

Committed to
empowering
a brighter
future.

MUFG Carbon Neutrality Declaration

MUFG is committed to tackling climate change, one of the most serious issues facing the world, and will therefore develop specific action plans based on its purpose, which is being “Committed to empowering a brighter future.” In order to align with the goals of the Paris Agreement, MUFG will support the smooth transition to a decarbonized society through its financial services and proactively contribute to creating a sustainable society by fostering a virtuous cycle between the environment and economy.

MUFG commits to achieve net zero emissions in its finance portfolio by 2050 and its own operations by 2030. The following is our approach to achieve this goal; we will accelerate the implementation and promotion of specific measures, and progress will be duly disclosed throughout.

Commit to achieve decarbonization through financial services

- 1. MUFG aims to achieve net zero greenhouse gas (GHG) emissions across its finance portfolio*¹ by 2050 and will work to set and disclose an interim milestone for 2030 in FY2022, progress of which will be reported on an annual basis. As part of this commitment, following our participation in the Principles for Responsible Banking (PRB) in 2019, we will become the first Japanese bank to participate in the Net-Zero Banking Alliance (NZBA).
- 2. MUFG integrates solutions for climate change issues with its management strategies and will demonstrate appropriate engagement functions via initiatives such as setting ambitious targets for sustainable finance*², enhancing financing policies*³, disclosing future credit portfolio reduction targets related to coal-fired power generation*^{4*5}, and incorporating climate change risk into the credit process.
- 3. In order to create a sustainable energy mix, MUFG will provide strong support not only for renewable energy but also for the implementation of innovative technologies such as hydrogen/next-generation energy and carbon recycling. MUFG will also share issues related to decarbonization with customers while maximizing our expertise in sustainable business, and will actively support customers’ efforts to decarbonize.

Promote decarbonization via MUFG’s own efforts

- 1. MUFG aims to achieve net-zero GHG emissions in its own operations*⁶ by 2030. By the end of FY2021 the domestic offices and branches of core subsidiaries, MUFG Bank, Mitsubishi UFJ Trust and Banking and Mitsubishi UFJ Securities Holdings will procure 100% of their electricity from renewable sources. MUFG will also establish a fund to stimulate the renewable energy market (¥100 billion in phase one) and develop the first scheme in Japan to deal with an “end to end solution from generation to purchase” for green power, thereby leading the way for the decarbonization of society.
- 2. In order to support innovative technologies related to climate change and carbon offsetting efforts such as afforestation, MUFG will positively leverage its donation program framework, which contributes the equivalent of 1% of the group operating profit to CSR activities*⁷.

Set targets to align with the goals of the Paris Agreement and expand and improve transparency of information disclosure

- 1. MUFG will set targets to align with the goals of the Paris Agreement based on scientific approaches such as Science Based Targets, participate in global initiatives to enhance climate change solutions, and make every effort to ensure highly transparent disclosure that will benefit our stakeholders to improve their understanding and thereby make appropriate risk assessments*⁸.
- 2. MUFG supports the TCFD Recommendations and will conduct scenario analyses and disclose their results on transition risks (in the energy and utility sectors) and physical risks (flooding). Going forward, we will work to further expand the scope of sectors subject to TCFD scenario analysis and improve methods for reflecting the impacts of such risk in our financials.

Enhance our organization to achieve carbon neutrality

- 1. Previously the MUFG Environmental Policy Statement was approved and set by the Executive Committee, but we have enhanced governance to be approved by the Board of Directors. In accordance with the MUFG Environmental Policy Statement we will proactively disclose information related to climate change and other environmental issues.
- 2. MUFG will reflect ESG elements in its executive compensation from FY2021 and enhance strategic business management and promotion functions*^{9*10}, thereby accelerating our commitment to achieve carbon neutrality at the management level. Furthermore, we will establish a groupwide global project team including our overseas partner banks to support group entities and offices to lead the way for decarbonization in their respective regions based on their unique situations and circumstances.
- 3. MUFG will further utilize the knowledge of advisors*¹¹ and other experts, collaborate with research institutions, and enhance and train professional staff.

*1 Categorized as Scope 3 under the GHG Protocol which is the standard to measure and report GHG emissions, developed by an international organization of the same name.

*2 April 2021: Increased target from ¥20 trillion to ¥35 trillion (cumulative total from FY2019 to FY2030).

*3 April 2021: Revised policies for coal-fired power generation, forestry, and palm oil sectors.

*4 Progressing toward the project finance portfolio reduction target for coal-fired power generation (to halve the FY2019 balance by FY2030, and reduce to zero by FY2040).

*5 We aim to disclose the portfolio reduction target for corporate customers whose business largely involves coal-fired power generation.

*6 Categorized as Scope 1 and Scope 2 in the GHG Protocol

*7 Since January 2021, MUFG has been running a program to plant up to approx. 100,000 trees in accordance with the number of applications for new or replacement Eco Pass-books (paper bank books commonly used in Japan to keep track of transactions and account balance) and donate a total of ¥500 million over 10 years to foster these trees.

*8 MUFG will set and disclose the reduction targets (previously only results were disclosed) for CO₂ emissions through its renewable energy project finance portfolio.

*9 Measures and initiatives to solve environmental and social issues are discussed regularly by the Sustainability Committee, and further deliberated on at/reported to the Executive Committee and the Board of Directors.

*10 The position of Chief Sustainability Officer (CSuO) was created in FY2020 to clarify responsibility for promoting sustainability.

*11 Joined by a permanent external advisor in FY2019, whose expert advice and recommendations are utilized for sustainability management.