2026 APAC Sustainability Themes

Sustainable Finance Department
Asian Investment Banking Division

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Global & APAC Sustainability Themes for 2026

Outlook

As the nations are slipping away from the 1.5°C pathway, the world is calling for climate actions

5 Global Sustainability Themes for 2026	Implications for APAC
1 Progressing Amidst a Warmer World Accelerating Net-zero Commitments	• Global climate progress at COP30 was muted in 2025, with national pledges off-track to meet a 1.5/2°C pathway – action must accelerate to close the emissions gap. • While corporate net-zero commitments are rising, more progress is required to turn ambition into delivery.
2 A Test of Trilemma Scaling Green Energy	• Renewables overtook coal for the first time in 1H 2025 as the electricity generation source. • In APAC, the transition away from fossil fuels is progressing but is slower in some markets, that a need to balance energy security and affordability outshines sustainability goals.
3 Feeding the AI Energy and AI	• APAC is riding a data centre surge that is reshaping infrastructure needs, putting unprecedented pressure on power grids and water resources. • Innovation in energy sources, grid reliability and resource management are required to sustain growth without compromising sustainability.
4 Fix it or Pay it Carbon Pricing	• With emissions priced into trade measures like the EU CBAM, exporters face mounting pressure to decarbonise or pay an additional penalty. • APAC is accelerating domestic carbon compliance and corporate emissions reporting to align with the EU CBAM timeline, intensifying pressure on targeted sectors to decarbonise.
5 The Boiling Frog Physical Risks	• With global economic damage incurred from natural disasters intensifying, the need to address risk of climate change is real. • For APAC to avert paying the price, closing the adaptation finance gap of 85% is required to urgently deliver climate-resilient solutions.

Source: MUFG compiled from various public sources

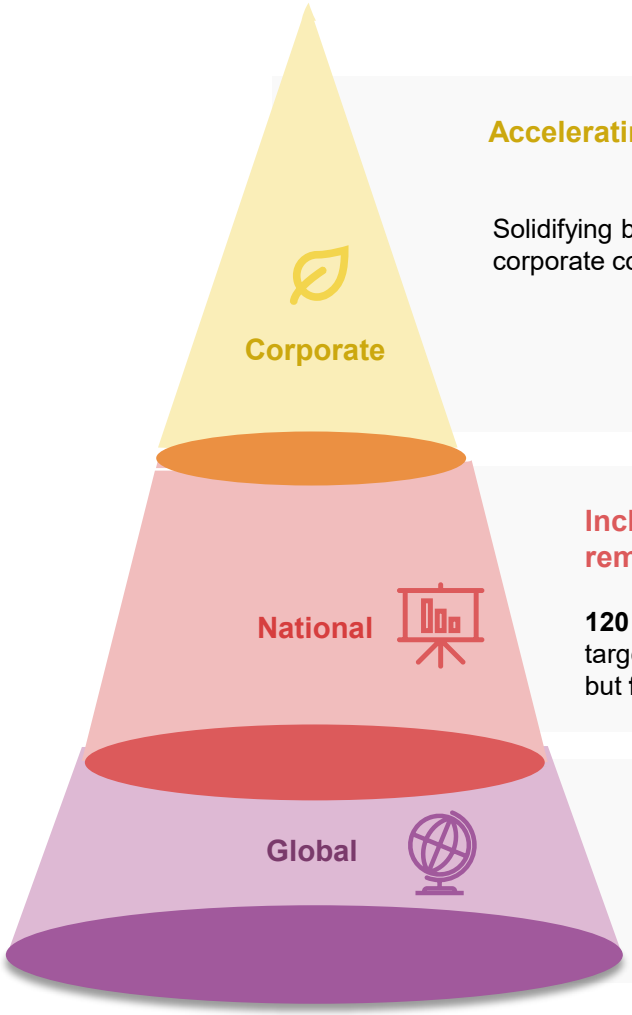
2026 APAC
Sustainability Themes

Section I

I: Accelerating Net-Zero Commitments I Progressing Amidst a Warmer World

Corporates pushing on

Corporates are pressing ahead their climate commitments even as global progress at COP30 remained muted and national pledges fall short of a 1.5°C pathway



Accelerating Voluntary Climate Ambition

Solidifying bolder climate action with growing corporate commitments in line with best practices.

227%↑

Increase in no. of companies with **both near-term and net-zero SBTI-aligned targets** since end-2023

Inching forward, but emissions gap remains

120 out of 196 countries submitted new NDC 3.0 targets for 2035, covering **~74% global emissions** but **far short of 1.5 °C** scenario

NDC3.0 2.3-2.5°C
vs
NDC2.0 2.6-2.8°C

Soft Outcome from COP30

COP30 left the world **divided on climate issues**, particularly on

1) phasing out of fossil fuels
2) implementing the previously agreed $1.3tn/year climate finance goal by 2035
3) nations failing to submit ambitious updated climate plans etc.

Source: MUFG compiled from SBTi and various public sources

MUFG

I: Accelerating Net-Zero Commitments I National level – APAC is Pressing Ahead

Checkpoint
NDC 3.0 submissions

While global trajectory is off-track to meet 1.5°/2°C scenario, APAC continues to show commitments with significant improvement from the two largest ASEAN emitters

Global GHG Emissions, by Region, 2024

Source: European Commission EDGAR - Emissions Database for Global Atmospheric Research (2025)

- **Thailand**: brought forward its net-zero target from 2065 to 2050
- **Indonesia:** made a political pledge to reach its target by 2050, 10 years earlier than its official target

APAC markets	% of global emissions	NDC Status	Improvement in ambition (from 2030 NDC target)*	Net-zero target
China	29.2	●	613	2060
India	8.2	●	NA	2070
Indonesia	2.5	●	186	2060
Japan	2.0	●	190	2050
South Korea	1.3	●	NA	2050
Australia	1.1	●	146	2050
Vietnam	1.0	●	NA	2050
Thailand	0.8	●	Not disclosed	2050
Malaysia	0.6	●	238	2050
Philippines	0.5	●	NA	-
New Zealand	0.1	●	2	2050
Singapore	0.1	●	12	2050

**Difference in absolute emissions ($mtCO_2e$) for unconditional 2035 NDC targets vs 2030 NDC targets*

● Submitted new 2035 NDC ● No 2035 NDC Submitted

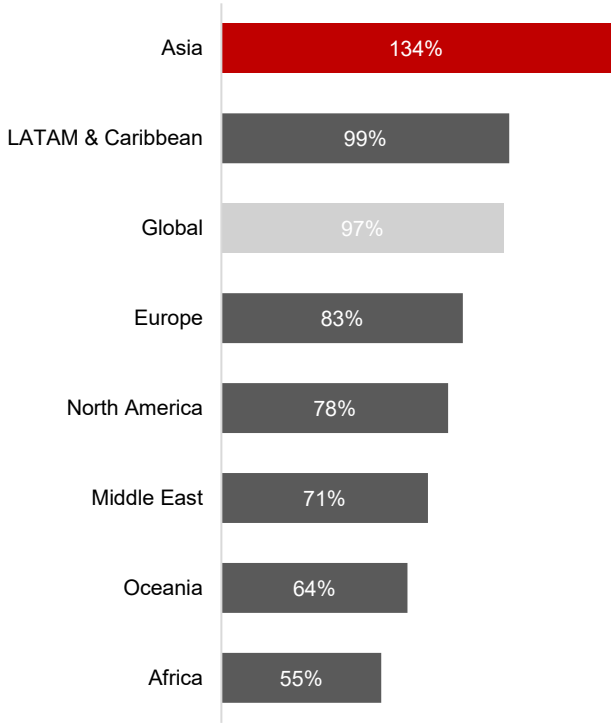
Source: MUFG compiled from Climate Action Tracker, UNFCCC, Climate Watch NDC Tracker and various public sources.

I: Accelerating Net-Zero Commitments I Uplifting Corporate Climate Ambitions

Exceptional momentum in APAC

Asia is leading the global charge toward net-zero, with a 134% surge in companies setting SBTi targets, far outpacing other regions.

