

MUFG Climate Report 2025

Summary Version

Mitsubishi UFJ Financial Group



Overview of climate change measures: Timeline

2017	<ul style="list-style-type: none"> ● Support for the TCFD recommendations 	2022	<ul style="list-style-type: none"> ● Publication of the Progress Report 2022 ● Establishment of the interim target for 2030 (power, oil & gas) ● Publication of the Transition Whitepaper 1.0 (2022) ● Establishment of the NZAM 2030 interim target ● Establishment of the MUFG AM Sustainable Investment Policy
2018	<ul style="list-style-type: none"> ● Establishment of the Environmental Policy Statement ● Establishment of the Environmental and Social Policy Framework (updated annually thereafter) 		
2019	<ul style="list-style-type: none"> ● Establishment of sustainable finance targets (20 trillion yen) ● Signing of the Principles for Responsible Banking ● Establishment of the MUFG AM Responsible Investment Policy 	2023	<ul style="list-style-type: none"> ● Publication of the Progress Report 2023 ● Establishment of the interim target for reducing emissions from own operations ● Establishment of the interim target for 2030 (steel, real estate, shipping) ● Publication of the Transition Whitepaper 2.0 (2023) ● Publication of the Asia Transition White Paper 2023
2020	<ul style="list-style-type: none"> ● Creation of the Chief Sustainability Officer position ● Publication of the Sustainability Report 		
2021	<ul style="list-style-type: none"> ● Announcement of the Carbon Neutrality Declaration Net zero GHG emissions from our financed portfolio by 2050 Net zero GHG emissions from our own operations by 2030 ● Joined the NZBA ● Joined the NZAM ● Revision of sustainable finance target (35 trillion yen) 	2024	<ul style="list-style-type: none"> ● Publication of the MUFG Climate Report 2024 ● Establishment of the interim target for 2030 (automotive, aviation, coal) ● Revision of the sustainable finance target (100 trillion yen) ● Publication of Transition Whitepaper 3.0 (2024)
		2025	<ul style="list-style-type: none"> ● Publication of the MUFG Climate Report 2025 ● Addition of facilitated emission to interim target for 2030 (power, oil & gas)

Key progress under the four strategies of the MUFG Transition Plan

1 Reducing emissions from own operations

- Roadmap to net zero emissions by 2030 and measures to achieve the interim target for FY2026
- Introducing wireless power supply technology and AI-based energy saving
- Procuring renewable energy through storage batteries and agrivoltaic grazing systems; Joint pilot demonstration of film type perovskite solar cells
- Collaborating with our clients in the Chubu region

2 Engagement and support

- Progress toward the 2030 sustainable finance target and result of project financing for renewable energy projects
- Publication of the Transition Whitepaper 3.0 and transition support for clients in carbon intensive sectors
- Policy engagement; Promoting blended finance
- Supporting the implementation of new technologies; Delivering a wide range of solutions

3 Managing our financed portfolio

- Managing transition support and monitoring the progress toward the interim targets based on the transition plan
- FY2023 results of financed emission (FE) across the portfolio
- FY2023 results and approaches toward the 2030 sector-specific interim targets
- Incorporating facilitated emission (FaE) into the power and oil & gas sector targets

4 Risk management and governance

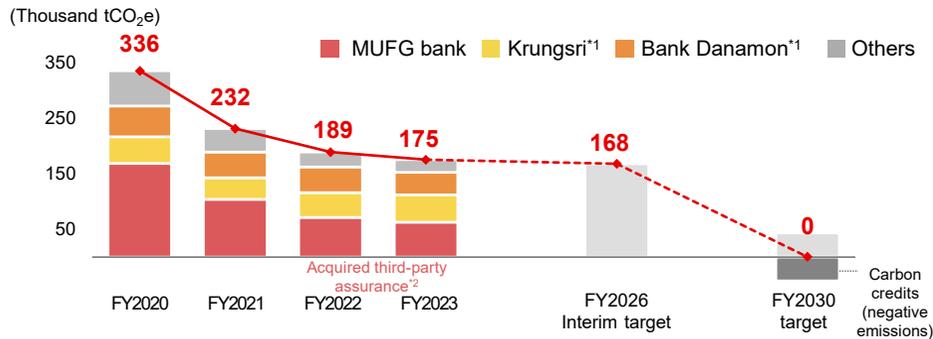
- Managing climate risks at credit portfolio, sector, client, and transaction levels
- Updating scenario analysis and transition assessment
- Governance structure; Initiatives to enhance directors' competencies
- Building and sharing knowledge and strengthening engagement measures to enhance relationship managers' capabilities

