

MUFG  
TCFD Report  
2022

## **Publication information**



## Highlights

In order to contribute to the achievement of a sustainable society, MUFG has identified climate change measures & environmental protection as one of its priority environmental and social issues.

Acutely aware of the importance of climate-related financial disclosure, MUFG has declared its support of relevant recommendations formulated by the Task Force on Climate-related Financial Disclosures (TCFD), a special taskforce established by the Financial Stability Board (FSB). In line with these recommendations for

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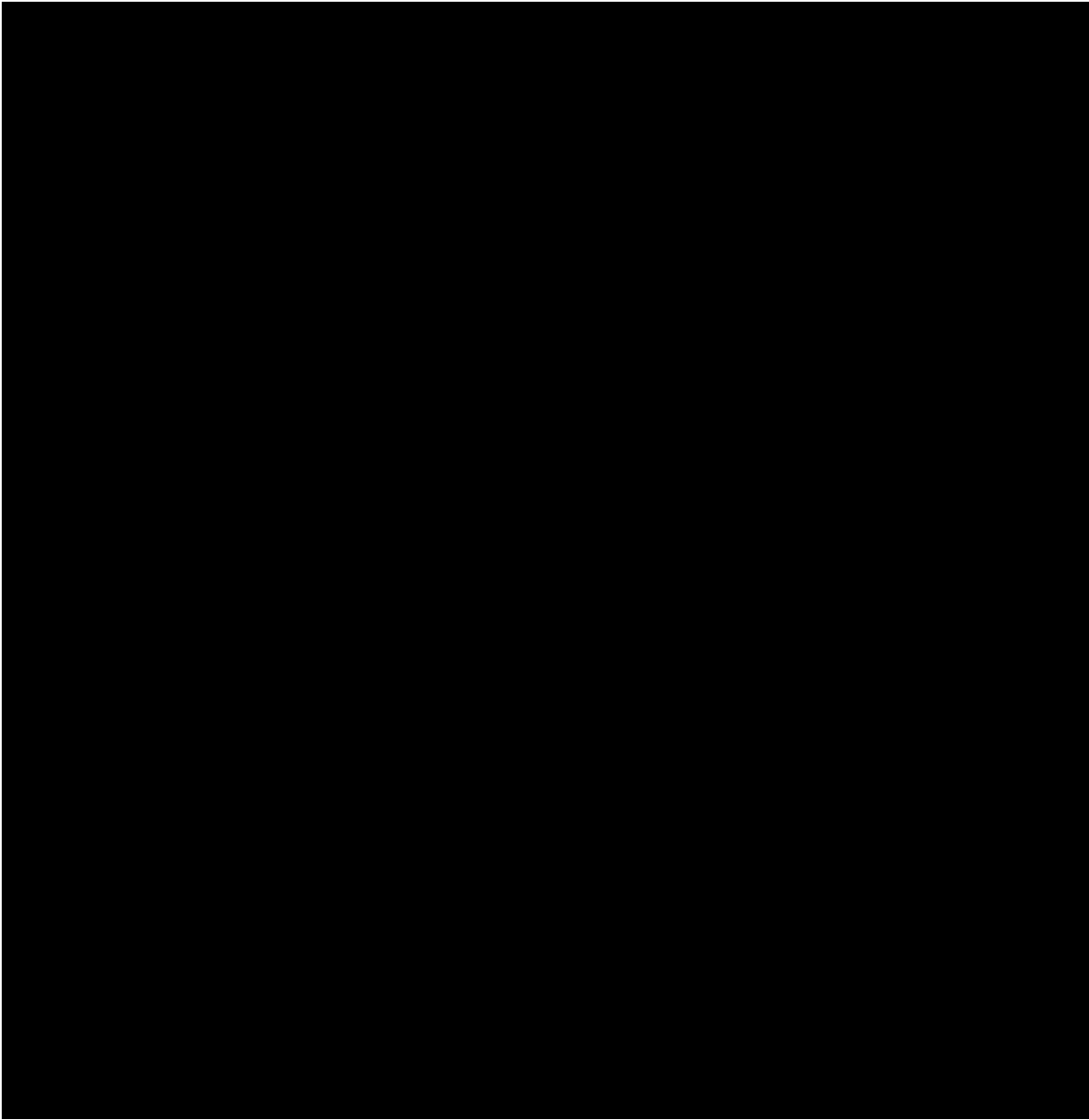


