental and social issues faced by customers and stakeholders in order to realize a sustainable future.

Climate change measures and environmental protection is one of our priority issues. To support the achievement of the Paris Agreement goals, we will contribute to the creation of a sustainable society through a virtuous cycle of environment and growth by promoting a smooth transition to a carbon-free society through our business operations. Toward our goal of carbon neutrality, we are progressing in our efforts to achieve net-zero GHG emissions in our finance portfolio, decarbonization through financial services, net-zero emissions in our own operations, etc., based on the MUFG Carbon Neutrality Declaration announced in May 2021.

Together with our stakeholders, MUFG will further enhance engagement to provide solutions for environmental and social issues.

1. Key changes in the Framework

(1) Oil and Gas (shale oil and gas, pipeline) Sector

While contributing to energy supplies, the Oil and Gas Sector also has certain impacts on ecosystems and local communities: thus, consideration for environmental and social factors are necessary in this Sector. Based on this recognition, when considering extending financing we have been using our Framework and the Equator Principles to verify the implementation of consideration for environmental and social factors by our customers while conducting enhanced due diligence and other measures. We have added the shale oil and gas and pipeline subsectors to Transactions of High Caution and established a process for identifying and assessing environmental and social risks/impacts.

(2) Mining Sector (Coal)

The previous Framework prohibited providing financing to coal mining projects using the mountaintop removal (MTR) method. The revised Framework also prohibits financing to new thermal coal mining projects for power generation projects in consideration of their impact on climate change.

[Excerpt from the Framework]

Previous	Revised
<p>MUFG recognizes that coal mining operations, if not managed responsibly, can have negative social and environmental impacts, including death and injuries from mine collapse, human rights abuse, and impacts on local biodiversity from toxic mine waste. Moreover, coal burning in power generation emits relatively large amounts of greenhouse gases compared to other energy sources. We recognize that the development of new coal mines to supply thermal coal for power generation projects could result in an increase in greenhouse gas emissions in the future.</p> <p>When considering whether to provide finance to the development of new coal mines we assess the status of such client's consideration for environmental and social impacts. The assessment includes how the client addresses the impacts of the development on local ecosystems, relationships with local residents, and occupational safety and health issues.</p> <p>We will not provide any financing to coal mining projects using the mountaintop removal (MTR) method which has severe and negative impacts on the natural environment.</p>	<p>MUFG recognizes that coal mining operations, if not managed responsibly, can have negative social and environmental impacts, including death and injuries from mine collapse, human rights abuse, and impacts on local biodiversity from toxic mine waste. Moreover, coal burning in power generation emits relatively large amounts of greenhouse gases compared to other energy sources. We recognize that the development of new coal mines to supply thermal coal for power generation projects could result in an increase in greenhouse gas emissions in the future.</p> <p>When considering whether to provide finance to the development of <u>coal mines</u> we assess the status of such client's consideration for environmental and social impacts. The assessment includes how the client addresses the impacts of the development on local ecosystems, relationships with local residents, and occupational safety and health issues.</p> <p><u>We will not provide any financing to:</u></p> <ul style="list-style-type: none"> • Coal mining projects using the mountaintop removal (MTR) method which has severe and negative impacts on the natural environment. • <u>New thermal coal mining projects for power generation.</u>

(3) Palm Oil Sector

The previous Framework required an assessment of the status of the client's consideration for environmental and social impacts when considering transactions by means such as requesting the client to certify relevant operations according to recognized certification organizations or to submit action plans to obtain certification from such organizations. Under the revised Framework, the certification will be limited to ones issued by the Roundtable on Sustainable Palm Oil (RSPO).

[Excerpt from the Framework]

Previous	Revised
<p>Palm oil is used to make products which are essential for everyday life, such as cooking oils, detergents, paints, etc. Increases in palm oil consumption have facilitated economic growth in many</p>	<p>Palm oil is used to make products which are essential for everyday life, such as cooking oils, detergents, paints, etc. Increases in palm oil consumption have facilitated economic growth in many</p>

