



# Editorial Policy

MUFG published the MUFG Sustainability Report 2020 to improve understanding on the company's commitment to

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## Sustainability Management P.3



## Corporate Vision

The Corporate vision serves as the basic policy in conducting our business activities, and provides guidelines for all group activities. The Corporate vision also is the foundation for management decisions, including the formulation of management strategies and management plans, and serves as the core value for all employees.

▶ Details on our Corporate vision are available on our websites. <https://www.mufg.jp/english/profile/philosophy/>

## Our Mission

## Our Values

## Code of Conduct

The Code of Conduct encapsulates the standards that guide employees' conduct and decision-making in our day-to-day business activities under the MUFG Corporate Vision. The Code of Conduct is organized into three chapters.

▶ Details on our Code of Conduct are available on our websites. <https://www.mufg.jp/english/profile/governance/ethics/>

- **Chapter 1** Customer Focus
- **Chapter 2** Responsibility as a Corporate Citizen
- **Chapter 3** Attitudes and Behaviors in the Workplace



MUFG has identified seven environmental and social issues to be prioritized in its business, and worked to resolve them through specific strategies and measures, with the aim of achieving a balance between solving environmental and social

problems and achieving sustainable growth. We will contribute to overcoming the issue of global warming and climate change not only through our financial functions, but also through our own activities.

To me, there's no doubt the success of reforms underway at MUFG hinges on talent. Today, corporate reforms are no longer straightforward endeavors sustainable by a single voice from the



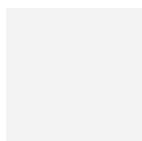
## FTSE4Good Index Series

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Name of Award	Reason for Award	Awarded Company
2020 J Win Diversity Award Second prize in "Advanced Division" of Corporate Award CEO Award	The award was given in special recognition of the	MUFG Bank









MUFG developed a green/social/sustainability bond framework /sustainability bonds include functions to be used f

MUFG Bank has developed a loan product called the Sustainability Linked Loan (SLL), in which terms and conditions of the loan will be adjusted based on the achievement of the sustainability performance target (SPT) aligned with customer's ESG strategy.





MUFG hosts periodic large-scale business matching events aim to support corporate clients by introducing potential business partner in various business sector. At the 16th Business Link held in December 2019, we successfully arranged approximately 9,700 meetings.



power trains

## Investment in Rolling Stock Leasing to a Rail Operator in the UK

Japan Infrastructure Initiative\* (JII) signed an investment agreement in relation to the procurement and leasing of new rolling stock for Abellio East Midlands Railway, a rail franchise operator in the UK. This project will introduce a new state-of-the-art intercity high-speed fleet to East Midlands main lines in

England. The trains' bimodal functionality will enable operations powered by overhead electricity lines or by diesel engine on routes where self powering is required, and will replace existing diesel only trains. The new fleets will help improve train services and offer environmental benefits.

\*Founded in January 2017 by Mitsubishi UFJ Financial Group, Inc., Mitsubishi UFJ

## **Addition of Tsukaete Wrap Special Contract, a Substitute Withdrawal Function to the MUFG Fund Wrap**

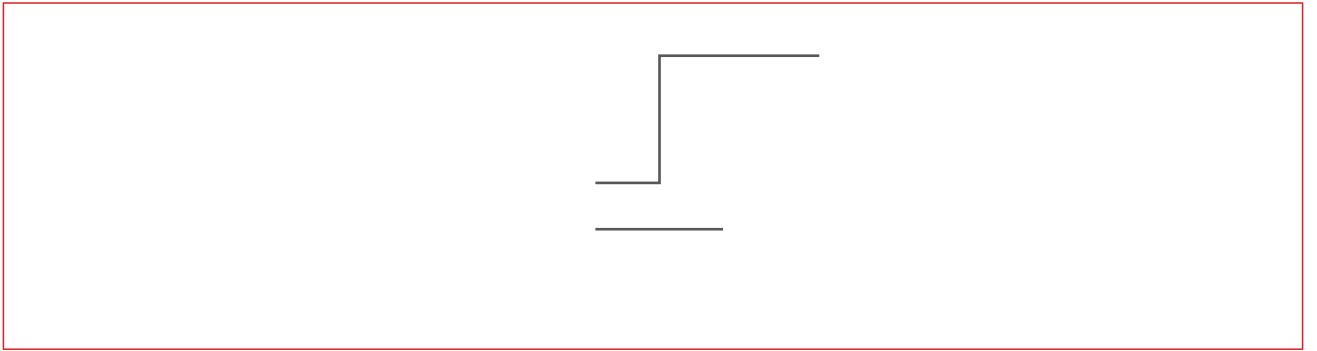
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Mitsubishi UFJ Trust and Banking released "Tsukaete Anshin", a trust product with proxy withdrawal functions to address needs among elderly customers anxious about becoming incapable of

