Mitsubishi UFJ Financial Group, Inc.

Publication of the MUFG Climate Report 2024 and the MUFG TNFD Report 2024, and Other Sustainability-related Initiatives

Tokyo, April 1, 2024 – Mitsubishi UFJ Financial Group, Inc. (MUFG) today announced that in addition to the establishment of its new Medium-term Business Plan ("MTBP") for the three-year period from FY2024, it has also revised the issues that the Group will prioritize in sustainability management ("Priority Issues"). In the new MTBP, MUFG seeks to integrate efforts aimed at solving environmental and social issues into its management strategy and position such efforts as one of the three pillars of the MTBP, as well as strengthen them going forward. (For more information on MUFG's new MTBP, please refer to today's press release: "MUFG Announces New Medium-term Business Plan")

MUFG has also published the MUFG Climate Report 2024, which discloses MUFG's efforts to realize a carbon neutral society, and the MUFG TNFD Report, which showcases MUFG's corporate philosophy and efforts on natural capital and biodiversity. In addition, MUFG has revised its sustainable finance targets and the contents of several of its frameworks (namely, the MUFG Environmental Policy Statement, the MUFG Human Rights Policy Statement, and the MUFG Environmental and Social Policy Framework, and policies related to human capital management), as well as newly establishing a Sustainability Risk Office.

1. Publication of the MUFG Climate Report 2024 (English version will be posted at a later date)

MUFG Climate Report 2024: <u>https://www.mufg.jp/dam/csr/report/progress/climate2024_ja.pdf</u> MUFG Climate Report 2024 (summary): <u>https://www.mufg.jp/dam/csr/report/progress/climate2024_summary_ja.pdf</u>

(1) Background to the Report

In May 2021, MUFG published its Carbon Neutrality Declaration, making a commitment to achieve net zero greenhouse gas (GHG) emissions across its finance portfolio by 2050 and in its own operations by 2030. Since then, MUFG has strived to reduce emissions from its own operations, supported customers in their decarbonization efforts, and set 2030 interim targets for specific sectors based on the NZBA^[1] guidelines, as well as creating frameworks for risk management and governance.

This year, with the publication of the new MUFG Climate Report 2024, we aim to share with our stakeholders the progress and results of MUFG's wide-ranging decarbonization efforts along with the underlying thought processes behind them, in addition to the details of the transition plan based on the GFANZ^[2] guidance.

(2) Key Points of the MUFG Climate Report 2024

① Reduction of GHG emissions from MUFG's own operations

a. Roadmap for achieving net zero emissions in FY2030 and initiatives aimed at achieving the FY2026 interim targets.

b. Efforts aimed at reducing environmental impact related to the following four areas: mobility, office branches and buildings, energy, and resources.

② Engagement and financial support

a. Promotion of customer engagement in line with the approach for providing support for decarbonization.

b. Developing the transition finance framework, promoting support for energy transition through the MUFG Transition Whitepapers and the MUFG Asia Transition Whitepaper, and making policy recommendations.

③ Reduction of GHG emissions from investment and loan portfolio

a. Setting interim targets for 2030 for the automobile, aviation, and coal sectors, and achieving commitments based on the NZBA guidelines.

b. Enhancing effectiveness of management frameworks (transition evaluation framework, project decision-making processes, escalation processes, FE^[3] monitoring, transition plan monitoring, etc.)

④ Risk management and governance

a. Establishment of a framework for appropriately managing climate changerelated risks through the Risk Appetite Framework and executive-level risk management.

b. Establishment of a governance framework with supervision by the Board of Directors to make appropriate decisions through various meetings that aims to realize carbon neutrality.

2. Publication of the MUFG TNFD Report (English version will be posted at a later date)

https://www.mufg.jp/dam/csr/report/tnfd/2024_ja.pdf

(1) Background of the Report

The Kunming-Montreal Global Biodiversity Framework adopted in 2022 sets out a global vision of a world living in harmony with nature by 2050. Moreover, with the Task Force on Nature-Related Financial Disclosures (TNFD) having published their final recommendations in September 2023, efforts related to natural capital and biodiversity are expected to further accelerate. In light of this, it was decided to publish the MUFG TNFD Report, which shows MUFG's corporate philosophy and efforts to address natural capital and biodiversity in line with the TNFD's disclosure framework.