Growth in cumulative companies with SBTi targets, 2023 – Jun 2025



Source: SBTi (2025)

Top Growth

China	228%
Thailand	136%
Japan	125%

CAGRs (2021 – Sep 2025)

- **Construction & Real Estate 104%**
- **Consumer Goods & Services 98%**
- **Technology 97%**

The Regulatory Wave: Reshaping Corporate Climate Action

Between 2024-25, APAC was the region with **highest share of new policies for climate disclosure** according to Oxford's Climate Policy Monitor 2025.

We expect **upcoming regulatory mandates** to drive adoption in 2026 and beyond, especially in markets less able to absorb the cost pass-through from investments in climate actions

Not Exhaustive

- Thailand SEC plans to mandate ISSB-aligned sustainability disclosures for listed companies in the SET50 index
- Major publicly listed companies required to make ISSB-aligned disclosures
- Institute of Indonesia Chartered Accountants plans to enforce ISSB-based climate-related reporting

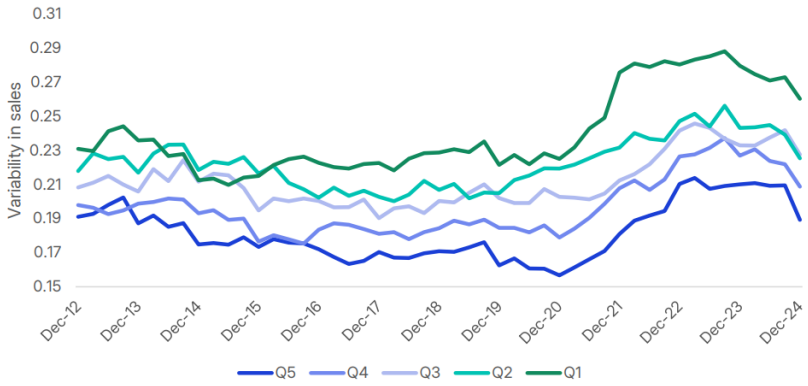
Source: MUFG compiled from Climate Action Tracker, UNFCCC, Climate Watch NDC Tracker and various public sources.

I: Accelerating Net-Zero Commitments I Sustainability Pays Off

Sustainability is the investment

Corporates are rewarded for their hardworking efforts towards sustainability, a proven upside on performance demonstrating stable returns and ability to tap on on lower cost of borrowing

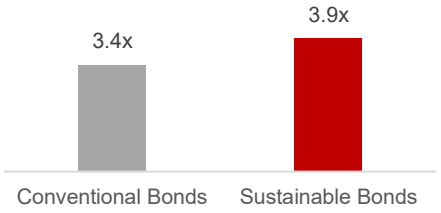
Performance of sales variability among ESG Ratings



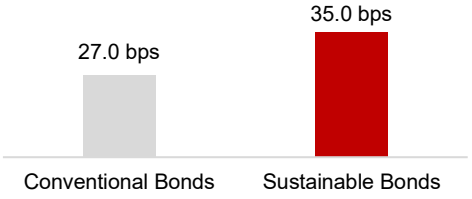
Source: MSCI (2025)

- Companies with a higher ESG Rating (Q5 Top quartile) exhibit a persistent pattern of lower variance in sales over a given time period
- The steadier sales and consistent margins reflect more stable cash flows, as key components for **greater stability in company fundamentals**

***Median Cover Ratio[1] (Oversubscription)**



***Median New Issue Compression[2]**



Source: Bloomberg (2025)

- Sustainable-themed bond issuances received **strong demand** and had a median **oversubscription of 3.9x**
- This allowed for tighter pricing, with sustainable bonds enjoying **new issue compressions that were 8.0 bps higher** on average, which may been seen as a proxy for a "greenium"

**All USD bond issuances globally priced in 2025, which received an investment grade credit rating from Moody's, S&P Global or Fitch Ratings. Encompasses all sustainable debt instrument types, excludes non-ICMA aligned issuances*
1. Cover Ratio is defined as the ratio between the reported amount ordered by investors and amount issued on a tranche for an initial debt offering
2: New Issue Compression is defined as the change, measured in basis points, from the earliest pricing indication to the pricing at issuance for the initial debt offering

Source: MUFG compiled from various public sources.

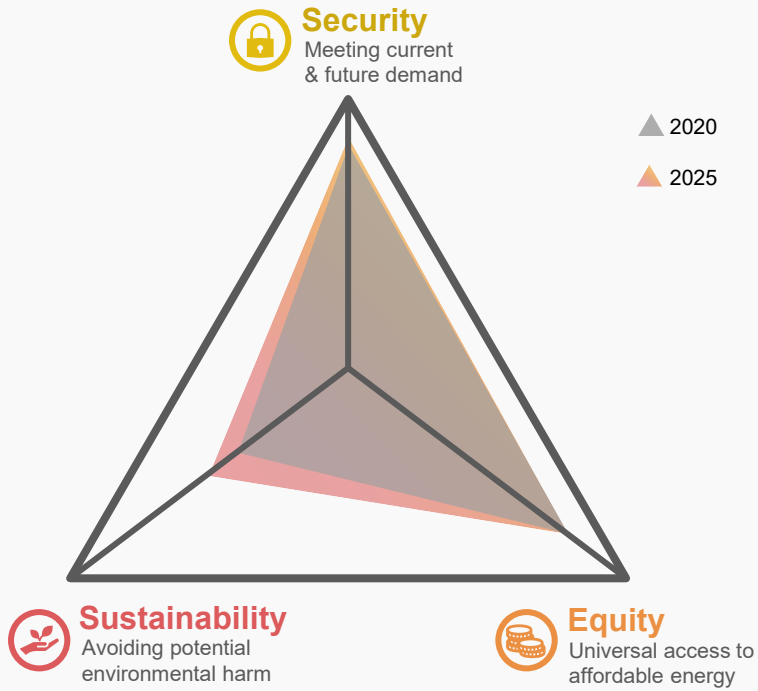
II: A Test of Trilemma I Beyond Sustainability

Renewables overtook coal as the most cost-competitive source of new electricity generation, expanding their role beyond supporting sustainability to serving as essential sources of long-tern energy security, a critical pillar amid the ongoing headwinds

A Test of Trilemma

Sustainability continues to trend upwards

In 2026, **energy security and equity** are likely to remain stable, while **sustainability** is expected to continue improving gradually.

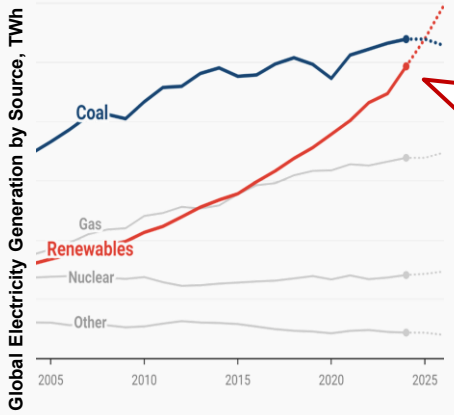


Source: World Economic Forum (2025)

A Historic Power Shift Expected by 2026

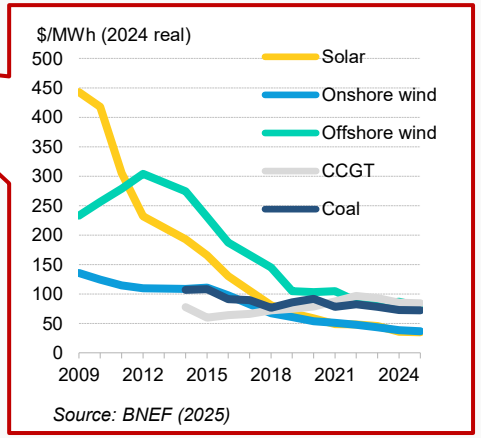
Record-breaking: Renewables overtaking coal

Renewables produced more electricity than coal for the first time in 1H 2025, the International Energy Agency (IEA) expects **renewable to surpass coal** as the **leading source of global energy** moving forward.