1. Reducing emissions from own operations

Interim target and roadmap(Scope 1, 2)

- Steady progress towards the FY2026 interim targets. We will continue to reduce GHG Emissions through energy efficiency and conservation(EE&C), transition to renewable energy, and procurement of non-fossil fuel certificates

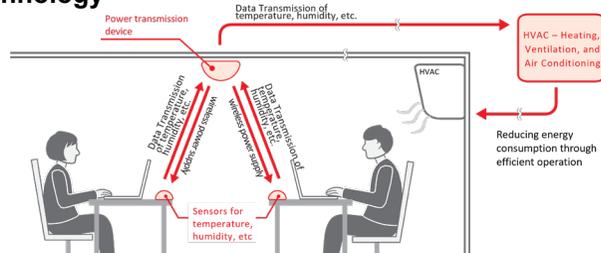
Interim target and roadmap for emissions from own operations



Energy efficiency and conservation (EE&C)

- Optimizing air conditioning efficiency with wireless power supply technology
- Implementation of EE&C chart by AI

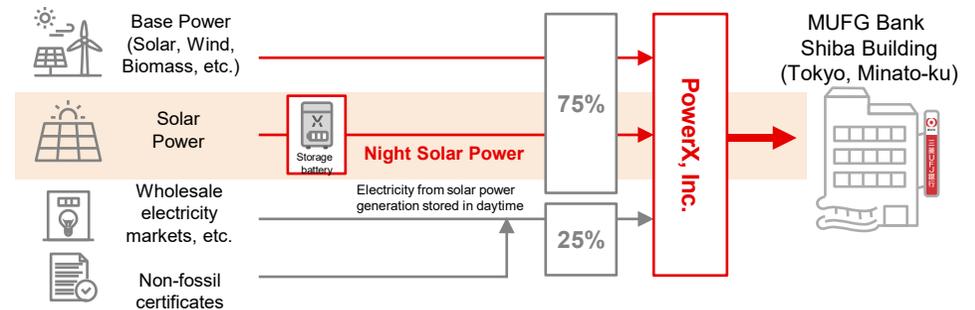
Example: Optimizing air conditioning efficiency using wireless power supply technology



Renewable energy (RE)

- RE procurement by PPA^{*3} with storage battery
- RE procurement from agrivoltaic grazing systems
- Joint pilot demonstration of film type perovskite solar cells

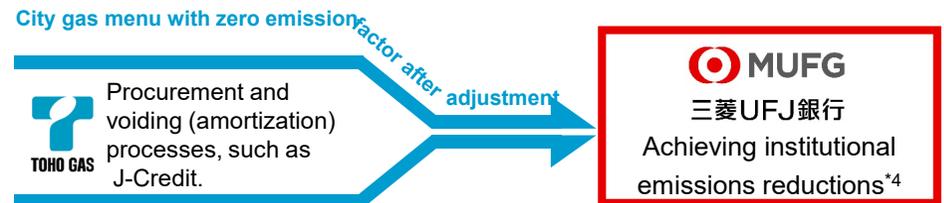
Example: Overview of RE procurement by PPA with storage battery



Our business value chain

- Support through the use of J-Credit
- Recycling of used cooking oil from company cafeterias
- Participation in local government resource recycling initiatives