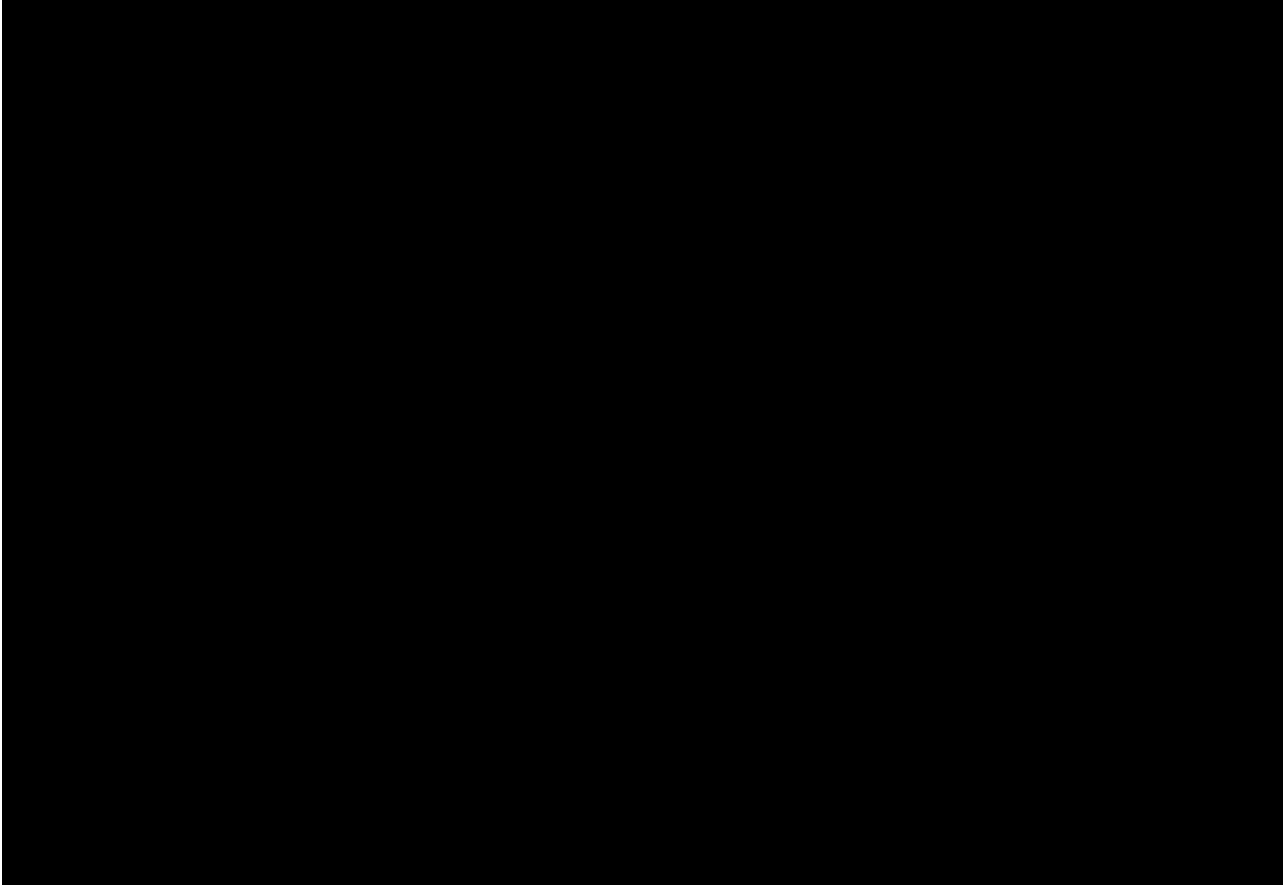




## **Engagement and Utilize of External Advisors in the Environment and Social Fields**

Since 2019, we have 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.