## Workstyle Reforms

Please refer to page 79 for details on our initiatives for workstyle reforms.







# Stakeholder Engagement

MUFG categorizes its stakeholders involved with its business activities into the following categories: customers, business partners, employees, shareholders and investors, communities and society, and the environment.

Through constructive dialogue with each stakeholder, we will gain new insights and they will deepen their understanding

of MUFG, and by taking into account the interests of our stakeholders and the social issues they face, we will strive to build a relationship of trust and collaboration that will lead to the sustainable growth of MUFG and the improvement of our



Participation in the Nikkei SDGs Forum

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- MUFG Bank

MUFG Bank, together with the Mitsubishi Research Institute,

## Promotion of Dialogue with Employees at Group Companies

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MUFG actively holds town hall meetings and convivial gatherings that allow the thoughts and ideas of management to permeate throughout the organization and allow the voices of employees to be heard by management. Because of the COVID-19 situation

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## UN Global Compact

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MUFG has been a signatory to and endorse the United Nations Global

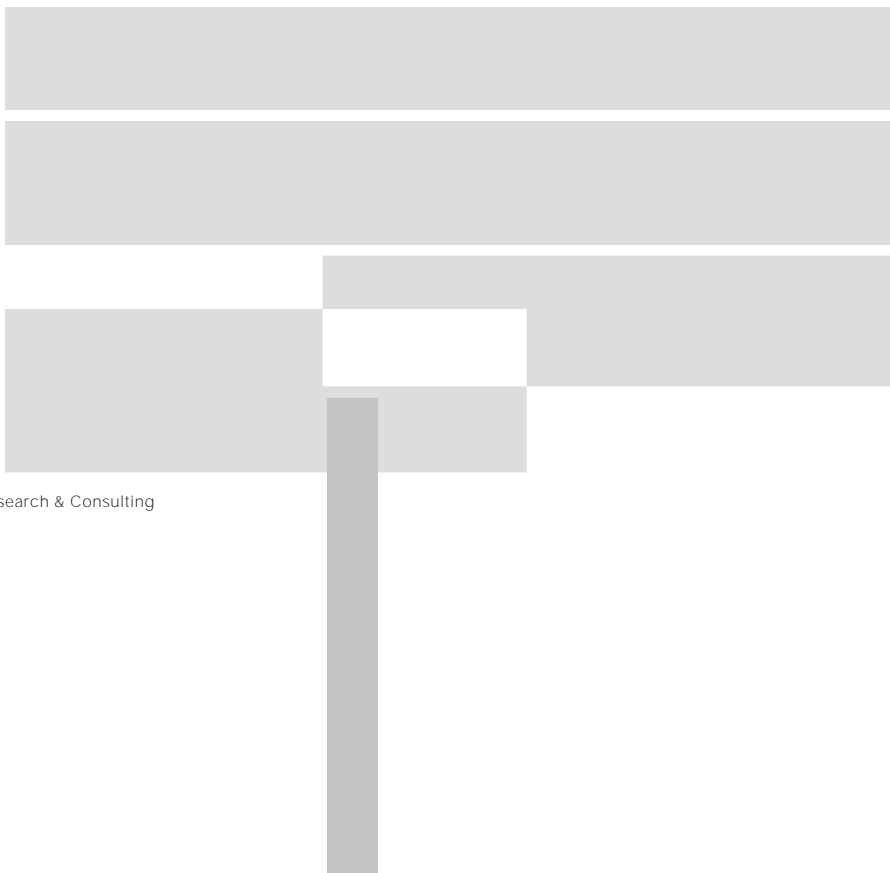








MUFG's Contribution to ESG-Oriented Investment and Financing



\*Mitsubishi UFJ Research & Consulting



52	3,521.0	5.46
45	3,453.1	5.35
62	3,187.7	4.94
51	2,934.8	4.55
39	2,105.0	3.26
26		