Example: J-credit for city gas



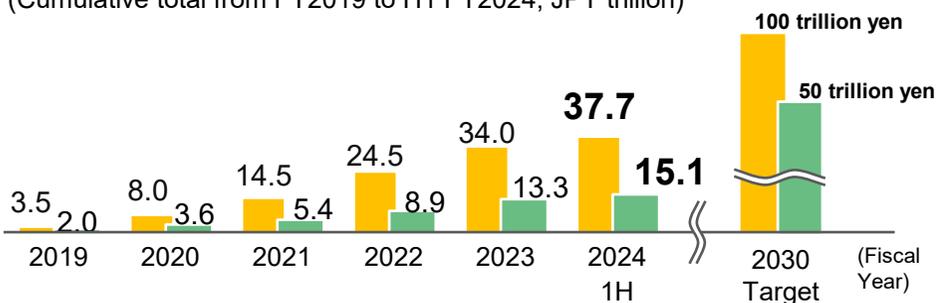
^{*1} Asian partner banks Krungsri (Bank of Ayudhya) and Bank Danamon are MUFG consolidated subsidiaries in Thailand and Indonesia, respectively ^{*2} Assured from an independent third party for actual GHG emissions data ^{*3} Power Purchase Agreement ^{*4} Applicable only to Japan's regulations. Unchanged in disclosure and measurement of itself emissions. By setting the adjusted emission factor in the SHK system to zero, CO₂ emissions can be reported as zero.

2. Engagement and support (1/3)

Sustainable finance

- MUFG aims to provide 100 trillion yen in sustainable finance by FY2030, with 50 trillion yen allocated to the environmental sector. As of the first half of FY2024, we have delivered approximately 15 trillion yen, reaching nearly 30% of the FY2030 target

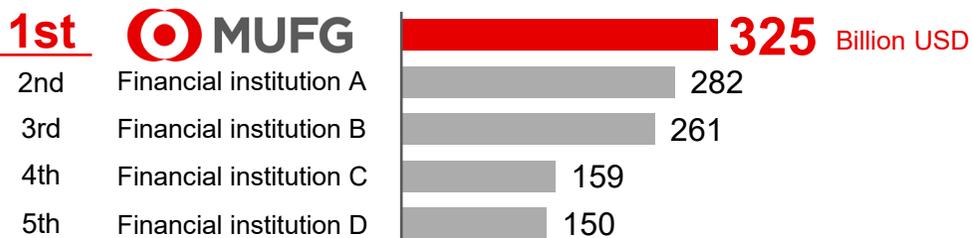
Cumulative amount of MUFG's sustainable finance
(Cumulative total from FY2019 to H1 FY2024, JPY trillion)



Project finance for renewable energy

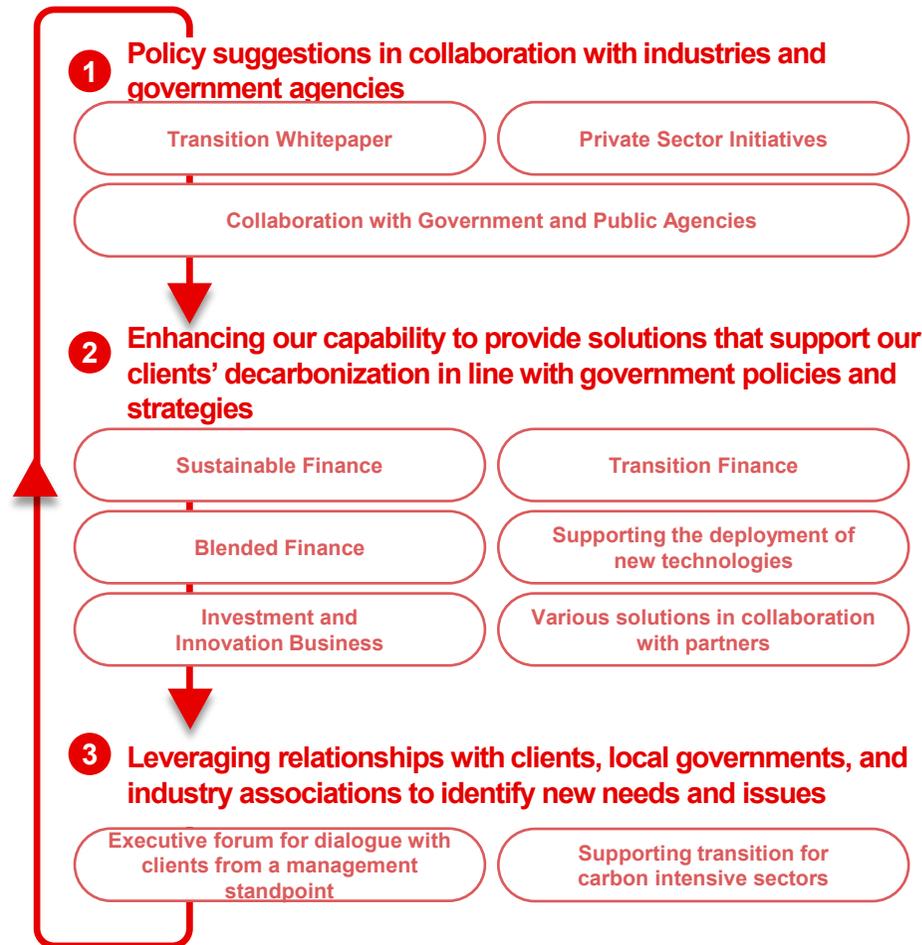
- MUFG is a leading financial institution in the renewable energy sector globally. Over the past 10 years, MUFG has ranked first in the world for project finance for renewable energy as a lead arranger*1

