MUFG Climate Change Initiatives and Views on the Shareholder Proposals

May 23, 2025

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I. MUFG Climate Change Initiatives

1. Overview of Climate Change Measures: Positioning in the Medium-term Business Plan

– **Driving Social & Environmental Progress is one of the three pillars of our MTBP since FY2024, and the achievement of carbon neutral society is one of the most important issues to be prioritized.**

MUFG Way

Purpose	"Committed to empowering a brighter future."
Values	Integrity and Responsibility Professionalism and Teamwork Challenge and Agility
Vision	Be the world's most trusted financial group

MTBP

Fundamental Direction

–Three years to pursue and produce growth–

To serve our commitment to empowering a brighter future, we aim to fulfill our unique potential to "bridge" the divided world, producing economic and social value.

Three pillars of the MTBP

- Expand & Refine Growth Strategies
- Drive Social & Environmental Progress
- Accelerate Transformation & Innovation

Priority Issues

MUFG has set priority issues under the sustainability management to achieve a sustainable environment and society.

Sustainable Society	Achievement of carbon neutral society
	Natural capital and biodiversity restoration
	Promotion of circular economy
Vibrant Society	Industry development and innovation support
	Response to aging population & low birthrate
	Increasing access to financial services
	Management focusing on human capital
Resilient Society	Respect for human rights
	Ensuring secure and safe services
	Demonstration of robust corporate governance

(Source) MUFG Climate Report 2025 (P.8)

1. Overview of Climate Change Measures: Timeline

- **Since announcing the MUFG Carbon Neutrality Declaration in May 2021, decarbonizing efforts have progressed significantly over the past 4 years.**
- **Progress on our Transition Plan is disclosed in our Climate Report 2025 (April 2025).**

2017	• Support for the TCFD recommendations
2018	• Establishment of the Environmental Policy Statement • Establishment of the Environmental and Social Policy Framework (updated annually thereafter)
2019	• Establishment of sustainable finance targets (20 trillion yen) • Signing of the Principles for Responsible Banking • Establishment of the MUFG AM Responsible Investment Policy
2020	• Creation of the Chief Sustainability Officer position • Publication of the Sustainability Report
2021	• 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)
2022	• 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
2023	• 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
2024	• 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	• Publication of the MUFG Climate Report 2025 • Addition of facilitated emission to interim target for 2030 (power, oil & gas)

(Source) MUFG Climate Report 2025 (P.9)

1. Overview of Climate Change Measures: Three unwavering commitments

– **MUFG continues to take action based on three unwavering commitments: (1) to help achieve the 1.5°C target, (2) to support a smooth transition to a decarbonized society, and (3) to create a sustainable society by fostering a virtuous cycle between the environment and the economy.**

MUFG's three unwavering climate change commitments

1 Helping achieve the 1.5°C target of the Paris Agreement by achieving carbon neutrality by 2050

2 Supporting a smooth transition to a decarbonized society through our financial services

3 Proactively contributing to creating a sustainable society by fostering a virtuous cycle between the environment and the economy

(Source) MUFG Climate Report 2025 (P.10)

2. Engagement Approach

– **MUFG will continue to identify new needs and issues through the solutions we provide while making suggestions to policymakers in collaboration with industries and government agencies, in addition to the dialogues with clients.**

Engagement Approach

① Policy suggestions in collaboration with industries and government agencies

Contribute to the development of an enabling environment for transition finance by collaborating with government agencies and industries through policy engagement.

- Transition Whitepaper
- Private Sector Initiatives
- Collaboration with Government and Public Agencies

② Enhancing our capability to provide solutions that support our clients' decarbonization in line with government policies and strategies

Strengthen our capability to provide solutions tailored to each market stage by leveraging the collective strengths of the MUFG Group and collaborating with external partners

- Sustainable Finance
- Transition Finance
- Blended Finance
- Supporting the deployment of new technologies
- Investment and Innovation Business
- Various solutions in collaboration with partners

③ Leveraging relationships with clients, local governments, and industry associations to identify new needs and issues

Provide feedback to industries and government agencies on new needs and issues identified through decarbonization support and link to policy suggestions

- Executive Forum for dialogue with clients from a management standpoint
- Supporting transition for carbon intensive sectors

Specific Engagement Activities

Phase 1
Confirm our position
Explore how MUFG can support clients' current activities to achieve net zero

Phase 2
Analyze client strategies
Organize client strategies and operational issues, along with financing opportunities.

Phase 3
Support in developing financing plans
Identify financing requirements in line with clients' decarbonization plans

Phase 4
Provide financing
Agree pricing and solution designs with clients and execute financing contracts

Phase 5
Measure effectiveness and check progress
Measure effectiveness through progress checks. Support the transition to a decarbonized business model

(Source) MUFG Climate Report 2025 (P.23)

3. Operating Framework for Effective Management

– **In order to achieve carbon neutrality, we are operating around our "operating framework for effective management" which we have implemented in FY2023 in order to manage transition support and monitor the progress to achieve our 2030 interim targets.**

Operating Framework for Effective Management

Managing transition support

Transition assessment framework
Evaluating the goals, governance, and emission performance of clients in high-emission sectors where MUFG has set 2030 interim targets

Transaction screening process
- Environmental and Social Policy Framework
- Transition screening to conduct deeply scrutinized transition assessments
- Following the Equator Principles
- Assessment of climate change risk

Monitoring process to achieve 2030 targets

FE monitoring

Progress towards achieving 2030 interim targets
Using available data and information, dynamically checking progress toward achieving the 2030 interim targets while taking into account market trends, and discussing appropriate actions

FE of entire portfolio
Regularly monitoring FE for the entire financed portfolio (including all of clients' Scope 1, 2, and 3 emissions)

Strengthening engagement by communicating MUFG's commitment to net zero

Escalation process

Monitoring the Transition Plan

The Transition Plan Monitoring Meeting, jointly chaired by the CSO and CRO, is held to verify the effectiveness of the operating framework and the progress of our transition plan. The operating framework will be updated as appropriate to ensure effectiveness

(Source) MUFG Climate Report 2025 (P.49)

4. Climate Change Risk Management Framework

- **MUFG acknowledges that transition risks and physical risks arising from climate change can become risk drivers that could impact major risk categories in the medium to long term via each transmission channel.**
- **MUFG manages these risks at credit portfolio, sector, client, and transaction levels.**

Positioning of Climate Change Risk

Transition risks and physical risks arising from climate change can become risk drivers that could impact risks such as credit and reputational risks through influences on economy.

Risk drivers

- **Transition risk**
  - Policy change
  - Techno-logical innovation
  - Behavior change of consumers
  - Behavior change of investors, stakeholders, etc.
- **Physical risk**
  - Acute risk (Flood, storm, forest fire, etc.)
  - Chronic risk (Sea level rise, temperature rise, etc.)