## Green Loan and Green Private Placement Bonds

MUFG Bank provided the co-financing to RYOBI LIMITED in

## Support Environmentally Friendly Management

This product makes use of the Ministry of Economy, Trade and Industry's subsidy program for the promotion of upgrading

MUFG Bank offers the loan product, "ESG Evaluation loans for J-REIT," using "MUFG ESG Evaluation for J-REIT supported by JCR"\* which is provided by Mitsubishi UFJ Research and Consulting. The entire loan or portions directed towards J-REITs

## Consulting Services Related to Climate Change Measures







## Reporting

MUFG plans to disclose the allocation of funds on its website generally on an annual basis\*. Management assertions on the allocation of funds and reports published by an external review provider will be disclosed annually until all the net proceeds from the issuance of Green, Social, and Sustainability Bonds have been fully allocated to Eligible Projects through the Bank.

\*MUFG may defer this disclosure as long as the funds are fully allocated to Eligible Projects and the allocation of the funds to individual projects that constitute Eligible Projects remains unchanged.

Mitsubishi UFJ Morgan Stanley Securities has been acting as a

Reducing CO2 Emissions

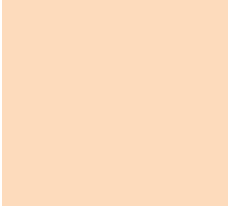
Efforts to Reduce Plastic Waste

In May 2019, MUFG set sustainable finance goals for resolving environmental and social issues, and by FY2030, MUFG aims to achieve

## Each Group Company's Initiatives

Each Group company has set its own medium- to long-term environmental goals and is working to achieve them.

### MUFG Bank









As a financial institution, MUFG recognizes that supporting climate change measures and the transition to a decarbonized





## Risk Management

In the "Top Risk Management" approach that MUFG primarily adopts for enterprise risk management, we consider the risks arising from climate change as one of the Top Risks. We also recognize that climate change-related risks are likely to become apparent and worsen in the medium to long term.

In MUFG and its core subsidiaries, management is regularly engaged in discussions regarding the Top Risks to gain a further understanding of the risk recognition, and to develop appropriate risk control countermeasures.

Increase in non-JPY funding costs : Increase in costs due to the downgrade of the Company's credit rating due to inferior response to SFG and SDGs.

Credit : Flooding of assets, loss of value of domestic real estate, nonperforming loans

Operations : Flood damage to employees and assets.

## Risk Management in Finance by

Having adopted the Equator Principles in 2005, MUFG Bank is committed to realizing a sustainable environment and society by conducting due diligence based on the Equator Principles together with its customers before making financing decisions for large-scale projects.

The Equator Principles requires projects to complete alternatives analysis and publicly report annual greenhouse gas emissions for projects that are expected to emit more than 100,000 tons

of CO<sub>2</sub> equivalent annually. In addition, the fourth version of the Equator Principles (EP4) requires climate change risk assessment (physical and transition risks as defined by the TCFD) associated with the projects.

In July 2020, MUFG Bank commenced implementation of EP4, which allows it to assess the climate change risks associated with projects and support its customers' efforts to improve their resilience.

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Metric :





Asset management companies under the MUFG umbrella are endorsing TCFD as asset managers and promoting climate change initiatives and information disclosure through the management of the portfolios they manage under contract. Mitsubishi UFJ Trust and Banking Corporation disclosed information about the management of the portfolios it manages



## Activities in FY2019 : **Society**

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- P.60 Our Approach to Human Resources, Development
- P.62 Human Resources, Development Program
- P.66 Evaluation of Human Resources
- P.67 Diversity
- P.79 Work Style Reform
- P.81 External Recognition
- P.83 Human Rights Management
- P.84 Human Rights Due Diligence
- P.85 Health and Productivity Management
- P.86 Universal Support
- P.88 Customer Focus and Initiatives
- P.90 Access to Financial Services
- P.91 Social Contribution Activities

For the following themes, which address both environmental and social challenges, please refer to the "Environmental" part.