Previous	Revised
<p>countries. On the other hand, development of palm oil plantations may entail deforestation of natural forests and slash-and-burn agriculture in peatlands, etc. which could lead to impacts on biodiversity and climate change as well as conflicts with local communities. As a result, MUFG recognizes that the palm oil plantation business can have severe and negative impacts on the global environment if not managed responsibly.</p> <p>When considering transactions which fund business activities developing and managing palm oil plantations, we assess the status of such client's consideration for environmental and social impacts.</p> <p>We encourage clients to become members of the Roundtable on Sustainable Palm Oil ("RSPO"), and request them to certify relevant operations according to recognized certification organizations such as RSPO as well as to publicly commit to No Deforestation, No Peat and No Exploitation ("NDPE"), when providing finance to the subject business activities mentioned above. When relevant operations are not certified by organizations such as RSPO or clients have not made their commitment to NDPE public, we will request clients to submit action plans to satisfy the conditions.</p>	<p>countries. On the other hand, development of palm oil plantations may entail deforestation of natural forests and slash-and-burn agriculture in peatlands, etc. which could lead to impacts on biodiversity and climate change as well as conflicts with local communities. As a result, MUFG recognizes that the palm oil plantation business can have severe and negative impacts on the global environment if not managed responsibly.</p> <p>When <u>we consider providing financing for business activities developing and managing palm oil plantations, we conduct an assessment of clients to ensure that developments and managements are conducted in an environmentally and socially responsible manner.</u></p> <p>We encourage clients to become members of the Roundtable on Sustainable Palm Oil ("RSPO"), and request them to <u>have relevant operations certified by RSPO</u> as well as to publicly commit to No Deforestation, No Peat and No Exploitation ("NDPE"), when providing <u>financing</u> to the subject business activities mentioned above. When relevant operations are not <u>certified by RSPO</u> or clients have not made their commitment to NDPE public, we will request clients to submit action plans to satisfy the conditions.</p>

2. Effective date

This revision will take effect on May 1, 2022. We will continue to review the Framework regularly to enhance its quality in accordance with future changes in business activities and in the business environment.

3. 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.

Mitsubishi UFJ Financial Group (hereinafter, MUFG) defines its purpose as “Committed to empowering a brighter future.” in its MUFG Way, and we implement various initiatives that contribute to the protection of the global environment and human rights.

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 Way guides the way in which we carry out our business activities. To realize our MUFG Way, the MUFG Group Code of Conduct 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 MUFG Way and Code of 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.

We also acknowledge the importance of considering environmental and social impacts in our asset management business. At the same time, we recognize the importance of preserving and fulfilling our independent fiduciary duties in line with interests of our clients. For this reason, we have established a separate responsible investment policy for this business.

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 Transactions" and "Transactions of High Caution".

(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)¹
- F) Transactions involving the use of child labor or forced labor
- G) Cluster Munitions and Inhumane Weapons Manufacturing

¹ Taking into consideration country specific considerations

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.

Nuclear weapons, biological and chemical weapons, and anti-personnel mines, which are produced for use in wars and conflicts and have indiscriminate and serious effects on people, including civilians, are, along with cluster munitions, internationally recognized as being of great humanitarian concern. In light of the inhumane nature of nuclear weapons, biological and chemical weapons, and anti-personnel mines, Core Subsidiaries prohibit the provision of financing for the production of these weapons.

(2) Transactions of High Caution

Transactions of High Caution consist of cross-sector guidelines and sector specific guidelines.

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-sector guidelines

- A) Impact on Indigenous Peoples Communities
- B) Land expropriation leading to involuntary resettlement
- C) Impact on High Conservation Value areas

(ii) Sector specific guidelines

A) Coal Fired Power Generation Sector

Protection of the environment, in particular actions which contribute towards combatting climate change and supporting development of more sustainable sources of power, is one of the most important issues for MUFG in fulfilling its social mission.

In order to achieve the goals agreed upon in the Paris Agreement, we will support the smooth transition to a decarbonized society through our business activities and contribute to the realization of a sustainable society via the virtuous cycle of the environment and the economy.

MUFG will not provide financing to new coal fired power generation projects or expansion of existing facilities.

However, coal-fired power generations equipped with CCUS², Mixed combustion, and other technologies necessary to achieve the Paris Agreement target may be considered on an individual basis.

² CCUS : Carbon dioxide Capture, Utilization and Storage

B) Mining Sector (Coal)

MUFG recognizes that coal mining operations, if not managed responsibly, can have negative social and environmental impacts, including death and injuries from mine collapse, human rights abuse, and impacts on local biodiversity from toxic mine waste. Moreover, coal burning in power generation emits relatively large amounts of greenhouse gases compared to other energy sources. We recognize that the development of new coal mines to supply thermal coal for power generation projects could result in an increase in greenhouse gas emissions in the future.

When considering whether to provide finance to the development of coal mines we assess the status of such client's consideration for environmental and social impacts. The assessment includes how the client addresses the impacts of the development on local ecosystems, relationships with local residents, and occupational safety and health issues.

We will not provide any financing to:

- Coal mining projects using the mountaintop removal (MTR) method which has severe and negative impacts on the natural environment.
- New thermal coal mining projects for power generation.

C) Oil and Gas Sector

Oil and gas are essential to our society and daily lives as energy sources for social infrastructure including electricity, but we must be aware of the effect of their production and use on the global environment, including climate change, through greenhouse gas emissions.

a) Oil Sand

MUFG recognizes that oil sands developments require consideration of their environmental and social impacts.