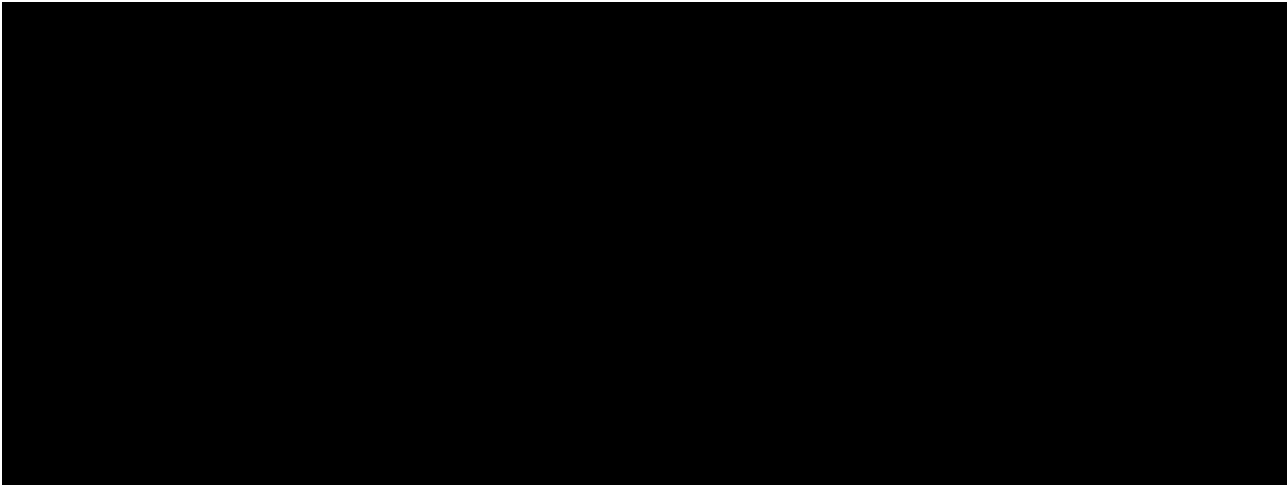
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**Progress Since the Carbon Neutrality Declaration**

**Net Zero GHG Emissions from the Financed Portfolio**

**2030 Interim Targets**

MUFG joined NZBA in June 2021 after announcing the Carbon Neutrality Declaration in 2020. The measures and 2050 and from t