Source: IEA (2025)

Levelised costs (LCOE) of renewables as of 2024



Source: BNEF (2025)

Despite growing criticism from right-wing populist figures, wind and solar power are projected to supply over 90% of the increase in global electricity demand through 2026

Coal-based power generation is projected to fall, primarily due to reductions in China and the EU, which will also drive a decline in emissions from the power sector.

Source: MUFG compiled from BNEF, World Economic Forum, IEA, RMI and various public sources

II: A Test of Trilemma I Scaling Green Energy

Global coal demand peaked in 2025, signaling the start of a structural shift in energy markets. As coal declines, APAC is emerging as a powerhouse for renewables, with capacity set to nearly double by 2030, underscoring the region's pivotal role in shaping the future energy.

Plateauing Coal Market

2025: Coal peaks

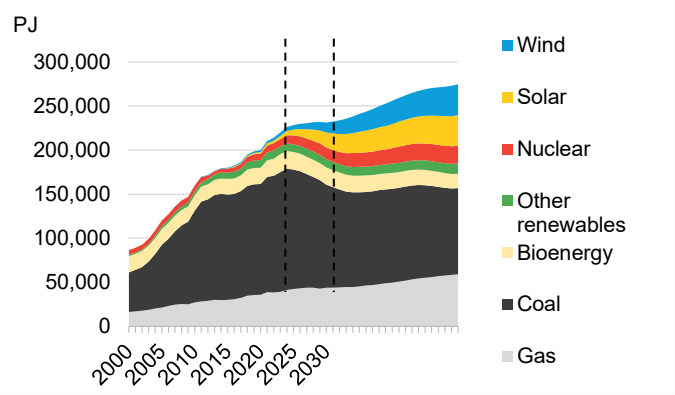
Global coal demand hit **record high in 2025**, but there are **early signs of decline** in global coal exports **especially in Asia** (accounts for >80% of global coal consumption).

2030: Coal countdown

Coal demand is expected to **decline by 2030** as **renewables grow**, and **climate policies strengthen**.

However, for countries such as China, Indonesia and India, coal is likely to remain sticky due to rising energy demand driven by industrial growth.

Projected primary energy consumption in APAC



Renewables are Rapidly Gaining Ground

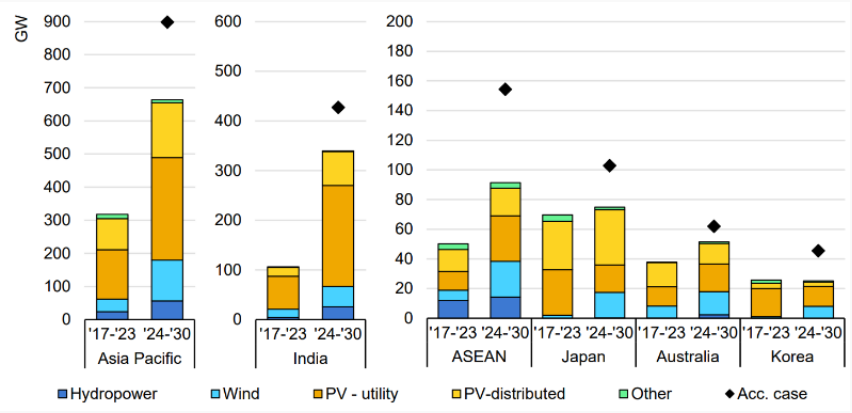
Adoption of renewables

Renewable energy capacity in APAC (excluding China) is expected to nearly double **between 2025 and 2030**, the second-largest regional increase (670 GW) after China.

By 2030

ASEAN gains momentum, accounting for 15% of the growth in APAC (excluding China), despite constraints such as fossil fuel power decommissioning costs.

Net Capacity Additions in APAC (ex China) (GW), Main and Accelerated Cases, 2019-2030



Source: IEA (2025)

Notably, **grid infrastructure** remains a key variable determining whether the **rise of renewable energy** is **sustainable**.

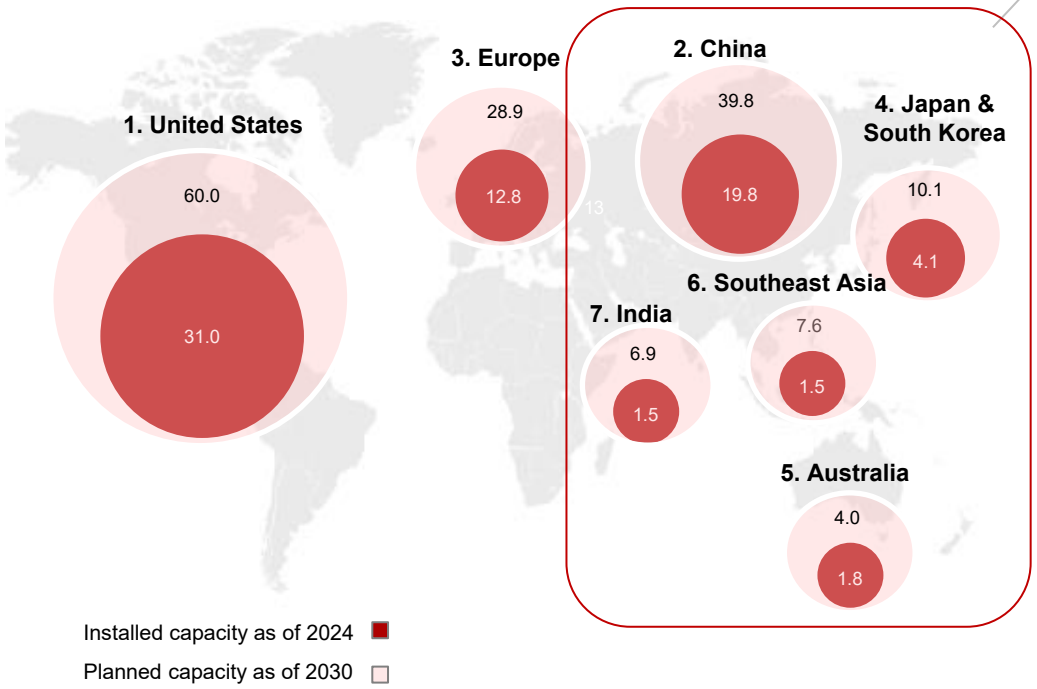
Source: MUFG compiled from BNEF, IEA and various public sources

III: Energy and AI I A Rise of AI

The Data Centre Supercharge

AI is set to redefine the data centre landscape, driving unprecedented capacity growth with a total planned capacity of 174GW by 2030.

Global data centre power demand for top markets (GW)



Source: BNEF (2025)

APAC: Booming Data Centre Hub

39% **Share of global data centre capacity captured by Asia Pacific in 2024**

- This share is expected to grow at a CAGR of **15%** from 2024-2030
- Momentum is fuelled by surging demand for cloud-based services across industries, the rollout of 5G networks and the accelerating adoption of artificial intelligence
- New rules on data sovereignty imposed across governments in ASEAN have prompted tech providers to construct DC facilities in local markets