Transmission channels

- **Macroeconomic**
  - Carbon tax increase
  - Energy price fluctuation
  - Labor productivity decline
  - GDP growth slowdown
- **Microeconomic**
  - Direct impact on assets
  - Supply chain disruption
  - Competi-tiveness decline
  - Funding risk increase

Impacts

- **Credit risk**
  - Deterioration of clients' financials, decline of debt servicing ability
  - Collateral value impairment
  - **→Credit cost increase**

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- **Market risk**
- **Liquidity risk**
- **Operational risk**
- **Reputational risk**

Climate Change Risk Management Framework

Considering the nature of climate change risks, MUFG manages risks at credit portfolio, sector, client, and transaction levels.

Credit Portfolio	Scenario analysis	Estimate the impact on credit cost under certain scenarios.
Sectors	Sector heatmap	Identify sectors with high transition or physical risks.
Clients	Transition assessment framework	Evaluate the transition status of clients in carbon intensive sectors.
Transactions	Environmental and Social Policy Framework	Evaluate environmental and social commitment of the client. Transaction screening process

(Source) MUFG Climate Report 2025 (P.61)

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5. Governance System for Climate Change Measures

- Sustainability related issues including climate change are discussed at fora under the Executive Committee, particularly the Sustainability Committee.
- Initiatives are reported to/discussed at supervisory bodies, including the Board of Directors and the Audit Committee

Board of Directors
Chair: Chairman
- Discuss matters deliberated and reported at meetings of the Sustainability Committee

Audit Committee
Chair: Outside director
- Monitor, supervise and make recommendations towards sustainability responses
- Monitor the status of the organizational sustainability information disclosure

Compensation Committee
Chair: Outside director
- Revise executive compensation system (incorporation of sustainability-related items into performance evolution items)

Nominating and Governance Committee
Chair: Outside director
- Set sustainability experience as a key criterion and select board members accordingly

Risk Committee
Chair: Outside director
- Make recommendations on resolutions and reporting items to the Board of Directors
- Make recommendations on the climate change-related risk management system

Executive Committee
Chair: Group CEO
- Discuss matters deliberated and reported at meetings of the Sustainability Committee

Sustainability Committee
Chair: Group CSuO
- Monitor progress of Transition Plan
- Deliberate policies for climate change-related initiative and disclosure
- Revise Policy Framework

Credit and Investment Management Committee
Chair: Group CEO
- Deliberate the direction of climate change-related risk management system and long-term issues

Risk Management Committee
Chair: Group CEO
- Monitor the status of climate change-related risks using integrated risk management methods, including the Top Risk Management

Credit Committee
Chair: Group CRO
- Monitor the status and direction of the climate change-related risk management system
- Deliberate the direction of the climate-related credit policy

Sustainability Review Meeting
Once a year
- Monitor progress on the 10 Priority Issues
- Monitor progress toward the sustainable finance goal
- Review statutory sustainability disclosure
- Monitor responses on natural capital, human rights and other sustainability issues

Carbon Neutrality Project Team Steering Committee
Twice a year
- Monitor progress of the transition plan
- Set sector-specific targets monitor the progress towards them
- Monitor the progress of sustainable business
- Monitor the progress of the working groups

Transition Plan Monitoring Meeting
5 times a year
- Monitor progress of the transition plan
- Monitor the performance of FE for the entire credit and investment portfolio
- Develop and manage progress of the transition plan
- Develop and manage the operating framework for effective management

Sustainability Disclosure Meeting of Related Executives and Division Heads
4 times a year
- Monitor progress on the statutory disclosures
- Develop the content of sustainability disclosure and the internal control system
- Identify material issues

Supervision | Execution | Other Meetings and Review Sessions | Main Deliberation and Reporting Items

(Source) MUFG Climate Report 2025 (P.69)

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6. Key progress in FY2024

– **In FY2024, we focused the "effectiveness" of our transition plan in line with the key strategies by implementing specific initiatives and addressing new challenges. Details can be found in the Climate Report 2025.**

Reducing emissions from own operations	• Our results stands at **175,000 tCO_2e**, which indicates we are on track to achieve our interim target **for FY2026, which is 168,000 tCO_2e**. • We are promoting **energy efficiency measures using new technologies** and **collaborating with our clients to reduce environmental impact.**
Engagement and support	• We have **accumulated c.18 trillion yen in sustainable finance for the environmental attribute**. We are on track to meet our **2030 target of 50 trillion yen**. • Over the past 10 years, **MUFG has ranked No.1 in the world** for the cumulative total of project finance for renewable energy. • In the "Transition White Paper 3.0," **we addressed the global common challenge of "price pass-through barriers."** By leveraging our accumulated expertise and transition finance, we **support our clients' transition strategies**. • We are **promoting blended finance through the GAIA Fund as a public-private partnership**. We are also **expanding other solutions** through consultation services and approaches to our clients' supply chain.
Managing our financed portfolio	• Our latest FE results for the 9 carbon intensive sectors are showing a **moderately declining trend** towards the 2030 interim targets. • For the power and oil & gas sectors, we have **added facilitated emissions in our target scope**.
Risk management and governance	• We have expanded the scope of our scenario analysis to **include all sectors** and **added "temperature rise"** to the analysis of physical risks. • We have **introduced "ESG assessments“ for long-term performance-linked indicators** in equity compensation, and **set "contributions to solution of social and environmental issues, including climate change" as an evaluation criteria** for executive bonuses. • We have also encouraged our employees to acquire sustainability-related qualifications, with **over 2,100 individuals obtaining qualifications in FY2024**.

II. Views on the Shareholder Proposals

1. Opinion of the Board of Directors on the Shareholder Proposals

- The Board of Directors (BoD) objects to the shareholder proposals for the following reasons:

Proposal 1. Disclosure of information related to financial risk audit by Audit Committee assessment

The Audit Committee oversees and monitors the company’s operations based on the Companies Act and Audit Committee Charter. The disclosure of audit activities is provided in the "Audit Report“, and the "Supplementary Information on the Audit Committee’s Audit Report" which includes the detailed status of activities and main questions asked at the Audit Committee meetings.

Proposal 2. Disclosure of information related to assessment of clients’ climate change transition plans

In our Transition Assessment Framework, we assess the transition status of our clients, which methods and results have been disclosed. While we do not restrict any funding or evaluate financial risks solely based on whether the client has a “credible transition plan“ or not, we do have an escalation process and a climate change risk management framework in operation (disclosed in the Climate Report 2025).

Regarding the addition of Proposal 1 and 2 in the Articles of Incorporation

In Japan, the Articles of Incorporation stipulate the basic matters of a company's organization and operation. It is not appropriate to include specific matters concerning the execution of business in the Articles of Incorporation as presented in the shareholder proposals.

(Refer to P.28-29 for the full text of the shareholder proposal and P.30-32 for the full text of the Opinion of the Board of Directors in the Shareholder Proposals.)