Ranking of Project Finance for Renewable Energy*2
(Cumulative for 10 years from 2015 to 2024, USD billion)



Engagement approach

- MUFG will continue to identify new needs and issues through the solutions we provide while offering suggestions to policymakers in collaboration with industries and government agencies



*1 The main financial institution that takes the lead in organizing each loan *2 Source: MUFG compilation based on BloombergNEF (BNEF) ASSET FINANCE / Lead Arrangers LEAGUE TABLE

2. Engagement and support (2/3)

Transition whitepaper projects

- We published “Whitepaper 3.0” consecutive to “Whitepaper 1.0” (2022) and “Whitepaper 2.0” (2023). In “Whitepaper 3.0”, we addressed approaches to the ‘common challenge’ of the price pass-through barrier



Transition support for clients in carbon intensive sectors

- Leveraging the insights gained from the Transition Whitepaper Project regarding the needs and challenges faced by industries in transition, as well as government support, we assist clients in high-emission sectors in developing their GX strategies by comprehending their specific needs and challenges during the transition process.

Example: Transition support for clients in carbon intensive sectors

-  Working alongside company A in the power sector as a financial advisor (FA) for its facility renovation
-  Supporting company B in the cement sector in considering its GX growth strategy by leveraging MUFG Group’s capabilities

Transition finance initiatives

- MUFG will continue to assist clients' transition strategies, including those in the power and oil & gas sectors, through transition finance

Example: Transition finance projects

- | | | |
|----------------------------|---|---|
| Power |  | Originated a transition loan for company C to support investments in expanding renewable energy, enhancing transmission capacity, and utilizing battery storage |
| Oil & Gas |  | Underwrote a transition bond issued by company D, a city gas client, to funding projects focused on synthetic methane and hydrogen production |
| Shipping |  | Originated a syndicated transition loan for company E to finance investments in fuel conversion for vessels (e.g. LNG fueled vessels, LPG fueled vessels) |
| Metals & Mining |  | Underwrote a transition bond issued by company F, a steel client, to support investments in energy saving and high efficiency equipment and renewable energy |

2. Engagement and support (3/3)

Policy engagement

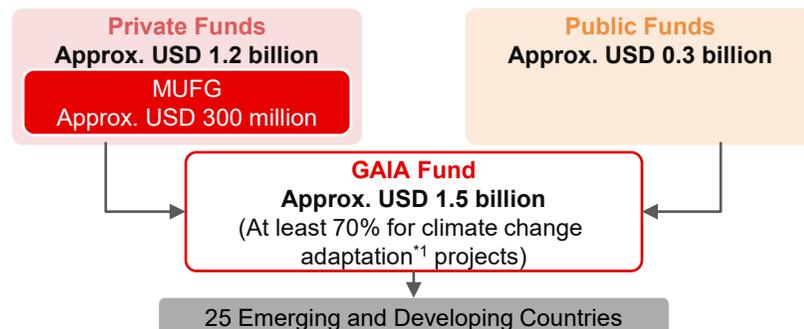
- As a leading financial institution representing Asia and Japan, MUFG actively engages in various private sector initiatives and committees and initiatives with governments and public agencies