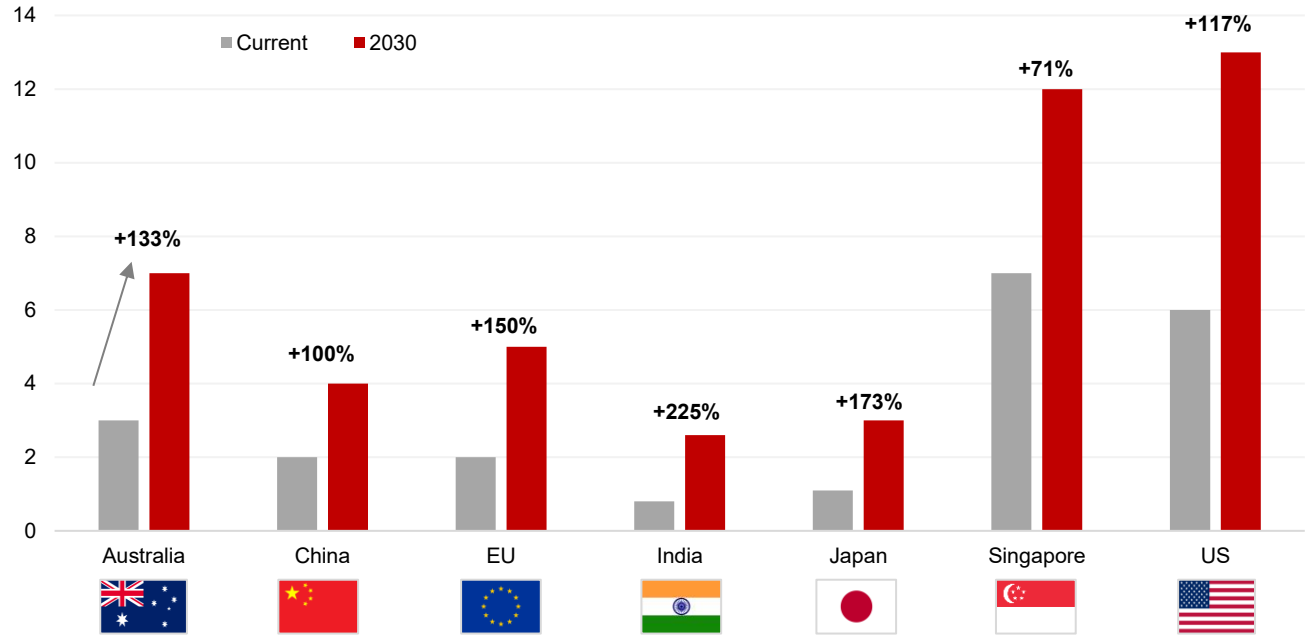
Source: MUFG compiled from BNEF, IEA and various public sources.

III: Energy and AI I How Green are Data Centres?

The Three-Colour Data Centre

With DCs expected to increasingly drawing electricity from the grids until 2030, near-term emissions will reflect those of the existing grids until regulatory push takes effect

Share of Electricity Consumption from Data Centres out of Total Electricity Demand (%) in Selected Markets



Current Electricity Generation Mix	Australia	China	EU	India	Japan	Singapore	US
Coal	46%	61%	14%	74%	30%	<1%	16%
Natural Gas	17%	3%	19%	3%	30%	94%	42%
Renew-ables	36%	31%	46%	22%	26%	2%	22%

Source: BNEF, IMDA, S&P, Wood Mackenzie (2025), IEA (2023)

Key Highlights

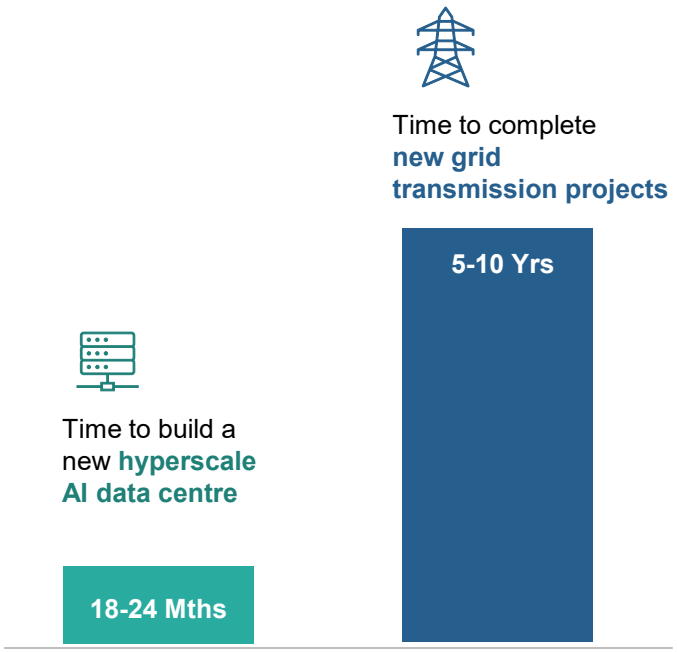
	DC-Specific Green Energy Requirement
US	**Nil**
China	**New DCs** in national hub nodes: >80% from 2026 **Government-procured DCs** Min 5% by 2023, 30% by 2025, 100% by 2032
Singapore	**All new DCs:** Min 50% from 2026

Source: MUFG compiled from BNEF, IEA and various public sources.

III: Energy and AI I Bridging the Gap

A return of nuclear?

Although nuclear, especially SMRs, presents a compelling low emission option, a regulatory gap to address public safety, technical capability, and end-to-end material and waste management pose a challenge for actual adoption



Timing mismatch has created an urgent power supply challenge – a need for strategic decision between a reliable fossil fuel and cost competitive renewables or other sources to stabilise the grids.

Key Considerations

	Solar	Gas	Nuclear: SMRs	Nuclear: Large reactors	Est. Range
Cost (LCOE)					$36 – 110/MWh
Emissions					12-490 gCO_2/kWh
Land area req.					1.3 – 75 sq. miles
Regulatory barriers					

Scale: Low → High

Source: BNEF (2025), World Nuclear

Not Exhaustive

Key Market Dependencies

	Solar	Gas	Nuclear: SMRs	Nuclear: Large reactors
Key tech provider	China Vietnam Malaysia India	US UK Japan	US Russia China Japan	US China France South Korea Russia
Raw material providers	China Germany US	Russia Iran Qatar	Kazakhstan Canada Namibia Australia	

Source: MUFG compiled from BNEF, IEA and various public sources.

III: Energy and AI I Bridging the Gap

Reality Check – who drives greening of data centres?

Pursuing a better DC's emission profile from the existing grid mix has not been at full scale, but expecting a turning point closer to 2030

RE100 Commitment (Year)

Not Exhaustive

Big Techs

- Google (2017)
- Apple (2018)
- Meta (2020)
- amazon (2023)
- Microsoft (2025)

Others

- CyrusOne (2030 – Carbon free)
- DIGITAL REALTY (Not disclosed)
- nxtra by airtel (2030)
- EQUINIX (2030)
- GDS万国数据 (2030)
- PDG (2030 – Green)
- NTT DATA (2030)
- Tencent (2030)

Regulatory Mandates for DCs

	Reporting requirements		Performance mandates		
	Emissions	Power Use	Green Energy	PUE	WUE
AU	●	●		●	●
CN		●	●	●	●
EU	●	●	●	●	●
IN					
JP	●	●		●	●
SG	●	●	●	●	
US	●	●		●	●

Source: IEA (2025)

● National level ● Subnational level only

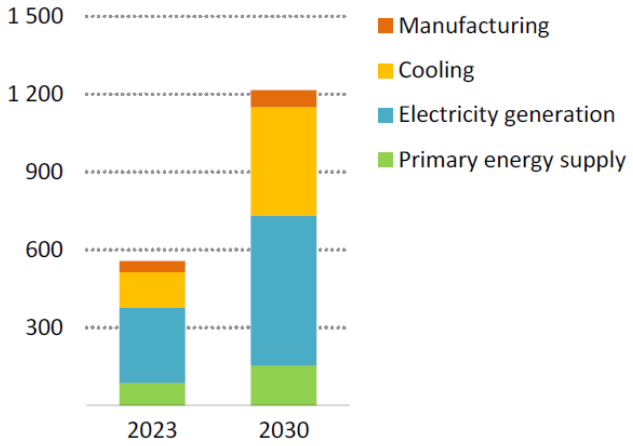
Source: MUFG compiled from BNEF, IEA and various public sources.

III: Energy and AI I Sustainability and Data Centres

A data centre surge is reshaping infrastructure needs, putting unprecedented pressure on power grids and water resources. As AI scales, new models for energy and resource management will be critical to ensure reliability and resilience.