2. Key Points of the Investor Briefing from the Proposers

– **Key points of the "Investor briefing" announced by the proposers to support their shareholder proposals are as follows:**

Key points of the proposers' claims

1 Financial risk due to exposure to fossil fuels	1-1	Fossil fuel exposure increases financial risk and should be reduced
	1-2	Financing policies for fossil fuels should align with the 1.5°C target
2 Risk related to clients' transition plans	2-1	Credible transition plans should be considered with high importance, following peer practices and guidelines such as TPI
	2-2	Conditions should be clarified for clients' transition plans in order to achieve decarbonization of the real economy
	2-3	Clients without a credible transition plan have default risk
3 Risk management oversight by the Audit Committee	3-1	Risk controls are not functioning in the executive scene
	3-2	Disclosure on evaluation standards and criteria is insufficient

1 Financial risk due to exposure to fossil fuels

1-1 Fossil fuel exposure increases financial risk and should be reduced

- **While the financial risk due to exposure to fossil fuels has not materialized at present, we acknowledge the future potential of risk materialization from transition risks and physical risks.**
- **We have introduced risk management measures for credit portfolio, sector, client, and transaction levels.**

Positioning of Climate Change Risk

Transition risks and physical risks arising from climate change can become risk drivers that could impact risks such as credit and reputational risks through influences on economy.

Risk drivers	Transmission channels	Impacts
Transition risk	**Macroeconomic**	**Credit risk**
Policy change	Carbon tax increase	Deterioration of clients' financials, decline of debt servicing ability
Techno-logical innovation	Energy price fluctuation	Collateral value impairment
Behavior change of consumers	Labor productivity decline	→**Credit cost increase**
Behavior change of investors, stakeholders, etc.	GDP growth slowdown	➕
Physical risk	**Microeconomic**	**Market risk**
Acute risk (Flood, storm, forest fire, etc.)	Direct impact on assets	**Liquidity risk**
	Supply chain disruption	**Operational risk**
Chronic risk (Sea level rise, temperature rise, etc.)	Competi-tiveness decline	**Reputational risk**
	Funding risk increase	

Climate Change Risk Management Framework

Considering the nature of climate change risks, MUFG manages risks at credit portfolio, sector, client, and transaction levels.

Credit Portfolio	Scenario analysis	Estimate the impact on credit cost under certain scenarios.
Sectors	Sector heatmap	Identify sectors with high transition or physical risks.
Clients	Transition assessment framework	Evaluate the transition status of clients in carbon intensive sectors.
Transactions	Environmental and Social Policy Framework	Evaluate environmental and social commitment of the client. Transaction screening process

(Source) MUFG Climate Report 2025 (P.61)

❶ Financial risk due to exposure to fossil fuels

1-2 Financing policies for fossil fuels should align with the 1.5°C target (1/2)

- **From the viewpoint of stable energy supply & security, and ensuring access to energy, no policy to prohibit financing is envisaged at present.**
- **However, we are checking our clients' transition risks and 1.5°C-aligned targets through various frameworks**

	Details of shareholder proposer claims	MUFG's view
Oil and gas	Commit not to provide finance to new or expanded oil and gas fields.	**No policy to prohibit financing is envisaged at present** • For oil and gas project finance, **the following is considered in compliance with the "Equator Principles" and "Climate Change Risk Assessment"** • Transition risks, GHG emissions, alignment with national/regional transition strategies, transition strategy of the sponsor and technology specific environmental impact • For corporate finance, **clients' 1.5°C-aligned interim targets, transition plans, along with detailed decarbonization plans are assessed** through the "Transition Assessment Framework"
	Commit not to provide finance for LNG infrastructure including LNG import and export terminals.	
	Commit not to provide finance to gas power expansion.	**No policy to prohibit financing is envisaged at present** • For gas-fired power plant project finance, **the following is considered in compliance with the "Equator Principles"** • Transition risks, GHG emissions, alignment with national/regional transition strategies • For corporate finance, **clients' 1.5°C-aligned interim targets, transition plans, along with detailed decarbonization plans are assessed** through the "Transition Assessment Framework"

1 Financial risk due to exposure to fossil fuels

1-2 Financing policies for fossil fuels should align with the 1.5°C target (2/2)

– **MUFG does not provide finance to thermal coal mining or to new clients primarily in the thermal coal mining sector. For coking coal, no policy to prohibit financing is envisaged at present as it is difficult to substitute.**

Thermal coal and coking coal

Details of shareholder proposer claims	MUFG's view
Commit not to provide finance to companies that are expanding the thermal coal mining sector.	**MUFG does not provide finance to new/expansion of/infrastructure projects as well as new clients related to thermal coal mining for power generation** • **We focus on the use of proceeds from financing** and do not envisage prohibiting financing for general working capital, including payroll, of existing clients
Commit not to provide project finance to new or expanded metallurgical coal mines, including extensions of existing mines.	**No policy to prohibit financing is envisaged at present as coking coal is difficult to substitute (especially for steel manufacturing)** • Under the IEA NZE scenario, **the 2030 reduction rate outlook of coal supply is 22% for coking coal whilst it is 48% for thermal coal**

IEA coal supply results and 2030 forecast

	Thermal coal	Coking coal
2023 results	5,079 Mtce*1	970 Mtce
IEA NZE scenario 2030 outlook	2,619 Mtce	759 Mtce
Reduction rate	48%	22%

(Source) Based on IEA WEO2024

*1 million tonnes of coal equivalent

② Risk related to clients' transition plans

2-1 Credible transition plans should be considered with high importance, following peer practices and guidelines such as TPI

Under the Transition Assessment Framework, we assess the transition status of our clients by checking their targets' and transition plans' alignment with 1.5°C, climate-related governance structures, and past emission reduction records

- Not all items from guidelines are fulfilled as **some items do not align with our current policy, such as withdrawal of financing from misaligned fossil fuel activities**. However, we do refer to guidelines such as those of TPI when developing our climate strategy.
- Last year, we received a similar proposal regarding the evaluation of clients' transition plans, which was supported by less than 20% of investors. **We believe that our efforts to manage climate change risks, including the assessment of our clients' transition plans, are generally accepted by our investors.**

2-2 Conditions should be clarified for clients' transition plans in order to achieve decarbonization of the real economy

We do not restrict any funding solely based on whether the client has a "credible transition plan" or not. However, we have an escalation process which focuses on engagement with clients without specific plans or directions for transition.

2-3 Clients without a credible transition plan have default risk

Financial risks that we are exposed to are not solely determined by whether or not our clients have a "credible transition plan", and therefore we do not conduct separate evaluation or disclosure of our financial risk for clients without "credible transition plan."

- When providing financing support, we clarify factors that could lead to credit risk (default risk) within the credit review process - such as projected cash flows of clients or projects, alignment with national policies, and resilience against changes in the business environment - and take necessary risk mitigation measures when necessary.
- For transactions that require deeply scrutinized transition assessments, screening is conducted by several expert departments.