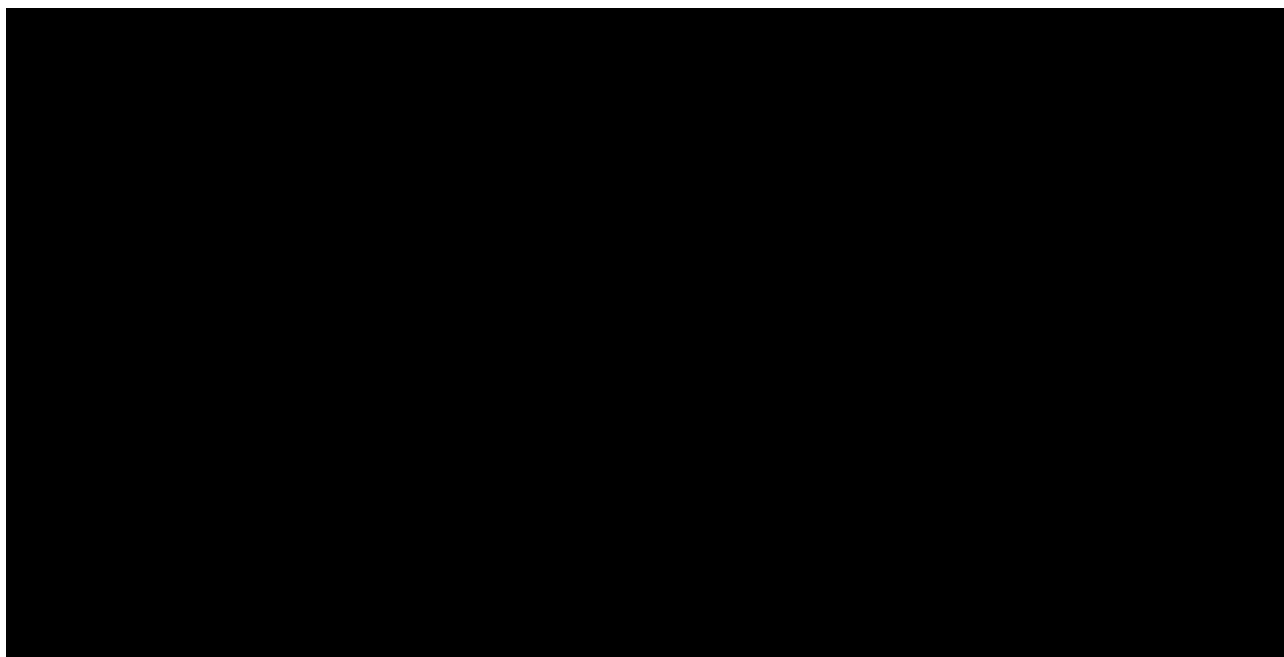






## **Aligning with NZBA Guidelines**

We have set the interim targets for the power sector and oil & gas sector in line with the NZBA Guidelines. MUFG will continue to follow NZBA Guidelines by reporting annual progress for the targets, reviewing the targets within five years, and setting new interim targets for other carbon-intensive sectors.













## **Carbon Neutral Project Team and Committee**

MUFG has established project teams on a group and global basis to discuss and make decisions through a







## **Engagement Activities Based on the Needs of Customers**

MUFG intends to be a financial institution that empowers a brighter future by supporting customers' decarbonization. We aim to start engagement (dialogues) with our Energy Transformation Strategy Project Team and to support our customers to become carbon neutral by developing and providing solutions based on the varied issues and needs of each customer.

























### Example of Transition and Physical Risks

Risk categories	Examples of transition risk	Examples of physical risk	Time frame
Credit risk	Our corporate clients' business activities and financial positions may be negatively affected if they cannot deal with government policies, regulatory requirements, customer requests or evolving trends in technological development.	Extreme weather may cause direct damage to assets held by our corporate clients and/or	

