Quenching APAC's DC thirst for AI

Water consumption by DCs (billion litres)



Source: IEA (2024)

- **~50%** of 2030 water consumption is in APAC – a typical warm/humid climate makes cooling more water-intensive. WUE* for direct cooling in APAC stands at 1.65l/kWh, **above 3x** the global avg. for DCs.
- AI tech giants are **overcoming water stress** via exploring innovations such as immersion cooling and water recycling programs to attain "water-positivity"

**Water Usage Effectiveness (WUE) is the amount of water consumed divided by amount of water consumed by IT equipment. A lower WUE indicates higher efficiency*

Data Centre Boom: Sustainability is not an Option

Malaysia

- Enforcing sustainability criteria for DCs is no longer an option E.g. **State of Johor in Malaysia** has emerged a prominent hotspot, though speed of new cluster build-outs is straining Peninsular Malaysia's grid. In response, the government **rejected ~30% DC applications** (based on sustainable criteria) since late-2024 to limit power and water consumption

Singapore

- IMDA Green DC Roadmap with **3 mandatory criteria for best-in-class, energy efficient DCs** under latest national auction (DC-CFA2) in Dec 2025
  1. Green Mark DC Platinum Certification
  2. Best in class facility efficiency: PUE<1.25
  3. IT Energy efficiency: reduce by >30% under national standard (SS 715:2025)

Australia

- Driven out of leading built facility national standard: Mandates a **minimum 5-star NABERS Energy rating** for DCs hosting federal workloads from Jul 2025

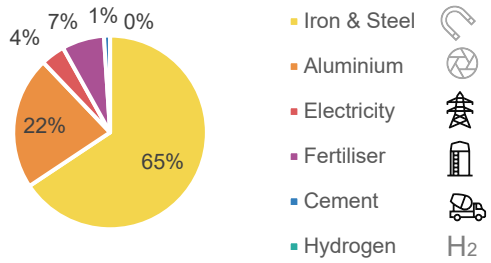
China

- 2024 Green Development Action Plan for Data Centres set across a nationwide goal to reduce PUE to <1.5 by 2025

Source: MUFG compiled from IEA, PwC and various public sources.

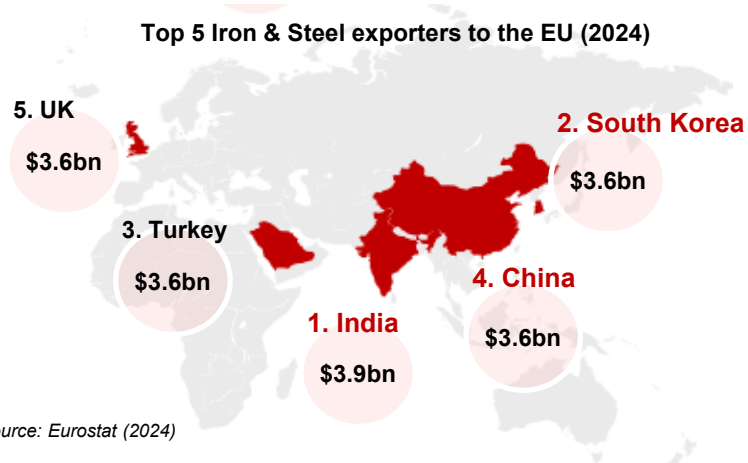
IV: Carbon Pricing I Fix it or Pay it

Relative Weight of EU's CBAM-impacted sectors



Source: CRU Group (2024)

Top 5 Iron & Steel exporters to the EU (2024)



Source: Eurostat (2024)

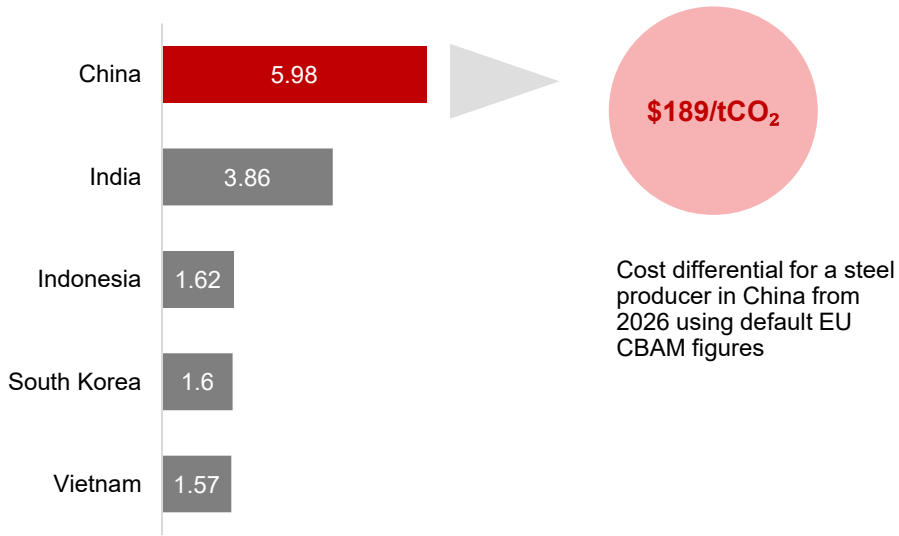
- APAC's trade share continues to climb, reaching **38.9%** of global exports in 2024 (up 3.4% YoY). Emissions are now **priced into trade flows** to curb carbon leakage, with climate-related trade measures spotlighted at COP30 for the first time. The EU Carbon Border Adjustment Mechanism enters its **mandatory phase in 2026, initially covering six sectors**
- **3 of the 5 markets** most exposed to the EU CBAM are in APAC, where emissions are included as a barrier to entry/compliance hurdle for key export markets

The New EU CBAM Rules: A stiff benchmark to climb

Dec 2025: EU Commission released long-anticipated package governing rules for CBAM implementation including **higher default values** (used when actual emissions data unavailable) and **lower provisional** CBAM benchmarks

The new default values impose steep penalties, with **10% annual markup through 2028** to drive transparency. Companies must **fast-track verified emissions reporting** to demonstrate emissions below ambitious EU defaults and avoid being subjected

Top 5 APAC markets impacted by EU CBAM
based on projected CBAM certificate liability from steel exports in 2035 (€ bn)



Source: Fastmarkets (2025)

APAC exporters are expected to face a cost of compliance. Cleaner producers to gain a competitive advantage while high-emission producers face substantial cost pressures

Source: MUFG compiled from Eurostat, Fastmarkets and various public sources

IV: APAC Carbon Pricing I Pressured to Act - National

National Carbon Pricing Mechanism

APAC is accelerating the implementation of domestic carbon compliance to match with the EU's CBAM timeline, increasing a pressure on targeted sectors to decarbonise

➢ Upcoming APAC compliance carbon regulations

While there is a lack of clarity around EU's official mechanism to recognise foreign domestic carbon pricing, APAC markets have been reacting to contain a carbon liability within the domestic border for CBAM-hit sectors

	China	Japan	Malaysia	South Korea	Vietnam
% of CBAM exports towards EU	12.13	4.98	8.43	12.32	19.22
Type	National ETS	GX-ETS	Carbon Tax	Reform Phase 4 of K-ETS	ETS
Sector	Power, steel, cement, aluminum	NA	Iron, steel, energy	7 sectors (incl. heavy industry)	Cement, steel, power
Date	2027	2026	2026	2026	2028

➢ More ambitious targets: from intensity-based to absolute emissions target

Intensity-based emission targets: pro-growth approach

GHG emissions targets set for a per unit of economic output e.g. CO_2/ sqft (for building); allowing growth but potentially with rising emissions

Absolute emission targets: aggregate approach

GHG emissions targets set as a fixed total GHG reduction; a cap on maximum emission the whole targeted sector can emit regardless of output volume

New commitments under NDC3.0 (2035)

Markets: China, Indonesia, Malaysia

In scope sectors: Energy, IPPU*, Waste, Forestry & Land Use, Agriculture

* Industrial Processes & Product Use (IPPU), commonly included CBAM-impacted sectors such as iron, steel, cement etc.