*1 Transition Pathway Initiative

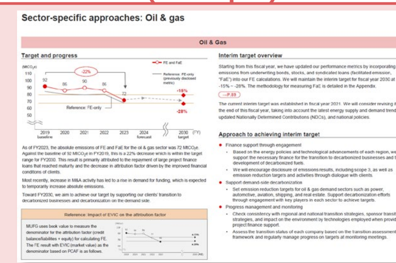
③ Risk management oversight by the Audit Committee

3-1 Risk controls are not functioning in the executive scene (1/2)

– **Risks related to issues such as climate change, human rights violation, and scandals are being addressed by the executive function**

Risk events pointed out by the shareholder proposer	Response to risks
① Lending and underwriting out of line with business strategy to decarbonize	**We have a transition plan including sector-specific approaches for lending and underwriting** • Our transition plan towards net-zero GHG emissions by 2050 for our financed portfolio has been developed based on our carbon neutrality declaration. • Sector-specific interim targets for 2030 have been set for lending and underwriting, and a framework for managing transition support and monitoring progress has been implemented. • Sector-specific approaches towards interim targets are disclosed in the Climate Report.
② Banks are facing complaints on the human rights issues based on their financing	**Dialogue-focused response with stakeholders** • When considering financing, we apply the "Environmental and Social Policy Framework" and the Equator Principles, conduct site inspections as needed, and confirm the implementation status of environmental and social considerations by clients. • Even after financing is provided, if complaints such as human rights violations arise during the project development process or business operations, we listen to stakeholders' opinions and engage in constructive dialogue to consider their responses. • When claims are raised, they are reported to our management, including the CSO and CRO. • We also utilize the JaCER*1 platform as one of the grievance mechanisms for human rights.

Approach to the oil and gas sector (example)



(Source) MUFG Climate Report 2025 (P.56)

*1 JaCER is an organization that receives reports of grievances related to human rights through the “Engagement and Remedy Platform” and aims to act in a professional capacity to support and promote remediation of grievances by member companies.

③ Risk management oversight by the Audit Committee

3-1 Risk controls are not functioning in the executive scene (2/2)

– **Risks related to issues such as climate change, human rights violation, and scandals are being addressed by the executive function**

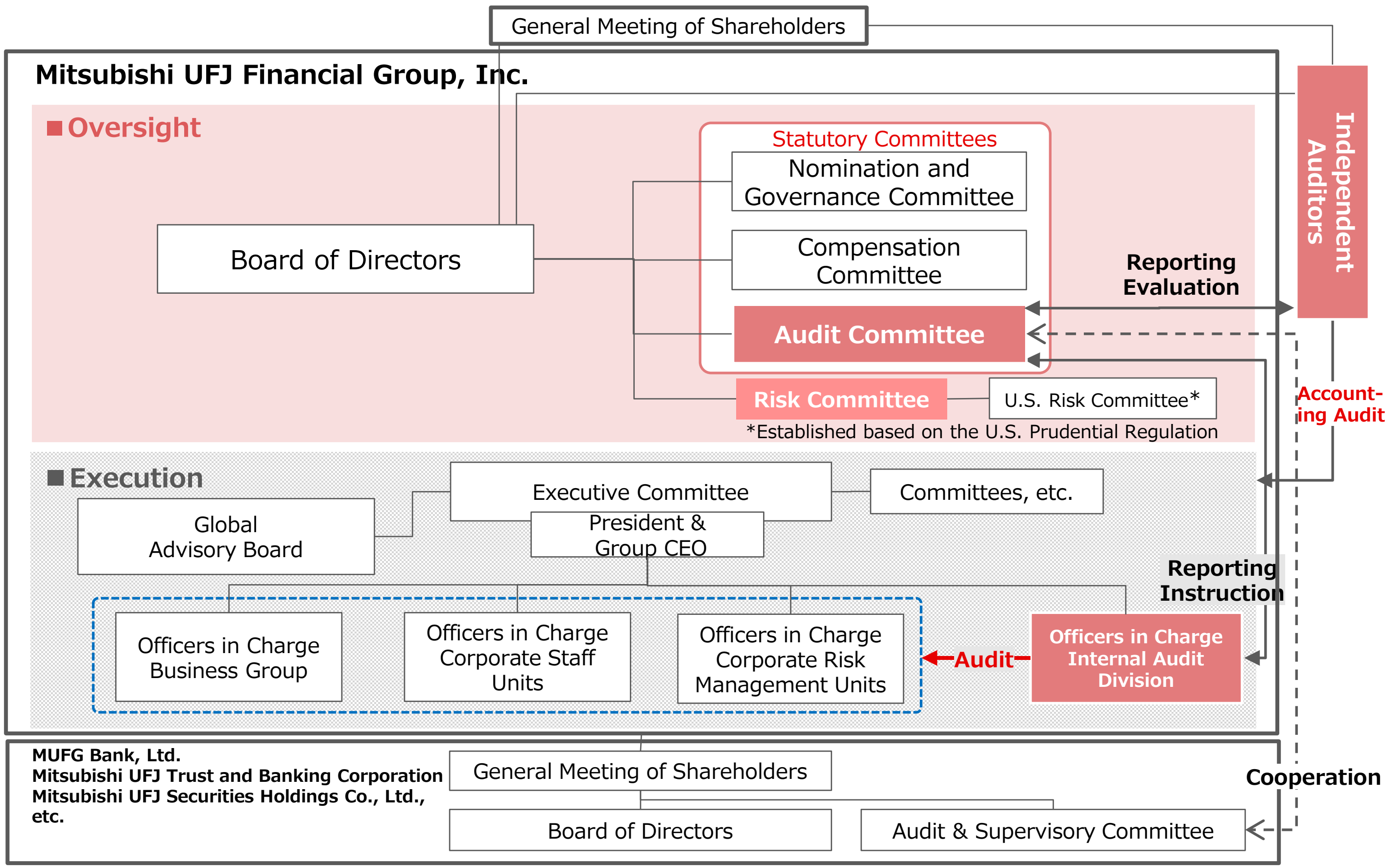
Risk events pointed out by the shareholder proposer	Response to risks
③ Banks are facing scandals such as thefts by employees from safety deposit boxes	**Various matters related to risk management are deliberated by the Risk Management Committee and other committees under the Executive Committee.** • Through integrated risk management, we implement risk management and operations according to various risks arising from the execution of business. • Monitoring and deliberation matters of the Risk Management Committee, Credit and Investment • Management Committee, Compliance Committee, etc., are reported to the Executive Committee. **Status of response to the incident of customers' asset theft from safe deposit boxes** • Measures to prevent the incident recurrence*1 are on track as planned. • Continuously work to complete implementation in line with FSA's Supervisory Guidelines. **Cause of incident** 1 Deficiencies in safe deposit box management procedures/rules 2 Insufficient checks and monitoring at branches 3 Insufficient checks and monitoring by headquarters, etc. **Status of measures to prevent recurrence** Completed Items: 1 Review safe deposit box procedures/rules and strengthen management; 2 Strengthen checks and monitoring at branches; 3 Enhance checks and monitoring by headquarters, etc.; 4 Review HR management; 5 Reemphasize thorough compliance with laws, regulations, etc. Ongoing items: 1 Review safe deposit box procedures/rules and strengthen management **Efforts towards sustainable business improvement** • Start fraud risk mitigation in other business processes related to customer assets based on the analysis and location of risks for the incident • Continue group-wide initiatives on business process improvement to strengthen fraud prevention
④ Physical risks are underestimated	**Risk evaluation through the overall climate change risk management framework and enhancement of physical risk evaluation methods** • We have introduced not only scenario analysis for the credit portfolio level but also risk management frameworks for the sector, client, and transaction level, and we can evaluate risks through the overall climate change risk management framework. • Generally, scenario analysis methods by financial institutions are still in the development stage, and MUFG continues to enhance analysis methods, such as expanding in-scope disaster types.