- Green, Social, and Sustainability Bonds (P.39)
- Sustainable Finance, SoTIs (P.44)

The MUFG Human Resources Principles provide the basis on which the Group has built a human resources management platform that aligns with its Corporate Vision. These principles

MUFG Bank, Mitsubishi UFJ Trust Bank and Mitsubishi UFJ Morgan Stanley Securities carried out revisions of human resources systems over the period from fiscal 2019 to the beginning of fiscal 2020. These revisions were aimed at ensuring the optimal evaluation of our human resources in line with their contributions to business model reforms and appointing them based on the performance.

For example, in April 2019, MUFG Bank adopted a management policy allowing younger candidates in their 30s to become branch managers and line managers. In addition, a growing number of employees expressed their interest in acquiring

Through a variety of initiatives, MUFG develops professional human resources who can add value to the services provided by the Group, while transforming its corporate culture and

In order to support the MUFG Re-Imagining Strategy, a group-wide initiative for sustainable growth, highly professional human resources are necessary in a variety of fields of specialization, and securing such people is becoming more and more important every year. For this purpose, MUFG is endeavoring to secure and nurture true professionals with advanced skills and expertise, through comprehensive efforts in recruitment and training.

Each Group company is actively engaged in developing human resources through various programs and on-the-job training. However, when entering into and developing new business, human resources with expertise in new fields that cannot be handled by existing employees are required. In order to acquire the necessary human resources, we are not only continuing the conventional recruitment of new graduates but also promoting

One of the key management issues of MUFG is the development of the future top management who will lead the company through the changes and challenges ahead.

of the MUFG

companies progress, it is becoming increasingly important to have business areas where more company workers are engaged with human resources. In FY2014, the number of employees in the core business areas (including the core business areas) was 325,000, an increase of 0.5% from 322,000 in FY2013. The number of employees in the core business areas (including the core business areas) was 325,000, an increase of 0.5% from 322,000 in FY2013.

exSG

humhly

human resources strategy







## Evaluation of Human Resources

In order to achieve MUFU's vision of the future, each employee is required to make changes and there is a need to create an environment that encourages employees to grow and take on challenges. Based on this, MUFU is reviewing the ideal employee profile and qualification requirements with a greater emphasis on "professionalism" and "innovation and challenge" and are also developing an environment that encourages employees to voluntarily make innovation and strive to achieve the careers they seek.

As for the performance evaluation, targets are set by all



Promoting gender diversity, or increasing the percentage of

- **MUFG Bank**

In fiscal 2020, the Bank launched an assessment program for female employees of middle standing. The program identifies the skills and potential of each employee using expert assessment, supports career development and expands the fields in which women assume leadership.

- **Mitsubishi UFJ Morgan Stanley Securities**

We conduct training for managers and managerial candidates. For 5th year employees, training aimed at formulating a career vision and eliminating unease relating to life events and one's career is offered.

- **ACOM**

ACOM provides a Career Design Program to help female employees continue working, fulfilling careers. It holds panel discussions participated in by female employees who actually balance work and childcare, providing an opportunity to consider and overcome the barriers that women face in their careers.

- **Mitsubishi UFJ Trust and Banking**

The Bank hosts a four-month program designed for candidates for management positions, the Women's Leadership Program,

We are expanding roles for employees with disabilities by establishing special subsidiaries that offer suitable work options. Currently, about 1,400 employees with disabilities are playing

an active role within MUFG and the Group's employment rate is 2.41%\* in Japan (as of June 1, 2020).