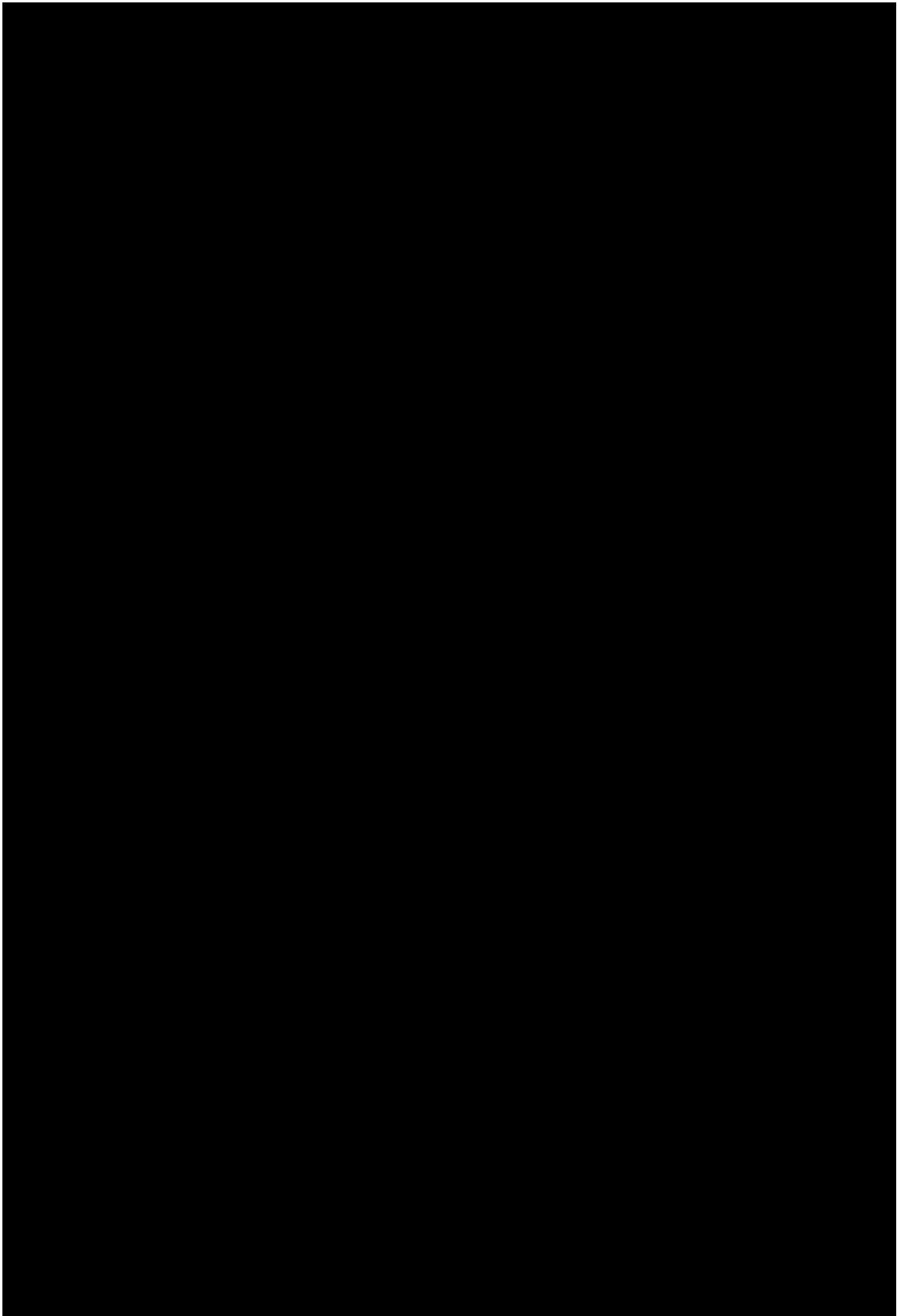










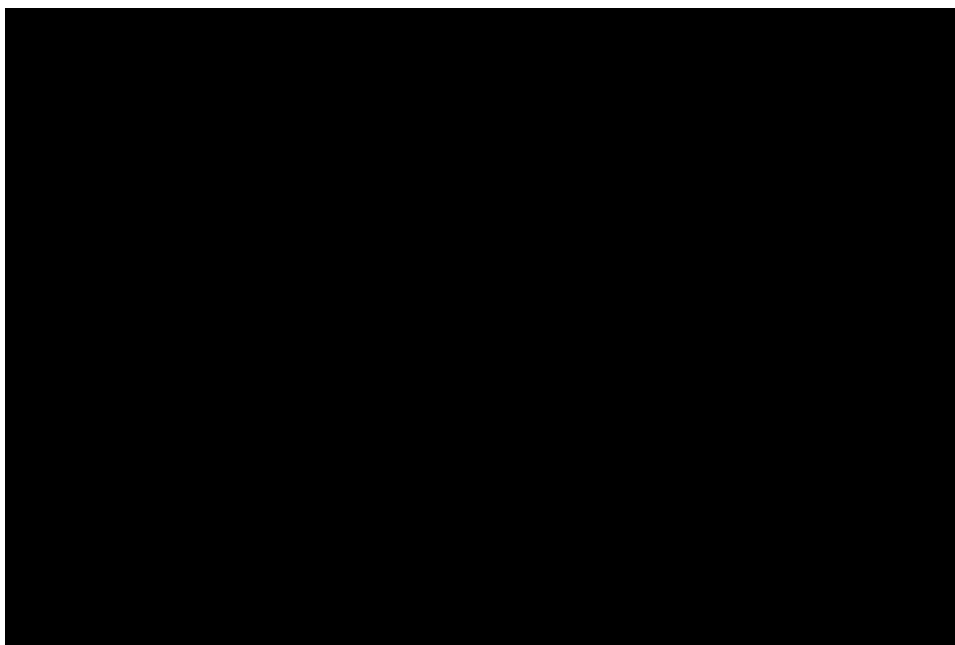


(note1)



In April 2022, we set a target to reduce to zero the balance of financing to coal-fired power generation projects by FY2040 .

We will continue to promote investments and loans for green, transition, and innovation through engagement (dialogue) aimed to help customers decarbonize who are operating coal-fired thermal power generation.



