

Publication of the MUFG Progress Report 2023

Tokyo, April 3, 2023 --- MUFG today announced that it has released the MUFG Progress Report 2023, which summarizes the progress of initiatives related to the MUFG Carbon Neutrality Declaration^[1] announced in May 2021.

Since April 2021, MUFG has been promoting our Medium-term Business Plan, continuously strengthening our commitment to contributing to the resolution of environmental and social issues by defining our corporate purpose as being "Committed to empowering a brighter future." In addressing climate change measures and environmental protection, we took a new step forward with the publication of the MUFG Carbon Neutral Declaration in May 2021. In line with the Declaration, MUFG is launching various initiatives to achieve net zero greenhouse gas (GHG) emissions^[2] from our financed portfolio by 2050 and net zero GHG emissions in our own operations through a concerted Group effort.

In April 2022, we first published the MUFG Progress Report to inform a wide range of stakeholders about MUFG's initiatives. Since then, the environment surrounding decarbonization has been undergoing tumultuous change, with the global energy crisis intensifying and domestic discussions on clean energy strategy and the implementation of GX (green transformation) progressing. These circumstances have not slowed MUFG, and, continuing from last year, we have summarized our progress in this year's MUFG Progress Report 2023. By providing a broader audience with a deeper understanding of MUFG's decarbonization efforts, we hope to work together to achieve a sustainable environment and society.

MUFG plans to publish our Transition Plan for decarbonization by the end of fiscal year 2023.

Information about the MUFG Progress Report 2023 is available here:

https://www.mufig.jp/dam/csr/report/progress/202304_en.pdf

[1] MUFG Carbon Neutrality Declaration

https://www.mufig.jp/dam/pressrelease/2021/pdf/news-20210517-003_en.pdf

[2] GHG emissions accounting and reporting standards are developed by the GHG Protocol Initiative, an international organization; scope 3 in the GHG Protocol.

Key Points of the Report

1. Net Zero GHG Emissions from our Financed Portfolio

- ① Disclose emissions intensity/absolute emissions results for the Power and Oil & Gas sectors through fiscal year 2021.
Reductions in both sectors from 2019 baseline.
- ② Set interim 2030 targets for Real Estate (commercial and residential), Steel and Shipping sectors.
Real Estate (commercial): Reduce emissions intensity from 65 kgCO₂e/m² (2020 level) to 44 – 47 kgCO₂e/m².
Real estate (residential): Reduce emissions intensity from 27 kgCO₂e/m² (2020 level) to 23 kgCO₂e/m².
Steel: Reduce absolute emissions by 22% from 22 MtCO₂e (2019 level).
Shipping: Align with PCA^[3] score from + 0.6% (2021 level) to 0% or less.

[3] A measure of consistency that indicates the difference from the required level across the portfolio. Calculates the climate change consistency (VCA) of individual vessels providing financing as a weighted average of the percentages in the loan portfolio.

2. Decarbonization through Financial Services

- ① Led the Net-Zero Banking Alliance^[4] and the Asia Transition Finance Study Group^[5] in developing transition finance guidelines. Published "MUFG Transition White Paper 1.0" on Japan's regional characteristics/path to decarbonization, and made policy recommendations in collaboration with industry and government agencies. While strengthening our ability to provide solutions that support customers' decarbonization in line with government policies and strategies, we will also provide feedback to industry and government agencies on emerging needs and challenges in pursuit of decarbonization and make responsible drive toward decarbonization.
- ② Planning to publish the MUFG Transition White Paper 2.0 (Positive Technology List) prior to COP28. Listing technology and supply chains that will be important in promoting carbon neutrality in Japan's electricity and heat sources and summarizing the progress of Japan's carbon neutral measures since last fiscal year, it will lead to measures to increase investment predictability in Japan's initiatives.
- ③ Understand the status of customer initiatives through engagement and provide support for decarbonization according to the status of customer initiatives from strategic analysis and planning to financial support and monitoring.

[4] Bank Initiatives Committing to Net Zero GHG Emissions in Investment and Loan Portfolios through 2050
<https://www.unepfi.org/net-zero-banking>

[5] Based on the Asia Energy Transition Initiative (AETI) proposed at the Special Meeting of ASEAN Energy Ministers in June 2021, this initiative was launched in October 2021 with the objective of "presenting and disseminating the concept of transition finance in Asia."

3. Net Zero GHG Emissions by MUFG

- ① Completely shifted to 100% renewable energy for electricity procured by all domestic consolidated subsidiaries.
- ② To achieve Net Zero Emissions by 2030, the Group has set interim targets to reduce domestic GHG emissions by two-thirds from FY2020 levels by FY2025 and to reduce Group global GHG emissions by 50% from FY2020 levels by FY2026. Going forward, we embark on measures to reduce environmental impact, such as encouraging switching to renewable energy, converting company vehicles to EVs, and strengthening measures to reduce our environmental impact in Japan and overseas.
- ③ Aim to obtain third-party limited assurance for our emissions in FY2022 on a Group and global basis.

4. Decarbonization Initiatives as an Asset Manager

- ① Set the interim 2030 target in October 2022 to reduce GHG emissions per unit of economic intensity by 50% from the 2019 baseline for 55% of assets under management.
- ② In order to achieve our interim targets, in addition to enacting a sustainable investment policy and strengthening our structure, we will work to flesh out our stewardship strategy and develop products that contribute to net zero.

5. Other Initiatives

- ① Carbon credit initiatives (investment in forest fund, collaboration with French power company ENGIE SA).
- ② Initiatives for sustainable finance and to reduce Group emissions at Krungsri and Bank Danamon.
- ③ Measurement of FE by Sector in TCFD Recommendations for Disclosure.

[6] Established by the Financial Stability Board (FSB) in 2015 to develop consistent disclosure methods for climate-related financial risks.

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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 2,100 locations in more than 50 countries. The Group has about 160,000 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 clients, 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>.