*1 Reference : press release issued on January 16, 2025

~ OVERVIEW OF MUFG CORPORATE GOVERNANCE

- **MUFG adopted the "company with three committees" structure to secure separation between supervision and execution, strengthening the oversight function of its Board of Directors, and has built a stable and effective corporate governance structure with an emphasis on external oversight.**
- **The Board of Directors supervises the group risk management based on monitoring and oversight of the company's operation and audits under the companies act by the Audit Committee(AC), and the deliberation of the risk management matters and the top risk matters by the Risk Committee.**

Overview of MUFG Corporate Governance



Overview of Audit Activities by the Audit Committee

Reporting from internal audit and external audit

- In addition to utilizing internal audit, receive the report of important matters regarding financial reporting from independent auditors

Attendance at important meetings

- Attend at important meetings such as the risk committee and grasp the status of performance of duties

Cooperation with subsidiaries

- Cooperation with members of audit & supervisory committee of subsidiaries, etc.

Risk Management by the Risk Committee

Risk management and top risk matters, etc.

- Risk committee reviews and deliberates the top risk matters which are expected to have a material impact to the group, etc.

Risk Management framework

Three lines of defense

- Build three lines of defense framework including first line(business group), second line(risk management units) and third line(internal audit division)

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~ OVERVIEW OF THE AUDIT COMMITTEE

- **AC is chaired by an outside director and consists of outside directors and internal non-executive directors, overseeing and monitoring the company's operations from an 'independent' and 'objective' standpoint.**
- **In FY2024, AC meetings were held 23 times. In addition to receiving reports from the corporate executive officers, internal audit divisions and the independent auditors, AC attend important meetings and exchange opinions with top management, audit & supervisory committees, and corporate auditors of the company's major subsidiaries.**

Audit Committee Members (as of May 2025)

chairperson
Koichi Tsuji — Outside Director

- Certified Public Accountant
- Former Chairman & CEO of EY Japan Godo Kaisha

Keiko Honda — Outside Director

- Professor at Waseda Business School
- Former Chief Executive Officer, Multilateral Investment Guarantee Agency

Kaoru Kato — Outside Director

- Former President and Chief Executive Officer, Member of the Board of Directors of NTT DOCOMO, INC.

Kenichi Miyanaga — Internal, Non-Executive Director

- Former Director, Executive Vice President, CAO, MUTB

Ryoichi Shinke — Internal, Non-Executive Director

- Former Senior Managing Executive Officer, MUFG Bank Deputy General Manager, New York Branch

Detailed Status of Activities

Audit committee

Internal audit 〔Monthly〕

- Receive reports from the internal audit divisions on any important matters relating to internal audits, including the execution, findings and results regarding internal audit.

External audit 〔Monthly〕

- Receive reports from the Independent Auditors on any important matters relating to the company's accounting, internal controls and financial reporting, including the execution, findings and results regarding external audit.

Monthly regular meetings and additional meetings as needed

FY 2024: 23 meetings

(About 3 hours each time)

[Example of Agendas (Report from the corporate executive officers)]

Financial Reporting, Sustainability Responses, Cybersecurity, Compliance risk events, Results of internal audits

Important Meetings, etc. 〔Monthly〕

- Attendance at important meetings such as management meetings
- Attendance at audit & supervisory committees meetings of the company's major subsidiaries, etc.

Opinion Exchange meeting 〔Semiannual〕

- Semiannual exchange of opinions with the President & Group CEO and the Presidents & CEOs of the company's major subsidiaries
- Semiannual exchange of opinions with the audit & supervisory committees members and corporate auditors of the company's major subsidiaries

Supervisory function of risk management by the Audit Committee ~ Audit Policy of the Audit Committee

- **AC oversees and monitors financial reporting, risk management and internal controls, compliance, internal audits, external audits and others of MUFG and its subsidiaries. These duties and responsibilities are defined and disclosed in the "Audit Committee Charter".**

Main oversight and monitoring

five initiatives

Financial Reporting	Financial statements (JGAAP and USGAAP), semiannual reports
	Financial information, including financial statements and press releases, and important accounting policies
Risk Management internal control	Management system for important risk content, risk governance, and risk
	Internal control over financial reporting and corporate disclosures
Compliance	Compliance system and status, material violations, litigation and matters pointed out by authorities
	Status of compliance with the Code of Conduct, internal rules, etc., and internal response to reports
Internal Audit	Development and operation status of internal audit function, audit plan and implementation status
	Resolution on important personnel changes in the internal audit division of the Group CAO, etc.
External Audit	Oversight of the Independent Auditor's duties, audit plans and implementation status
	Appointment/Termination of Independent Auditor, approval of provision of audit services and evaluation of independence

(*) Please refer to the link below for the "Audit Committee Charter".
https://www.mufg.jp/dam/profile/governance/committees/pdf/auditcharter_en.pdf

Coordination with Audit & Supervisory Committees and Corporate Auditors of subsidiaries

- To ensure the effective and efficient oversight of the operations of the group, AC monitors the oversight of the operations of company's subsidiarions by the audit & supervisory committee and corporate auditors through the coordination such as sharing audit plans, audit statuses, and audit reports with the audit & supervisory committees and corporate auditors of the subsidiaries.

MUFG Bank
Mitsubishi UFJ Trust and Banking
MUFG
Mitsubishi UFJ Securities Holdings
Mitsubishi UFJ Asset Management
Mitsubishi UFJ NICOS
ACOM

Authority of Audit Committee

- AC has the authority to fulfill its necessary duties and responsibilities, including the oversight and supervision of the five initiatives, in accordance with applicable laws and regulations.
  - AC has the authority to request necessary information from directors, employees, and external auditors regarding the execution of the group's operations.
  - The company provides AC with the necessary funds and resources to support its activities.

~ AUDIT ACTIVITIES FOR FY2024(MAIN QUESTIONS AT AUDIT COMMITTEE MEETING)

3-1 3-2

- **AC oversees the company's operations through its discussions and the report from the corporate executive officers.**
- **In FY2024, regarding sustainability, AC reviews the status of responses to information disclosure and the deliberations by the sustainability committee. In terms of risk management, AC attends at the risk committee and other important meetings, as well as reviewing the response to a series of incidents related to the business collaboration between the bank and securities company, and the incident of the theft of customers assets from the safe deposit boxes. Additionally, AC received monitoring and audit result reports from internal audits.**

Content of Main Questions Asked at Audit Committee Meetings

five initiatives

Financial Reporting
- Allowance for credit losses, Impairment risk
- Fair valuation of derivative transactions
- Material issues related to SOX, Financial reporting process

Risk Management internal control
- Risk management framework / Cybersecurity, Crisis management
- PDCA cycle with three defense lines effectively managing each risks
- Group global internal control / Sustainability responses

Compliance
- Group global compliance systems
- Compliance risk events (including addressing responses to issues indicated by financial regulators' findings)

Internal Audit
- Monthly internal audit results (including sustainability responses, risk management framework, compliance risk events)

External Audit
- Key audit matter (allowance for credit losses etc.)
- Communication between the Independent Auditors and each of the companies of the MUFG Group

Sustainability responses, Risk management framework

Status of response to sustainability related disclosure
- Status of regulations in each country, identification of materiality
- Coordination with independent auditors, internal control, etc.