(note) Projects that contribute to the transition toward a decarbonized society are exceptional following the MUFG Environmental and Social Policy Framework.

## **Environmental Impacts of Project Financing for Power Sector Projects**









## **Responses to Climate Change Measures as an Asset Manager**



## **Responses to TCFD as an Asset Manager**

Asset management companies under the MUFG umbrella are endorsing TCFD as asset managers and working

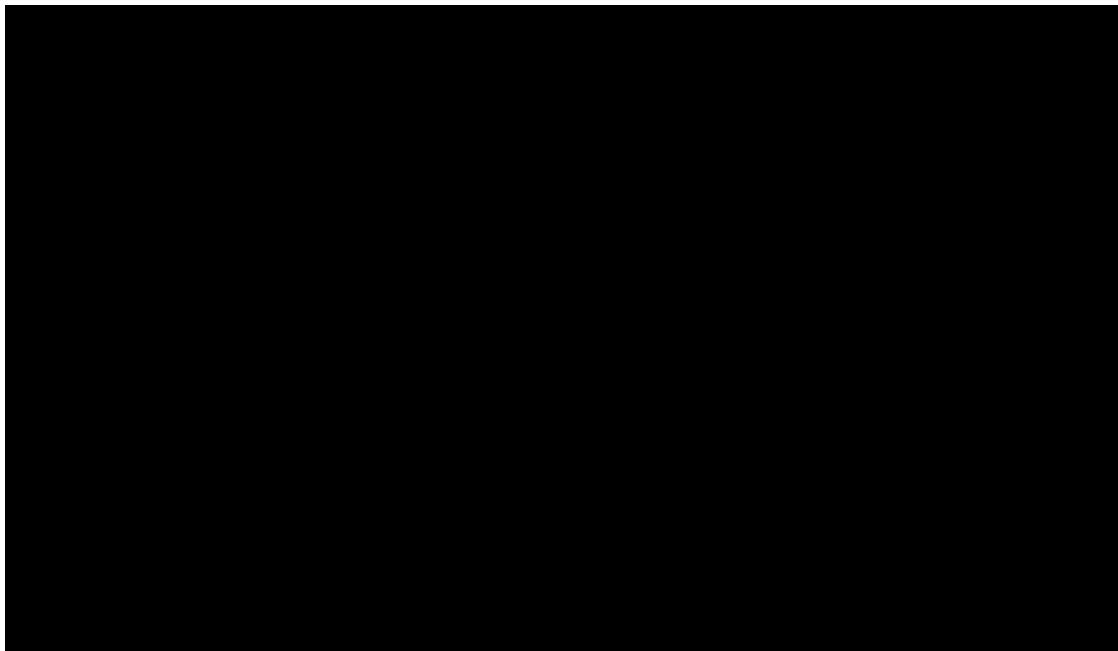
# Understanding of Climate Change Risks through Analysis

## Scenario Analysis

MUFG used ISS's analysis method by Sof Climatero96 0 0 c f 58.958 85ha880a2eeelaTf 9.6 0 (SDS)Aidedeeela(rtfkeep 0.2

## **Positioning Climate Change as a Material ESG Issue**

In a materiality matrix, ESG issues on asset management are mapped from the perspective of materiality in terms of society and MUFG Asset Management. In this context, climate change has been positioned as one of the most significant issues. (We are the first Japanese asset management company to adopt a materiality matrix) Addressing climate change is essential for improving investment value. We will contribute to the smooth transition to a decarbonized society through engagement, etc. with our investees.



MUFG-AM is addressing climate change issues with a focus on the following four areas:

### **Engagement/Exercise of Voting Rights**

It must be said that funding and recovery from investment alone will only have limited effect on GHG reduction in the real world. Through engagement (purposeful discussion with investees) and the exercise of voting rights,

## **Collaboration with Initiatives**

The Net Zero Asset Managers (NZAM) initiative is a global initiative led by asset managers committed to solving climate change issues. NZAM aims to achieve net-zero GHG emissions from its investees by 2050, in order to achieve the goal agreed in the Paris Agreement (to keep the global average temperature rise below 2