● MUFG Bank

90%\*1

78%\*2

● Mitsubishi UFJ Morgan Stanley Securities

92%\*1

88%\*3

Maste9T8MtFG Ba of Japanes

100%\*2























# Health and Productivity Management



## Initiatives of Group Companies

- Displaying pictograms

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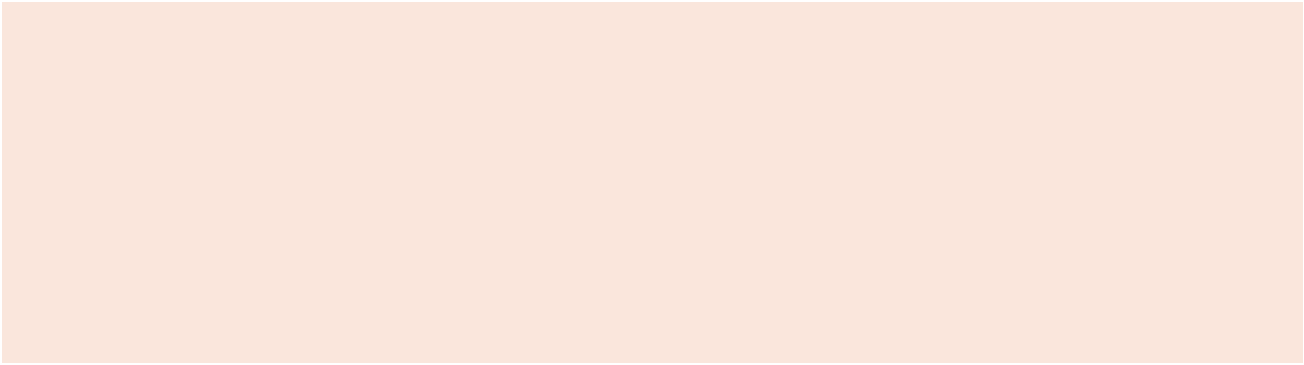


# Customer Focus and Initiatives

MUFG has set and published MUFG Basic Policy for Fiduciary Duties as a common guideline of the Group so as to ensure that firsts undertakin,so pisureo fure er improvure eiryproFidtcus æervicecus ant nouncent MU, while ( )TJO.622 Tc 0.10 Tw 0 -1.373 T[(mt )0.5ont t Ct

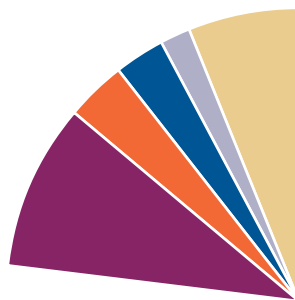
## Concrete Examples of Initiatives





## Expenses for Social Contribution Activities

MUFG's expenses for social contribution activities: 5.23 billion yen (fiscal 2019)



\*The Trust Bank's initiatives include overseas activities

- MUFG donated 500 million yen each to the Japan Student Services Organization (JASSO) and the nonprofit student support organization Ashinaga to support children who were almost forced to give up their higher education, despite their motivation and ability, due to financial or other reasons because of the spread of COVID-19, and children who had lost their parents to illness or disaster, etc.



\*Krungsri (Bank of Ayudhya) in Thailand, Bank Danamon in Indonesia, Security Bank in the Philippines and VietinBank in Vietnam.

MUFG decided to donate to the following three organizations working to support children: CliniClowns Japan, a certified nonprofit organization supporting sick children, Learning for All, a nonprofit organization supporting children from poor families,

Certified NPO CliniClowns Japan

NPO Learning for All

MUFG sponsors Shiki Theatre Company's countrywide project "kokorono gekijo". This project embodies the philosophy of "Through the stage, we hope to instill in the hearts of children the preciousness of life, consideration for others, the joy of mutual





## Activities in FY2019 : **Governance**

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P.98 Corporate Governance

P.99 Responsibility and Authority

P.103 Risk Management


P.105 Governance-

P.108

P.109







MUFG holds regular committee meetings to identify ESG issues affecting corporate management, and report and discuss how the Group is responding to them. In fiscal 2019, at the 25th CSR Committee meeting, the Committee was reorganized and

renamed Sustainability Committee. Two meetings were held in total that year, including the first Sustainability Committee meeting. The following is a summary of the discussion in the Committee.

## External Advisors in the Environment and Social Fields

In 2019, we engaged external experts in the environmental and social fields as permanent external advisors. Opinions were exchanged between the experts and the members of the Board of Directors, allowing us to use their broad knowledge of ESG in our sustainability initiatives.