Status of deliberation by the sustainability committee
- External environment, future policies for the oil and gas sector, direction of sustainability-related reports, etc.

Attendance at important meetings such as Risk Committee
- Grasping the status of performance of duties through attendance at important meetings such as Risk Committee

Compliance risk events

Status of responses to the incidents related to the business collaboration between the bank and securities company, and the incident of the safe deposit boxes
- Responses to customers and improvement measures to prevent recurrence, etc.

- **The audit committee formulates an audit plan and conducts audits based on the current risk awareness and others, considering the activities of the corporate executive officers, internal audit and external audit.**
- **The audit status is reported to the Board of Directors(BoD) on a quarterly basis, and also reported to directors and executives on a monthly basis.**
- **The results of the audit activities are compiled, and an audit report is prepared in accordance with the provisions of the companies act, and the audit results are disclosed.**

Overview of the audit result preparation flow

Formulation of Audit Plan

Risk awareness etc., considering the activities of the corporate executive officers, internal audit and external audit

Audit Plan

Coordination

Internal audit plan

Important themes of main meetings(BoD, etc.)

Audit plan of audit & supervisory committees of subsidiaries

Conduct of Audit Activities

Status Report

Report to BoD

Report to the Board of Directors on important matters deliberated by the Audit Committee on a quarterly basis, and also report to directors and executives on a monthly basis.

Preparation of the Audit Report

Summary of Audit Result (from the Audit Report)

In our opinion, the Business Report presents fairly the conditions of the Company in conformity

In our opinion, there are no fraudulent acts or material facts in the course of the Directors' and Corporate Executives' performance of their duties

In our opinion, the internal control systems are appropriate

In our opinion, the method and the results of the audit conducted by the Independent Auditors, are appropriate

Intends to monitor the status of implementation of improvement measures formulated related to the incidents of safe deposit boxes, etc.

- **The basic policy of AC is defined in the "Audit Committee Charter" and disclosed.**
- **The audit results are disclosed in the "Audit Report," and the main questions asked at the audit committee meetings and other details are disclosed in the "Supplementary Information on the Audit Committee's Audit Report."**
- **In addition to these, the audit status are disclosed in "Financial Report(J-GAAP)" and others, and audit activities such as the deliberation on sustainability responses are disclosed in "Climate Report" and others.**

Disclosures related to Audit Committee

①Audit Committee Charter

- Composition, operations, authority, and cooperation with audit & supervisory committee of subsidiaries, and duties and responsibilities

②Audit Report(Audit Committee's Report)

- Audit method, details, results, and the description related to the series of incidents

③Supplementary Information on the Audit Committee's Audit Report

(Please see MUFG website, Home＞IR＞Shareholder information＞Shareholders meetings)

- Audit method, details, results, meeting status and content of main questions asked at audit committee meetings

④Financial Report(J-GAAP)

- Audit structure and policy, overview of audit activities

⑤Form 20-F(US GAAP Financial Report)

- Composition, authority, meeting status

⑥MUFG Report(Integrated Report)

- Composition, meeting status and main agenda items

⑦Corporate Governance Report

- Composition, operations, authority and meeting status

⑧Climate Report

- Duties and responsibility of Audit Committee(monitor, supervise and make recommendation towards sustainability responses, and its information disclosure)

⑨Sustainability Report

- Duties and responsibility of Audit Committee(monitor, supervise and make recommendation towards sustainability responses)

Appendix

Shareholder Proposal (1/2)

Proposal 1 Partial amendment to the Articles of Incorporation (Disclosure of financial risk audit by Audit & Supervisory Board)

The following clause shall be added to the Articles of Incorporation:

Chapter 6: “Audit Committee”

Clause 37: Disclosure of financial risk audit by Audit Committee assessment

Noting the Company’s increasing acute and systemic financial risks due to material issues such as malfeasance and climate change, and the duties of the audit committee to oversee the effectiveness of directors as well as executive officers, in order to enhance long-term value, the Company shall disclose the following in the Audit Report:

(i) the audit committee’s assessment of the appropriateness of our company’s strategy, policies and processes to mitigate financial risks associated with identified material issues (including, the appropriateness of the process and results of reviewing the financial risks to which our company may be exposed, both when risk management is properly implemented and when it is inadequate) and the reasons of the assessment; and,

(ii) the framework, including the criteria for the assessment, for auditing the oversight of the Company’s risk controls with respect to identified material issues.

Reasons for proposal:

This proposal requests the Company disclose the necessary information in the Audit Report for shareholders to determine whether the Directors of the Company are effectively monitoring risk.

Shareholders are unable to assess whether the board and its current processes are adequately monitoring the management’s use of risk controls. Given previous cases of malfeasance in the banking sector in Japan, shareholders have legitimate concerns over the effectiveness of the current board oversight system. This doubt extends to whether the oversight system for other material risks (such as climate-related financial risks) is effective.

The audit committee’s report for FY2023 identified no issues with the oversight by the Directors, for example. However, shareholders are not advised of the basis of such an assessment. The audit committee of the Company should disclose the basis of its conclusion, given that they are accountable under the Companies Act and the Corporate Governance Code to the shareholders.

This proposal would improve the corporate governance of the Company and lead to the enhancement of mid- to long-term corporate value. It would benefit all shareholders, including the shareholders who are not given access to the Directors.

Shareholder Proposal (2/2)

Proposal 2 Partial amendment to the Articles of Incorporation (Disclosure of assessment of clients' climate change transition plans)

The following clause shall be added to the Articles of Incorporation:

CHAPTER Y: "Climate-related risk management"

Clause Z: Transition Plan (Assessment of clients' climate change transition plans)

Noting the Company's exposure to material climate-related financial risks, the Company shall disclose:

(i) how the Company will assess high-emitting clients' climate change transition plans for credible alignment with the 1.5°C goal of the Paris Agreement[1];

(ii) the consequences of clients not producing credible Paris-aligned transition plans, including the restriction of new finance[2]; and

(iii) an assessment of the financial risk to the Company of clients not having credible Paris-aligned transition plans.

Reasons for proposal:

The Company recognises climate change as a "top risk", has committed to net zero by 2050[3], has set a "Transition Assessment Framework" for carbon-intensive sector clients, and claims to assess the transition status of the clients by confirming "1.5℃-aligned interim targets, governance and emissions performance".[4]

However, the Company does not demonstrate how these various policies, frameworks and controls meaningfully influence the provision of services to high-emitting clients. Furthermore, the policy does not impose a deadline for clients in high-emitting sectors to present credible transition plans that are aligned with the Paris Agreement's 1.5°C goal, nor does it impose conditions on funding to encourage clients' transitions. Instead, the company continues to provide significant financial support to high-emitting clients that do not have credible transition plans.

This not only undermines its own disclosed transition approach, it leaves the Company lagging behind overseas peers, and exposes shareholders to increasing transition risks, as well as physical risks from worsening climate change.