Source: MUFG compiled from various public sources

IV: APAC Carbon Pricing I Pressured to Act – Corporate

Corporate Disclosure

ISSB-aligned reporting will begin across many APAC markets from 2026, expecting supply chain emission disclosure to take a centre stage as companies strengthen their approaches to calculating and reporting emissions

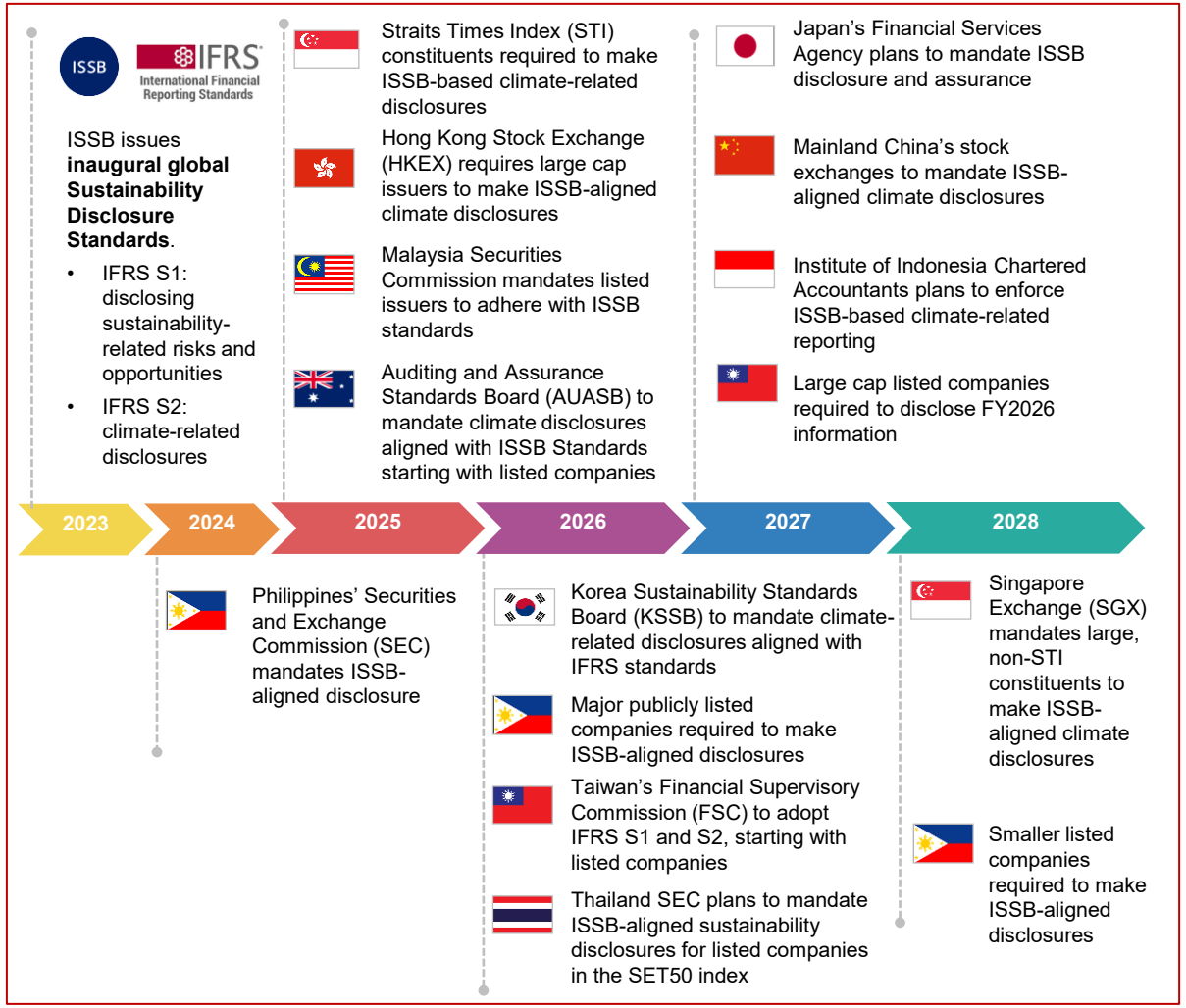
Emissions reporting

As more APAC markets move forward to mandate ISSB-aligned climate reporting, disclosure of **Scope 1–3 emissions** becomes a need-to-have.

Verification

Submission of third-party verified actual emissions data to EU importers for CBAM compliance or adhere to steep default values.

APAC markets are starting to introduce **assurance requirements**, with Australia, Japan & Singapore being early-movers.



Source: MUFG compiled from various public sources

IV: Pressured down the chain I A need for transition finance

Use Of Proceeds Based Financing

Transition Finance

Focus on decarbonisation of a company and their activities (in **"hard-to-abate" sectors**) while supporting a company's transition.

Not Exhaustive

Sectors

Eg. Aviation, Oil & Gas, Power & Utilities, Shipping, **Iron & Steel, Cement, Aluminum**

Use of Proceeds

Iron & Steel: Electric Arc Furnace, CCUS, Hydrogen
Cement: Alt Binders/Clinker, Waste-to-energy
Aluminum: Insert anodes, Retrofit of smelter

Standards

Newly released Transition Finance Guidelines in Oct-Nov 2025:

Major milestone establishing transition products as a dedicated label, bringing about enhanced clarity, credibility & transparency to the level of entity-level transition plans. As transition finance moves from concept to practice, we expect positive momentum for transition-labelled debt in 2026 out of hard-to-abate sectors.

Oct 2025: Transition Loan Guidelines

Published by APAC Loan Market Association (APLMA), Loan Market Association (LMA), and Loan Syndications and Trading Association (LSTA)

Nov 2025: Climate Transition Bond Guidelines

Published by International Capital Market Association (ICMA)

Case Study (Iron & Steel)

JFE Holdings Inc.
JPY 15bn Transition bond (Jun 2024)

Use of Proceeds

- Establishment of new technologies (e.g. CCU)
- Conversion to low carbon processes (e.g. Hydrogen)
- Renewable Energy (Biomass, Geothermal, Solar)
- Plastic Recycling

Nov 2025: JFE updated its 'Green/ Transition Finance Framework' originally published in 2024, becoming the **first public sustainable finance framework to explicitly align with the TLG and CTBG guidelines**

Source: MUFG compiled from ICMA, LMA and various public sources

V: Physical Risks I The Boiling Frog

An urgent need to close the global adaptation finance gap as economic losses from natural disasters intensify

Los Angeles Times
Behind the staggering economic toll of the L.A. wildfires

Los Angeles Times, Feb 2025

Bloomberg
Losses Top $20 Billion in Asia Floods as Climate Risks Grow

Bloomberg, Dec 2025

EARTH·ORG
2025 One of Costliest Years for Climate Disasters: Report

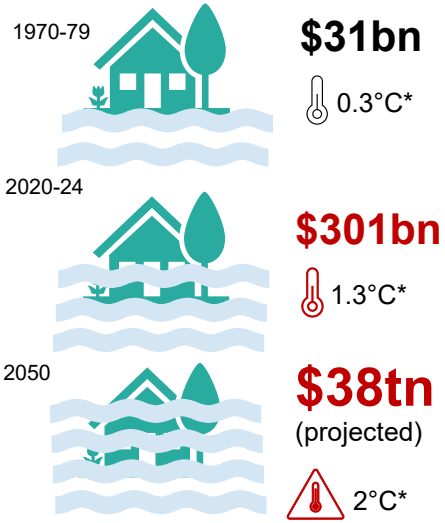
Earth.org, Jan 2026

Top 3

Adaptation Funding Needs

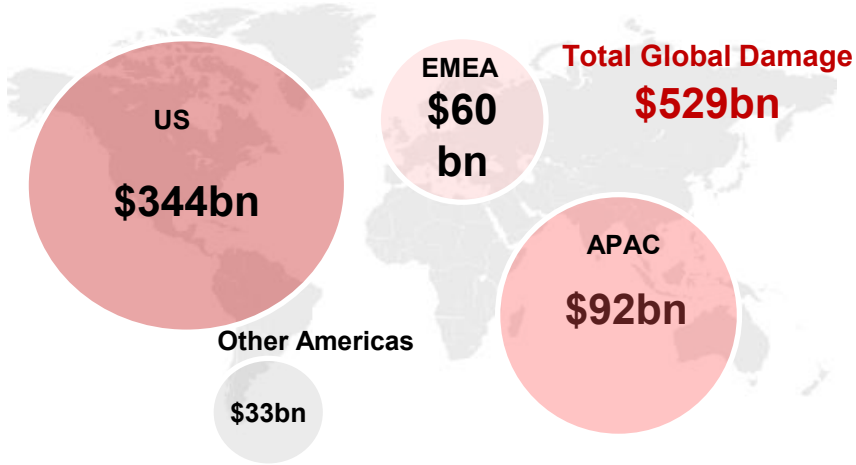
1. Water and flood management
2. Agriculture
3. Infrastructure & settlement