Example: Private initiatives MUFG participated in and collaboration with Government/Public Agencies

Private initiatives	Glasgow Financial Alliance for Net Zero (GFANZ)
	Institute of International Finance (IIF)
	Asia Transition Finance Study Group (ATFSG)
Government & Public agencies	World Bank Private Sector Investment Lab
	Asia Zero Emission Community (AZEC)
	Asia GX Consortium
	FAST-P (Financing Asia's Transition Partnership)

Blended finance through public-private partnerships

- MUFG founded GAIA fund, which offers long term loans, through blended finance structure to countries that are particularly severely affected by climate change. MUFG will act as the Originating Bank to originate the loans provided from GAIA Fund in addition to providing investment



Expansion of solutions

- MUFG, in collaboration with partner companies from various industries, has expanded its solution offering and delivers solutions tailored to each clients' specific needs.

Consulting Services

- Offering consulting services to support sustainability management through the "GX Promotion Advisory Task Force (GXPAT)", a joint initiative with Tokio Marine & Nichido Fire Insurance Co., Ltd.

Supply chain initiatives

- Supporting to visualize and reduce supply chain emissions through investment and collaboration with Zeroboard Inc.
- Structuring supply chain based sustainability-linked loans, with the calculation of emissions by suppliers as SPT^{*2}

Investment and implementation support

- Investing in a leading technology provider of SAF
- Investing in a hydrogen fund
- Supporting hydrogen business as a Financial Advisor (FA)
- Investing in a climate tech^{*3} fund
- Participating in Singapore's data platform development project
- Investing in forest funds
- Establishing and investing in a renewable energy fund management company

Visualizing GHG emissions using satellites

- Observation of emission reduction when replacing ship fuel with ammonia^{*4}
- GHG emission monitoring of LNG plants and pipelines^{*5}

*1 Measures to avoid or reduce damage caused by the current and expected impacts of climate change. Measures to reduce GHG emissions that cause climate change are called "climate change mitigation"