The disclosures requested in this proposal are required to ensure the Company adequately enacts its stated risk control measures, and aligns with its commitment to reduce finance portfolio emissions to net zero by 2050.

These disclosures are in line with widely-held investor expectations, and will help maintain and enhance the Company's long-term corporate value.

1. Criteria for determining climate change transition plan credibility include, but are not limited to:
   - Short-, medium-, and long-term scope 1, 2 and 3 emission reduction targets;
   - Strategies (including capital expenditure plans) to align with those targets; and
   - No unreasonable reliance on emissions offsets or negative emissions technology
2. 'New finance' defined as the provision of new corporate lending, project finance or trade finance to a client, including the refinancing of existing credit facilities, and the arranging or underwriting of capital markets transactions to a client.
3. MUFG Sustainability Report 2024
4. MUFG Climate Report 2024

Opinion of the Board of Directors on the Shareholder Proposals (published May 15, 2025) (1/3)

Proposal 1 Partial amendment to the Articles of Incorporation (Disclosure of financial risk audit by Audit & Supervisory Board)

The Board of Directors objects to this proposal.

MUFG’s Audit Committee monitors and supervises the execution of duties by directors, executive officers, and employees, including risk management, internal control, and compliance, based on the Companies Act and our Audit Committee Charter. Specifically, the Audit Committee receives reports on the execution of duties from directors, executive officers, and employees, including risk management, internal control, and compliance, and utilizes internal audits conducted by an internal audit department to investigate the status of MUFG’s business and property. Additionally, the Audit Committee receives reports from the accounting auditor on the execution of duties and major audit considerations, and conducts audits accordingly.

The disclosure of these audit activities is provided in the Audit Report based on the provisions of the Companies Act, and in the Supplementary Explanation of Audit Committee Audit Report, which includes specific details of activities and major questions considered by the Audit Committee. We will continue to strive to enhance information disclosure to help stakeholders better understand the efforts of the Audit Committee.

On the other hand, the Articles of Incorporation are intended to define basic matters for operating MUFG in accordance with the Companies Act, such as the company name, purpose, organization, and total number of shares that can be issued. It is not appropriate to stipulate matters related to information disclosure in the audit report, which is detailed in the Companies Act, in the Articles of Incorporation.(Reference) Please refer to the company's website for the Audit Committee Charter.

Therefore, we do not consider it necessary to establish provisions like this agenda in the Articles of Incorporation.

(Reference) Please refer to MUFG’s website for the Audit Committee Charter.

https://www.mufg.jp/english/profile/governance/committees/

Opinion of the Board of Directors on the Shareholder Proposals (published May 15, 2025) (2/3)

Proposal 2 Partial amendment to the Articles of Incorporation (Disclosure of assessment of clients' climate change transition plans)

The Board of Directors objects to this proposal.

Since issuing our carbon neutrality declaration in 2021, MUFG has accelerated and progressed our strategies and initiatives to address climate change. Understanding that our clients' climate change risks can be potential drivers for financial risks for us through their impact on credit risk and other areas, as part of our risk management, we conduct an assessment on the transition status of our clients, the methods and criteria of which are disclosed in the MUFG Climate Report 2025. Nevertheless, we do not believe that whether our clients have a "credible transition plan" should be the sole basis for determining our decisions on financing or the financial risks that we are exposed to.

1. Regarding the first point on the alignment of our clients' climate change transition plans with the Paris Agreement's 1.5°C target in carbon-intensive sectors, we assess the transition status of clients in the carbon-intensive sectors looking at areas including 1.5°C alignment with interim targets, transition plans, climate-related governance structure, and emission reduction records under our Transition Assessment Framework. Information obtained through engagement activities are also reflected in this six-tier category for assessing our clients' transition progress. The methods and criteria to determine the six-tier category have been disclosed.

2. Regarding the second point on measures to be taken (including the restriction of new financing) if clients do not have Paris-aligned "credible transition plans," we have an escalation process which focuses on engagement with clients without specific plans or directions for transition. However, we do not restrict any funding based solely on whether the client has a "credible transition plan" or not. If deciding on transactions require carefully scrutinized transition assessments, we have a transition screening framework disclosed in our MUFG Climate Report 2025 to check the alignment of individual plans with national-level decarbonizing plans, efforts to measure and reduce emissions from the investment, and the investment's technological and social business viability.

3. Regarding the third point on the evaluation of our financial risk associated with clients not having Paris-aligned "credible transition plans," we believe the financial risks that we are exposed to are not determined solely by whether or not clients have a "credible transition plan," and therefore we do not evaluate or disclose financial risk specifying its specific relation with clients' "credible transition plans." However, because we understand that our clients' climate change risks can be potential drivers for our financial risks through their impact on credit risk and other areas, we are assessing the transition status of our clients in carbon-intensive sectors and disclosing the results under the Transition Assessment Framework. On occasions where we obtain information indicating a short-term increase in the client's financial or credit risk, the client's credit rating will be reviewed to take such information into consideration. To this point, we have not observed any of our clients' credit risks materialize and increase our credit cost due to their transition risks or physical risks, but we are fully aware of the possibility that transition risks or physical risks may have an impact and cause clients' credit risks to materialize. With this in mind, we are promoting risk management measures at the credit portfolio-wide level, sector level, client level, and transaction level under our climate change risk management framework, and believe we have a capable risk management structure in place.

Opinion of the Board of Directors on the Shareholder Proposals (published May 15, 2025) (3/3)

Proposal 2 Partial amendment to the Articles of Incorporation (Disclosure of assessment of clients' climate change transition plans)

MUFG's Articles of Incorporation define the basic matters for operating MUFG in accordance with the Companies Act, such as trade name, purpose, organization, and total number of shares that can be issued. As such, it is not appropriate to specify individual policies related to the formulation of management strategy, response to specific management issues such as climate change, etc., in our Articles of Incorporation, as it may constrain the flexible change of policies and their prompt implementation.

Furthermore, for MUFG, which faces a wide range of management issues, incorporating content focused solely on climate change into the Articles of Incorporation could undermine the overall balance of our management strategy, including providing stable financial settlement functions and addressing social issues such as the declining birthrate and aging population. This could constrain the effective execution of strategy and potentially lead to a deterioration of corporate value.

Therefore, we believe that there is no need to add the proposed clause to the Articles of Incorporation.

(Reference) Please refer to MUFG's website below for more information on our efforts towards achieving carbon neutrality.

1. MUFG Climate Report 2025

We have outlined the progress of our initiatives regarding the four key strategies: Reducing emissions from own operations, Engagement and support, Reducing emissions from our financed portfolio, and Risk management and governance.

https://www.mufg.jp/english/csr/report/progress/

2. MUFG Sustainability Report 2024

A report on MUFG's latest initiatives toward achieving environmental and social sustainability and sustainable growth for MUFG, focusing on our policies, systems, and measures.

https://www.mufg.jp/english/csr/report/sustainability/

Transition assessment framework (overview)

Transition Assessment Scope: Clients in Sectors Subject to MUFG 2030 Interim Targets

Assessment of transition status based on external information

Assessment Categories	Key Points
Targets	Net zero targets, interim targets (e.g., science-based 1.5°C alignment), transition plans, etc.
Governance	Climate change-related oversight body, climate-related risk management processes, etc.
Emissions	Reductions from the baseline year to the reporting year, etc.