Ave. Annual Global Economic Damage from Natural Disasters



Source: IPCC, Reuters, UNESCAP (2025)

Economic damage from natural disasters during 2024 - 1H 2025, by region



Top economic loss events during 2024 - 1H 2025:

Disaster	Market	Economic loss
Hurricane Helene	US, Mexico, Cuba	$75bn
Hurricane Milton	US, Mexico	$35bn
Palisades Fire	US	$32bn
Eaton Fire	US	$25bn
Noto Earthquake	Japan	$18 bn
Flood	China	$15.8bn
Typhoon Yagi	China, SEA	$12.9bn
Myanmar, Thailand, Vietnam earthquake	SEA	$11.9bn
Valencia Floods	Spain	$16bn

Source: Aon (2025)

Source: MUFG compiled from Aon, UNEP and various public sources

V: Climate Adaption and Resilience APAC I Plugging in the Adaptation Financing Gap

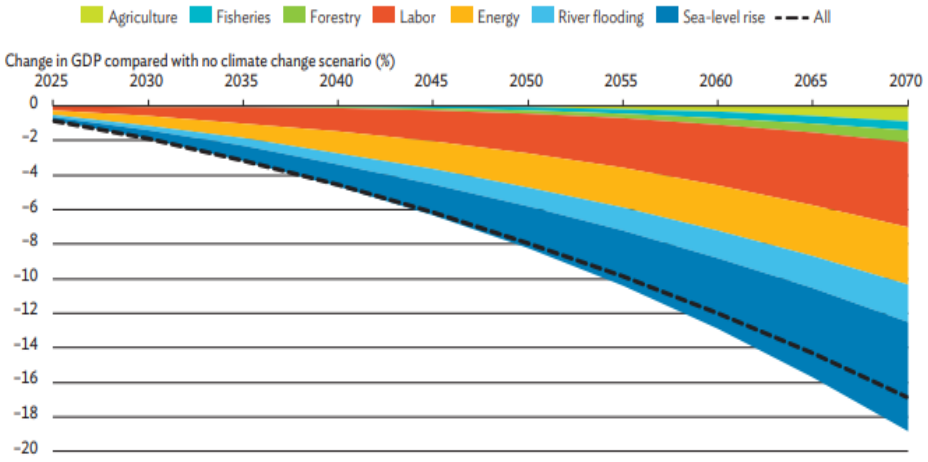
APAC is paying a high price of climate change

Driven out of escalating physical risks (e.g. sea level rise, river flooding), outpacing traditional labour/energy-related factors.

-18%
By 2070

APAC faces mounting risks from climate change, with GDP losses projected to accelerate from ~2% by 2030 to ~18% by 2070.

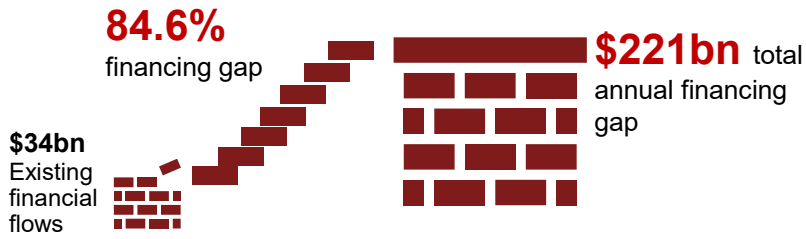
Composition of modelled losses due to climate change in APAC



Source: Asian Development Bank (2025)

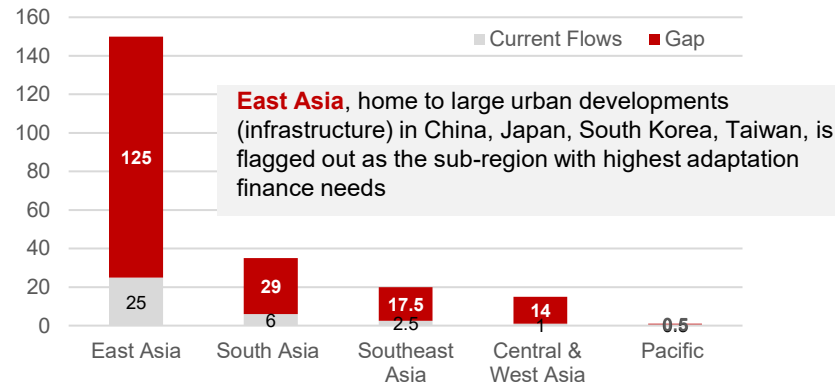
Urgent need for adaptation investments in APAC

APAC Annual Adaptation Financing Gap (as of 2023)



Source: CPI (2023)

APAC annual adaptation finance gap by sub-region (USDbn)



East Asia, home to large urban developments (infrastructure) in China, Japan, South Korea, Taiwan, is flagged out as the sub-region with highest adaptation finance needs

Source: MUFG compiled from ADB, CPI and various public sources

V: Climate Adaption and Resilience in APAC I The Shared Responsibilities

Urgent Investment in adaptation and resilience is critical

	1. Public	2. Public-Private	3. Private
Scope	Public goods/infrastructure with broad social and community benefits	Joint public and private costs/benefits	Private costs/benefits
Return	Low/no market returns	Below market returns	Commercial returns
Source of Fund	Sovereigns	Blended finance to crowd in public capital	Commercial
Example	Major flood protection infrastructure Health services for vulnerable populations	Climate-smart agriculture for smallholder farmers	Flood-free guarantee industrial & residential estates Supply chain resilience

Source: UNEP (2025)

Recent Case Studies in APAC

Philippines

- Government-led flood control projects under the Metro Manila Flood Management Project (World Bank-supported)

India

- Blended finance program under National Adaptation Fund on Climate Change, partnerships with agribusiness firms to promote drought-resistant crops and solar-powered irrigation

Singapore

- Large private real estate developers investing in flood-resilient building designs and green cooling systems to overcome heat stress/flood risks

Source: MUFG compiled from Aon, ADB, CPI, UNEP and various public sources

GAIA Climate Loan Fund (GAIA)

GAIA marks a **new approach to climate finance** by providing **long-term loans** to **sovereign, subsovereign, quasi-sovereign and state-owned entities**, including municipalities, development banks and state-owned utilities, across 19 emerging and developing countries.

Founded by MUFG, FinDev Canada, Green Climate Fund

Managed by Climate Fund Managers

GAIA contributes to the following **UN-SDGs**

- Up to **70%** of capital will be dedicated to **climate adaptation** e.g. sustainable agriculture, water management, ecosystem resilience and climate smart infrastructure
- Remaining **30%** dedicated to supporting mitigation e.g. renewable energy and low-carbon transport

Key Milestones

3 Nov 2025

GAIA achieves **USD 600m first close** to finance **climate adaptation and mitigation projects** across emerging markets.

2027

Targeted fund size of **USD 1.48 bn** with **final close** anticipated in 2027.