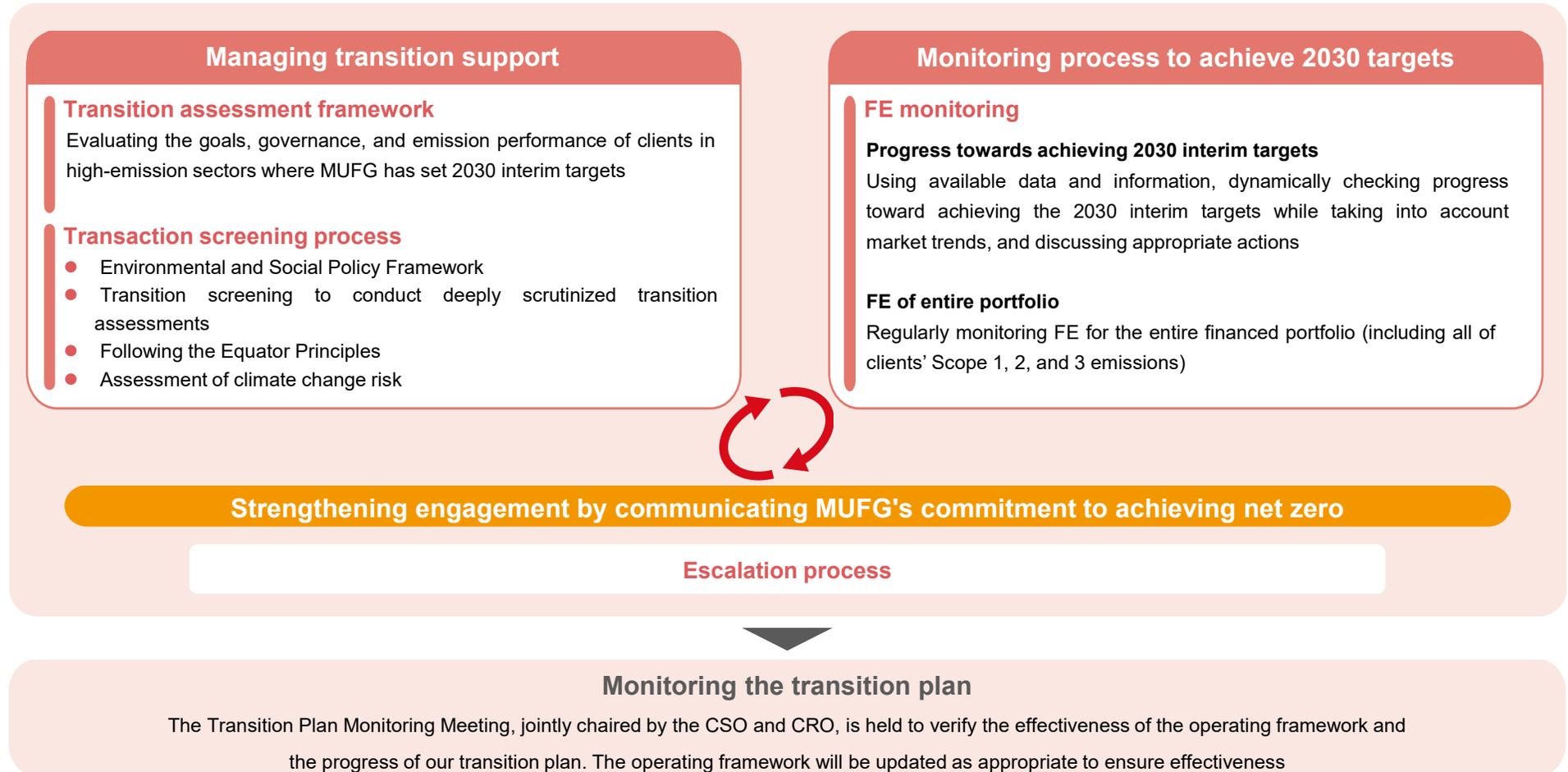
*2 Sustainability Performance Targets. Specific numerical targets declared by issuers of sustainability-linked loans or borrowers of sustainability-linked loans *3 A general term for technologies addressing climate change issues *4 Collaborative demonstration with Nippon Yusen Kabushiki Kaisha, Nagoya Electric Works Co., Ltd., Shimizu Corporation, ArkEdge Space Inc., Sunflame Co., Ltd., Space One Co., Ltd., and MUFG

*5 Collaborative demonstration by Mitsubishi Electric Corporation, Satellite Data Service Planning Co., Ltd. (SDS), GHGSat Inc., and MUFG. Cooperation from the Ministry of the Environment, National Institute for Environmental Studies, and Japan Aerospace Exploration Agency (JAXA)