MUFG designated business with significant environmental



We engage in ongoing efforts to ensure that each employee embraces proper action principles in accordance with the Code of Conduct by, for example, providing various compliance training and distributing messages from top management. Every year, we also update the content of the Code of Conduct with reference to the results of the annual Group Awareness and Engagement Survey as well as changes in the business environment at home and abroad. The updated Code of Conduct released in fiscal 2020 includes enhanced descriptions about conduct risk and the importance of being aware of

risk ownership at the sales frontline as well as an additional message encouraging whistle blowing. Thanks to these efforts,



Having positioned its whistle-blowing systems as an important governance tool, MUFG has helped each Group company develop such a system to ensure their ability to promptly address and resolve any issues associated with compliance. Moreover, the MUFG Compliance Helpline operates year-round and is capable of handling a report from any Group member no matter what their location on an around-the-clock basis.

In each system, whistleblowing is handled appropriately: the Code of Conduct and company rules stipulate that the information of a whistleblower must be handled in a strict manner and whistleblowing must not result in any disadvantage.

We aim to ensure that each employee is able to quickly access this helpline whenever he/she has even the slightest suspicion regarding compliance. To this end, we ensure all employees know

about this (helpline) 0.5 by providing e-learning programs and



MUFG has published the Cyber Security Management Declaration, positioning cyber-attacks as one of the top risk sources and promoting multi-level countermeasures against risks in the framework of integrated Security Officer (CISO) who has specialized knowledge and security. Under the ISO's leadership, it also promotes cybersecurity

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MUFG believes that, in addition to cultivating cyber security specialists, all the layers of organization, ranging from top management members to frontline employees, must develop accurate knowledge with regard to the varied risks they face in businesses and how to properly respond to such risks in the wake of increasingly sophisticated and complex cyber security threats.

With this in mind, all employees participate in educational programs focused on the importance of cyber security as well as drills that teach the handling of suspicious e-mails. Meanwhile, top management members attend training sessions designed to enhance their understanding of cyber security issues. When the COVID-19 pandemic prompted an increase in the number of employees choosing to work remotely, MUFG acted quickly to

call their attention to cyber security by, for example, distributing in-house newsletters.

MUFG not only strengthens its own systems for self-help, but also establishes mutual aid within the industry by participating in the Financial Services Agency's (FSA) Cyber Security Cross-thees

# ESG Data



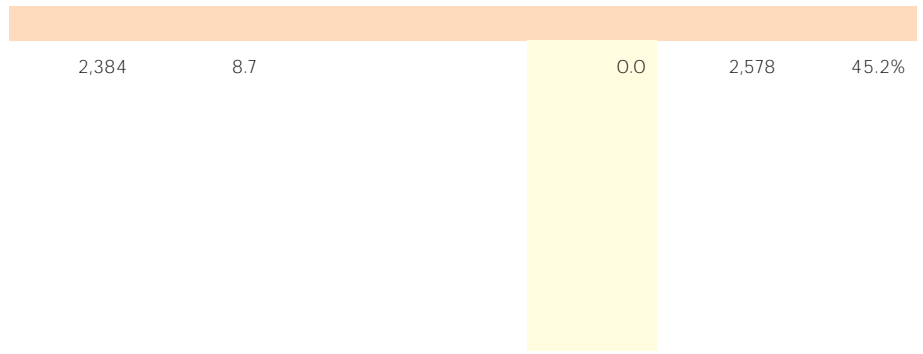
## Reducing Our Environmental Impacts through Core Business

### Reducing CO2 and Achieving Economic Effects through Loans

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\*The average cost of Excess Reductions is detailed in the "Results of the assessment of trading prices," a Tokyo Metropolitan Government survey on total reduction obligations and the emissions trading structure in the market of trading (March, 2020). This is used as a reference for the average cost of Excess Reductions in Japan. (TJ/T1\_11 T8 6 O 8 61.7955836479.0193 TmC)

Alternative energy  
(Wind power, etc.)







## ESG Data (Social)

Number of employees\*