When we consider providing financing for new projects for the extraction of oil sands, we conduct an assessment of clients to ensure that developments are conducted in an environmentally and socially responsible manner, including impacts on ecosystems and indigenous peoples' communities affected by the developments.

b) Development of the Arctic

MUFG recognizes that oil and gas developments in the Arctic require consideration of the impacts on indigenous peoples and the habitats of rare species.

When we consider providing financing for the extraction of new oil and gas in the Arctic Region (north of latitude 66°33 minutes north), we conduct an assessment of clients to ensure that developments are conducted in an environmentally and socially responsible manner, including impacts on ecosystems and indigenous peoples' communities affected by the developments.

c) Shale oil and gas

MUFG recognizes that development of shale oil and gas requires consideration of the impacts on ecosystems, including depletion of freshwater resources, water pollution, and triggering earthquakes.

When we consider providing financing for new projects for extraction of shale oil and gas, we conduct an assessment of clients to ensure that developments are conducted in an environmentally and socially responsible manner, including impacts on ecosystems and communities affected by the developments.

d) Oil and Gas Pipelines

MUFG recognizes that pipeline construction and operation, require consideration of the impact of oil leaks on the ecosystem, the impact of deforestation and other activities on the environment, and local indigenous peoples' communities.

When we consider providing financing for new projects for construction and

operation of oil and gas pipelines, we conduct an assessment of clients to ensure that developments are conducted in an environmentally and socially responsible manner, including impacts on ecosystems and indigenous peoples' communities affected by the development.

D) Large Hydropower Sector

While large-scale dams contribute to flood control, agricultural production and the supply of clean energy, MUFG recognizes that dams can cause wide-ranging changes in river basin ecosystems and the living environment and livelihoods of residents.

When we consider providing financing for new large-scale hydropower plants, we conduct an assessment of clients to ensure that developments are conducted in an environmentally and socially responsible manner, such as the impact of dam construction on the ecosystem, local communities, and the living environment and livelihoods of residents.³

³ New development of a hydroelectric generation dam which exceeds 15 meters in height and can generate over 30MW electricity

E) Forestry Sector

Forests provide habitats for various wildlife species. Therefore, they have significant value for biodiversity conservation and protection, as well as serving as important sources of timber for paper, pulp, and other products that support regional economies. Forests additionally play a significant role in mitigating climate change by absorbing and storing carbon dioxide. MUFG recognizes that uncontrolled, large-scale deforestation has severe and negative impacts on the global environment, especially climate change.

When we consider providing financing for logging businesses, including management of forest plantations, we conduct an assessment of clients to ensure that developments and managements are conducted in an environmentally and socially responsible manner.

In addition to confirming that illegal logging and deforestation in high conservation value areas are not involved, we request our clients to certify the relevant operations according to internationally recognized certification organizations such as Forest Stewardship Council ("FSC") and Programme for the Endorsement of Forest Certification Schemes ("PEFC"), when providing finance to the subject business activities mentioned above, in countries other than High Income OECD countries. We will request our clients to submit action plans to achieve certification when relevant operations are not certified.

F) Palm Oil Sector

Palm oil is used to make products which are essential for everyday life, such as cooking oils, detergents, paints, etc. Increases in palm oil consumption have facilitated economic growth in many countries. On the other hand, development of palm oil plantations may entail deforestation of natural forests and slash-and-

burn agriculture in peatlands, etc. which could lead to impacts on biodiversity and climate change as well as conflicts with local communities. As a result, MUFG recognizes that the palm oil plantation business can have severe and negative impacts on the global environment if not managed responsibly.

When we consider providing financing for business activities developing and managing palm oil plantations, we conduct an assessment of clients to ensure that developments and managements are conducted in an environmentally and socially responsible manner.

We encourage clients to become members of the Roundtable on Sustainable Palm Oil (“RSPO”) and request them to have relevant operations certified by RSPO as well as to publicly commit to No Deforestation, No Peat and No Exploitation (“NDPE”), when providing financing to the subject business activities mentioned above. When relevant operations are not certified by RSPO or clients have not made their commitment to NDPE public, we will request clients to submit action plans to satisfy the conditions.

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 “Prohibited Transactions” or “Transactions of High Caution” is made based on available public information and information provided by the client.

(2) Enhanced Due Diligence

Transactions categorized as “Transactions of High Caution” are subject to enhanced due diligence in addition to standard due diligence, if necessary. 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.

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About MUFG

Mitsubishi UFJ Financial Group, Inc. (MUFG) is one of the world's leading financial groups. Headquartered in Tokyo and with over 360 years of history, MUFG has a global network with approximately 2,500 locations in more than 50 countries. The Group has about 170,000 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.mufg.jp/english>.