3. Managing our financed portfolio (1/2)

Operating framework for effective management

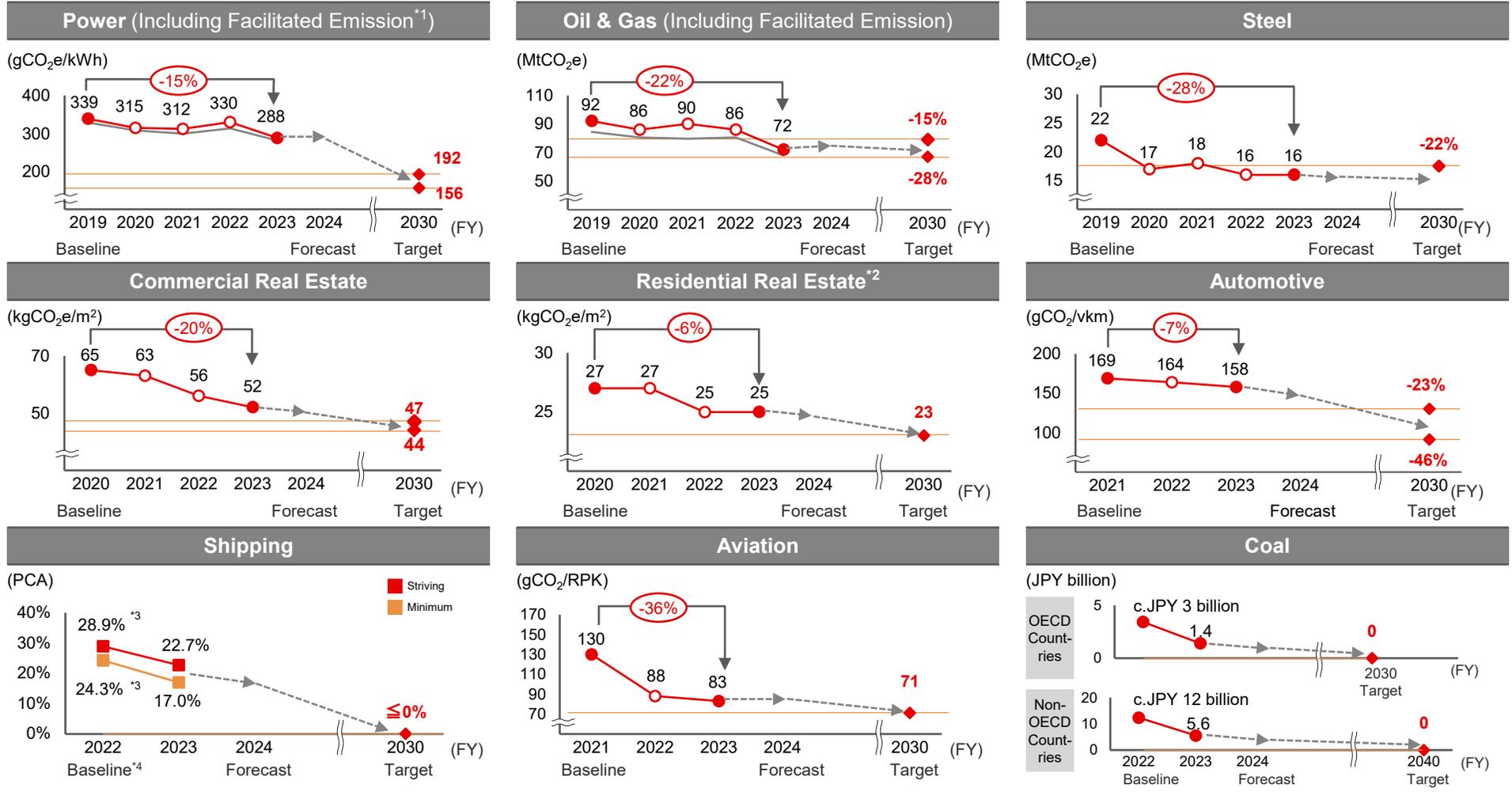
- MUFG has implemented a transition assessment framework, which evaluates our clients' transition status, and a transaction screening process in order to provide managed transition support.



3. Managing our financed portfolio (2/2)

Progress of sector-specific interim targets

○ FE·FaE performance
 — Reference value: FE only performance(Disclosure indicator until last year)



*1 Starting this fiscal year, facilitated emission from underwriting are included in the interim targets and outcomes for the power, and oil & gas sectors. *2 Provisional value derived from adjusted preliminary statistical data *3 Due to the revision of the PCA calculation formula of the Poseidon Principles, the PCA Minimum for FY2022 was revised from 26.2% to 24.3%, and the PCA Striving was revised from 30.9% to 28.9% *4 Due to the revision of the PCA methodology in 2023, our baseline was changed from FY2021, the year we established our shipping sector target, to FY2022