MUFG

MUFG Sustainability Commitments

Section II

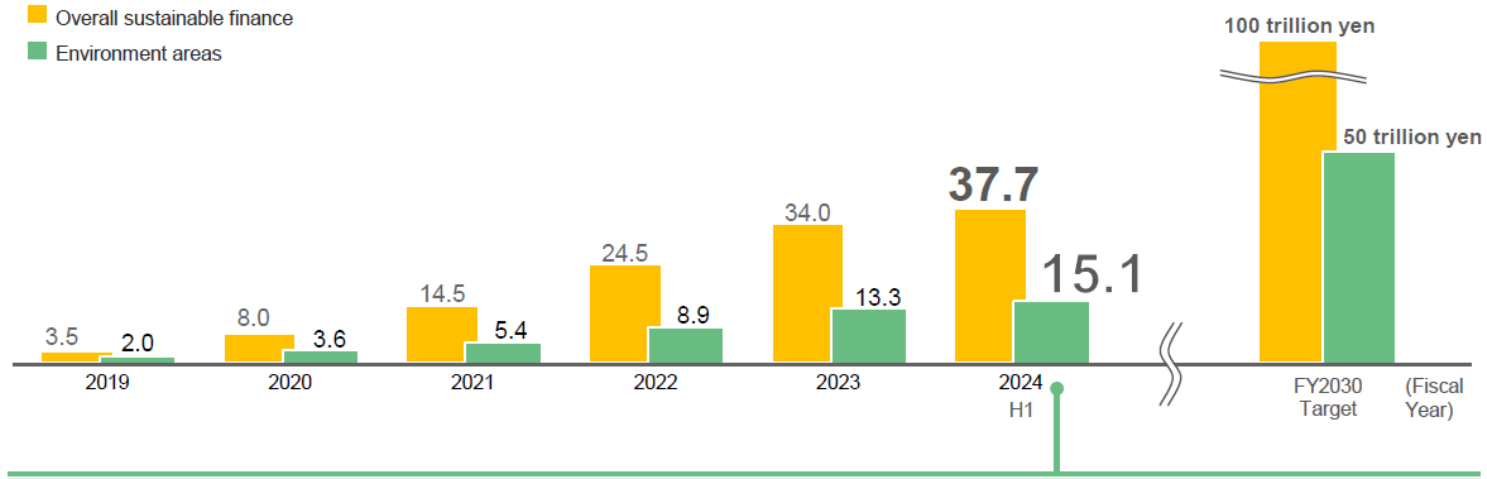
MUFG | Sustainable Finance Commitments

MUFG has continued to rank among top-5 banks for sustainable finance in APAC, committing to deliver our overall sustainable finance target to 100 trillion-yen by 2030

Financing activities: Sustainable finance

MUFG aims to provide 100 trillion yen in sustainable finance by FY2030, with 50 trillion yen allocated to the environment areas. 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)



c. **6.1** trillion yen	c.**5.0** trillion yen	c.**2.2** trillion yen	c.**1.7** trillion yen
Green loans/bonds and Transition finance	**Project finance for renewable energy and environment-related projects**	**Financial advisory for renewable energy and environment-related projects**	**Others*1**

*1 Positive Impact Finance, MUFG's original sustainability-related products, etc.

Source: MUFG Climate Report 2025

Source: MUFG compiled internally and various public sources

MUFG's Sustainable Finance Credentials in APAC

OUR SUSTAINABLE FINANCE ADVISOR / COORDINATOR MANDATES IN APAC (EX-JAPAN)

Credila Financial Services	MTR Corporation	JSW Neo Energy	PT IMG Sejahtera Langgeng	Goodman Hong Kong	REC Ltd
USD650mn Social Loan	HKD30bn Green Loan	USD675mn Green Loan	USD400mn Loan (green tranche of USD313.3mn)	HKD9.028bn Green Loan	USD400mn Sustainability Loan
Social Loan Coordinator, MLAB	Green Loan Coordinator, MLAUB	MLAUB, Green Loan Coordinator	MLAB, Green Loan Coordinator	Green Loan Coordinator, MLAB	Sustainability Loan Coordinator, MLAB
September 2025 (India)	September 2025 (Hong Kong)	July 2025 (India)	July 2025 (Indonesia)	June 2025 (Hong Kong)	June 2025 (India)
Kingboard Investments	Shriram Finance	QIC Property Fund (QPF) / QIC Town Centre Fund (QTCF)	The Kingdom of Thailand	Housing and Urban Development Corp	Kerry Logistics Network Ltd
HKD6bn SLL	USD1.277bn eq Social Loan	AUD3.75bn SLL	THB30bn SLB	JPY64bn Sustainable Loan	HKD1bn Social & SLL
Sustainability Coordinator, MLAB	MLAUB, Social Loan Coordinator	Joint Sustainability Coordinator	Joint Sustainability Structuring Advisor, Joint Lead Manager & Joint Bookrunner	MLAB, Joint ESG Loan Coordinator	MLABU, Sustainability & Social Structuring Adviser
June 2025 (Hong Kong)	December 2024 (India)	December 2024 (Australia)	November 2024 (Thailand)	November 2024 (India)	October 2024 (Hong Kong)
Credila	Zelestra Corporacion	Republic of Indonesia	Investa Commercial Property Fund	Waste Management NZ	AdaniConneX
USD512mn debut Social Loan	INR12.3bn Green Loan	USD2.35bn Sukuk (green tranche of USD600mn)	AUD600mn Green Loan	NZD1,100mn SLL	USD875mn SLL
Lead Social Loan Coordinator, MLAB	MLA, Sole Green Loan Coordinator	Joint Bookrunner, Joint Green Structuring Advisor	MLAB, ESG Coordinator	Sustainability Coordinator, MLAB	MLA, Sustainability Coordinator
October 2024 (India)	September 2024 (India)	June 2024 (Indonesia)	June 2024 (Australia)	April 2024 (New Zealand)	April 2024 (India)

SLB: Sustainability-linked Bond | SLL: Sustainability-linked Loan

Source: MUFG, LoanConnector, Bloomberg, The Asset, FinanceAsia

APAC SUSTAINABLE FINANCE LOAN MANDATED ARRANGER LEAGUE TABLES YTD 2025

Rank	Bookrunner & MLA	# Deals	Volume (USDm)
1	Mizuho	92	15,054
2	DBS	61	5,925
3	**MUFG**	57	5,358
4	SMFG	58	4,977
5	OCBC	42	4,337
6	Bank of China	52	3,725
7	HSBC	37	3,271
8	UOB	34	3,215
9	Standard Chartered Bank	34	2,697
10	Credit Agricole CIB	27	2,526

MUFG NAMED BEST ESG BANK & SOCIAL IMPACT ADVISOR

Best ESG Bank – APAC
Best Social Impact Advisor – APAC
Best Bank for Sustainable Finance – ID
The Asset Triple A Sustainable Capital Markets Award 2025

Best Social Impact Advisor
The Asset Triple A Sustainable Capital Markets Award 2024

Best Sustainable Bank
Indonesia, Singapore, Malaysia, Thailand

Best Sustainable Bank
Hong Kong, India, Indonesia, Singapore, Taiwan, Thailand

Contact Us

Sustainable Finance Department
Asian Investment Banking Division

Colin Chen
Managing Director,
Head of Sustainable Finance, APAC

colin_chen@sg.mufg.jp
+65 6918 4798

Amanpreet Singh
Managing Director,
Deputy Head of Sustainable Finance, APAC

Amanpreet_Singh@sg.mufg.jp
+65 6918 3475

Angkana Meeploy
Director, Head of Market Intelligence,
APAC

meeploy@sg.mufg.jp
+65 6918 4876

Shareef Omar
Head of Sustainable Finance, Oceania

shareef_omar@au.mufg.jp
+61 403 682 738

Serena Lum
Associate, Market Intelligence,
APAC

Serena_lum@sg.mufg.jp
+65 6918 4772

Chen Linxin
Analyst, Market Intelligence,
APAC

linxin_chen@sg.mufg.jp
+65 6918 4790

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MUFG

MUFG Bank, Ltd.
7 Straits View
#23-01 Marina One East Tower
Singapore 018936

www.mufg.jp/english