(2) Signing of a Memorandum of Understanding (MOU) with Fujitsu Limited aimed at realizing nature positivity

MUFG has signed a memorandum of understanding (MOU) with Fujitsu Limited that aims to realize nature positivity. Together with Fujitsu, which has technological

capabilities in areas such as AI and blockchain, as well as expertise in digital transformation (DX), we will proceed with various initiatives by collaborating with clients across a wide range of sectors, and through the planning and commencement of solution-based pilot projects and trial runs.

3. Other sustainability initiatives

(1) Raising the sustainable finance target

In light of the strong progress that the Group has made to date along with the growing demand for funds, we have raised our target value for sustainable finance executed (total for 2019-2030) from 35 trillion yen to 100 trillion yen. Going forward, we will continue to expand the supply of funds for resolving environmental and social challenges.

(2) Revision of the MUFG Environmental Policy Statement and the MUFG Human Rights Policy Statement

MUFG Environmental Policy Statement and MUFG Human Rights Policy Statement: <u>https://www.mufg.jp/english/csr/policy/index.html</u>

MUFG has established the MUFG Environmental Policy Statement and the MUFG Human Rights Policy Statement as the guiding principles for addressing environmental and social challenges through its business activities. MUFG recently revised these Statements in line with the heightened expectations from various stakeholders that call for the Group to take action to resolve environmental and social challenges that have become increasingly diverse.

① Environmental Policy Statement

(a) Added the need to address climate change, natural capital, circular economy, and respect for human rights in an integrated manner.

(b) Added an initiative to promote appropriate management related to risks posed by climate change.

② Human Rights Policy Statement

(a) Added that we recognize the potential impact of climate change, loss of natural capital, and AI on human rights.

(b) Added our policy on human rights due diligence and an initiative to identify risks related to human rights.

(c) Enhanced descriptions of human rights considerations for each stakeholder.

(3) Revision of the MUFG Environmental and Social Policy Framework MUFG Environmental and Social Policy Framework: https://www.mufg.jp/english/csr/policy/index.html

MUFG recently revised the MUFG Environmental and Social Policy Framework, which seeks to ensure appropriate consideration of environmental and social issues.

① Mining (General)

When considering providing finance for mining businesses in general, we will hereafter assess such businesses' impacts on ecosystems and local communities, and consideration of human rights.

② Biomass power generation

When considering providing new financing for biomass power plants or biomass fuel processing businesses, we will conduct a customer assessment to ensure that development and management of the business are conducted in an environmentally and socially responsible manner, such as giving due consideration to the conflict between using biomass for fuels and using biomass for food, the sustainability of fuels, and the lifecycle of GHG emissions.

The aforementioned revisions will become effective on May 1, 2024. The Framework will continue to be amended as necessary to reflect changes in MUFG's business activities and the business environment.

(4) Establishment and revision of policies related to human capital management MUFG's Approach to Human Capital Management:

https://www.mufg.jp/english/csr/social/hr/01/index.html

MUFG Human Resources Principles and the DEI Statement: <u>https://www.mufg.jp/english/csr/policy/index.html</u>

- MUFG Health Management Declaration (English version will be posted at a later date): <u>https://www.mufg.jp/csr/social/hr/04/index.html</u>
 - Revision of the MUFG Human Resources Principles: In order to incorporate the Approach to Human Capital Management, MUFG recently revised the MUFG Human Resources Principles, which sets forth MUFG's basic approach toward realizing human resources management in line with the MUFG Way.
 - ② Establishment of the DEI Statement: In order to further accelerate the promotion of diversity, equity, and inclusion (DEI) by clearly defining our policy and vision, MUFG has established a DEI Statement.
 - ③ Publication of the MUFG Group's Health Management Declaration: Common to all major consolidated subsidiaries, the Declaration announces MUFG's policy to pursue health and productivity management^[4], with the aim of maintaining and further improving the health of our employees, as well as enhancing their engagement and productivity.

(5) Establishment of the Sustainability Risk Office

The Sustainability Risk Office has been established to manage sustainability-related risks such as climate change risks across the Group. It is a second line-of-defense organization and reports directly to the Group's Chief Risk Officer.

[1] Net-Zero Banking Alliance

- [2] Glasgow Financial Alliance for Net Zero
- [3] Financed Emissions
- [4] *Kenko Keiei* (health and productivity management) is a registered trademark of the nonprofit organization Kenkokeiei.

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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 2,000 locations in more than 40 countries. The Group has about 120,000 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.