4. Risk management and governance

Achievements related to risk management and governance

Risk management



- MUFG has conducted scenario analysis to identify risks across its entire credit portfolio. In fiscal year 2024, MUFG broadened the scope to include all sectors and added “temperature rise” to the physical risk assessment
- MUFG assesses the transition status of clients, looking at areas such as 1.5°C alignment with interim targets, transition plans, climate-related governance structure, and past emission reduction records
- When considering individual transactions, MUFG applies the Environmental and Social Policy Framework

Governance



- Sustainability initiatives are regularly reported to and discussed with the Board of Directors. Additionally, measures to enhance the competencies of the directors, such as regular study sessions and discussions with external experts, are implemented.
- MUFG has established a “ESG Assessment” system, which integrates sustainability-related factors into medium- to long-term performance-based stock compensations. In addition, the qualitative evaluation of individual execution of duties for bonuses for the CEO and relevant officers incorporates “contribution to solution of social and environmental issues” as a target.

Capability building



- Knowledge development and sharing for staff managing large corporate clients
- Strengthening engagement capabilities of staff managing SMEs
- Education and awareness-raising for all employees

GX information liaison meetings : **17 times**

Study sessions for leaders: **6 times**

Study sessions for sales offices: **19 times**

Seminar participants: **approx. 630 employees**

Qualification holders: **over 2,100 employees**

Next steps

1

Reducing emissions from own operations

- Promote GHG emissions reduction initiatives domestically and internationally to achieve the FY2026 interim targets
- Contribute to reduction of environmental impact by advancing the procurement of renewable energy with additionality
- Realize and promote various business co-creations through partnerships with clients

2

Engagement and support

- Further promote renewable energy-related businesses and transition support
- Pursue effective engagement and promote blended finance through activities such as transition whitepapers and policy proposals
- Strengthen communication to promote transition in Japan and Asia
- Implement integrated initiatives for natural capital, circular economy, and human rights

3

Managing our financed portfolio

- Enhance the framework for the evaluation and management of the progress through transition plan monitoring
- Improve portfolio emissions forecast based on real economy trends, including policy, sector, and technology.
- Periodically review sector-specific interim targets based on the latest energy supply and demand trends, as well as updated NDCs and national policies

4

Risk management and governance

- Regularly review the climate change risk management framework
- Respond to sustainability information disclosure regulations and strengthen internal controls
- Enhance climate change-related data management
- Continue to strengthen capabilities to improve engagement

Disclaimer

This report (the "Subject") is intended to comply with the general principles related to the environment, nature, biodiversity or corporate responsibility. However, please be aware that environmental, social and governance (ESG) standards, laws, regulatory requirements and practice may vary significantly across different jurisdictions. As such, depending on your country of residence or incorporation, there may be specific local requirements or standards that the Subject does not fully address. We encourage you to consider your local requirements and your own ESG criteria and objectives when selecting our products and services.

It should be noted that no universally accepted global framework (legal, regulatory, or otherwise) currently exists, nor is there a market consensus in terms of what constitutes a "green", "sustainable", "responsible", "traditional", or equivalent "ESG" investment, communication, product, or offering. Furthermore, no assurance can be given that such a universally accepted framework or consensus will develop over time. Although there have been regulatory efforts in certain jurisdictions and regions (in particular, in the European Economic Area) to define such concepts, the legal and regulatory framework is still under development.

Additionally, the lack of common or harmonized definitions and labels currently regarding what is considered "green", "ESG", "sustainable", "responsible", and other similar criteria, or clear guidelines on what these monikers mean may result in different approaches being taken by different institutions.

Alongside its sustainable financing activities, MUFG and its affiliates invest in and finance projects associated with a wide range of industries, businesses and jurisdictions including in, but not limited to, high-emitting and hard to abate sectors such as the energy sector. MUFG commits to achieve net zero emissions in its finance portfolio by 2050 and its own operations by 2030. MUFG's Carbon Neutrality Declaration can be found [here](#).

Accordingly, no assurance, warranty or representation can be given by MUFG that any of their investments, products, communications, services or offerings will meet any or all expectations regarding "green", "ESG", "sustainable", "responsible", or other equivalently labelled objectives or that no adverse environmental, social, and/or other impacts will occur.