\+

Evaluations also incorporate information gained through engagement activities.
In particular, for the power and upstream oil & gas sectors, where transition risks are high, plans for decarbonization and key technologies supporting this target are confirmed in greater detail.

Six-tier Category for Transition Assessment

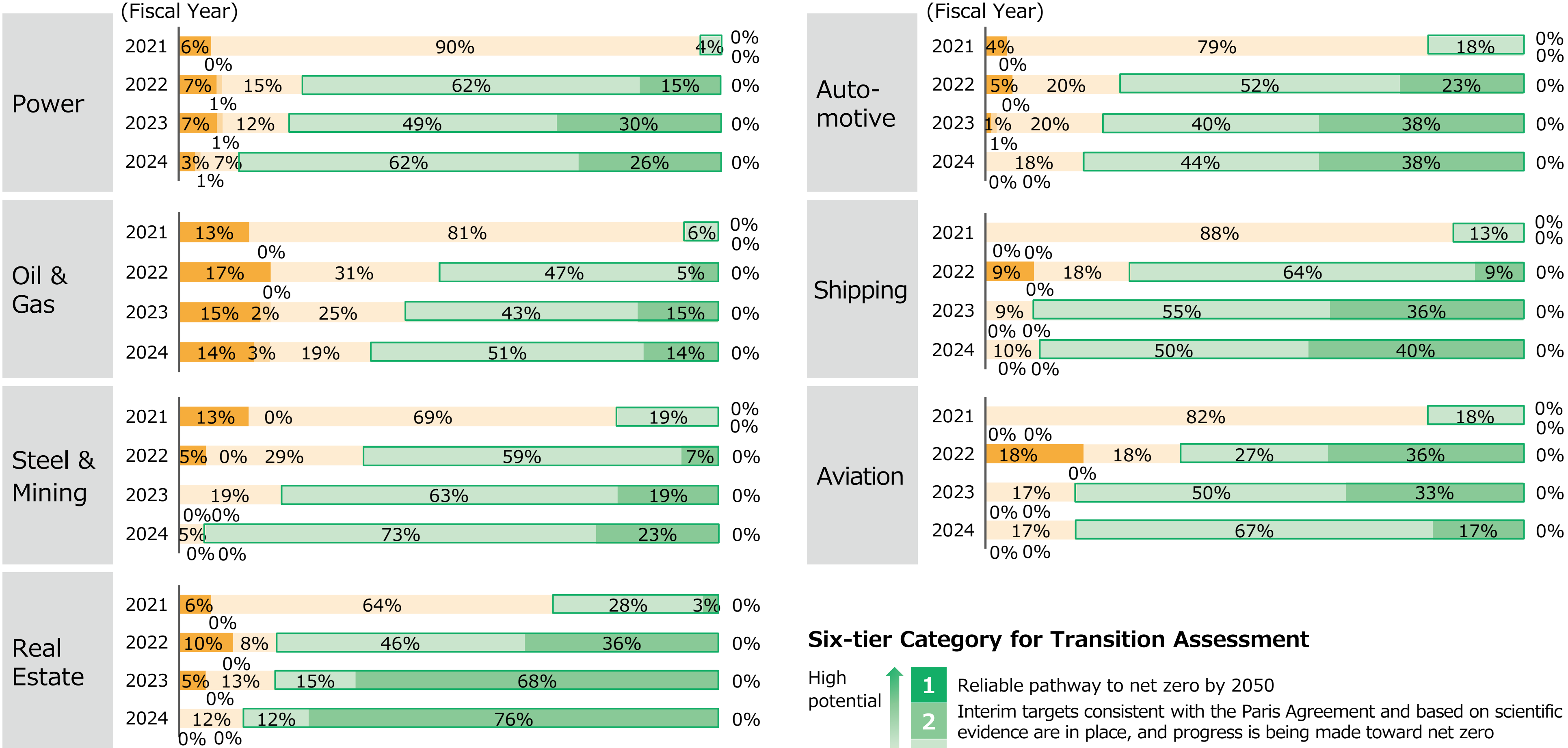
High potential ← → Low potential

1	2	3	4	5	6
Reliable pathway to net zero 2050	Interim targets consistent with the Paris Agreement and based on scientific evidence are in place, and progress is being made toward net zero	Interim targets are in place and efforts are underway toward reaching net zero	There is a 2050 net zero target (but no interim target)	There is a net zero target (but not for 2050)	No net zero target

(Source) MUFG Climate Report 2025 (P.66)

Transition assessment framework (assessment results)

Transition Assessment*1*2



*1 For clients in emissions-intensive sectors subject to MUFG 2030 interim targets, transition assessments are conducted based on CDP data for each year, confirmed by department in charge of clients.For clients without CDP data and in sectors with high transition risk, assessment is conducted with information from the latest disclosure information and client interviews.

*2 Transition assessment results for past years have been revised due to refinement in available data (Power: FY2023, Oil & gas: FY2022, FY2023)

(Source) MUFG Climate Report 2025 (P.67)

Six-tier Category for Transition Assessment

High potential

1	Reliable pathway to net zero by 2050
2	Interim targets consistent with the Paris Agreement and based on scientific evidence are in place, and progress is being made toward net zero
3	Interim targets are in place and efforts are underway toward reaching net zero
4	There is a 2050 net zero target (but no interim target)
5	There is a net zero target (but not for 2050)
6	No net zero target

Low potential

MUFG

Environmental and Social Policy Framework

Environmental and Social Policy Framework

Prohibited Transactions

- Illegal transactions and transactions for illegal purposes
- Transactions which violate public order and good morals
- Transactions that negatively impact wetlands designated under the Ramsar Convention
- Transactions that negatively impact UNESCO designated World Heritage Sites
- Transactions violating the Washington Convention
- Transactions involving the use of child labor, forced labor, or human trafficking
- Cluster munitions and inhumane weapons manufacturing

Transactions of High Caution

Cross-sector Guidelines	• Transactions that negatively impact indigenous communities • Land expropriation leading to involuntary resettlement • Transactions that negatively impact high conservation value areas • Transactions that cause or contribute to, or directly link with, violation of human rights in conflict areas
Sector-specific Guidelines	• Coal-fired power generation • Mining • Oil & gas (oil sand, development of the Arctic, shale oil & gas, oil & gas pipelines) • Large hydropower generation • Biomass power generation • Forestry • Palm oil • Fisheries and aquaculture

Transition Screening

Screening is conducted by several expert departments for transactions that require deeply scrutinized transition assessments.

Screening Points (non-exhaustive)

- **Alignment with national decarbonization plans**
- **Plans for net zero**
- **Effective and ongoing dialogue**
- **Efforts to measure and reduce emissions from installed equipment**
- **Technical readiness and social implementation**

(Source) MUFG Climate Report 2025 (P.68)

Disclaimer