



<Joint Press Release>

## **MUFG Commits to Carbon Neutrality by 2050 but Punts Detailed Plan on Paris Alignment Shareholders Will Not Withdraw Climate Resolution**

Kiko Network  
Market Forces  
Rainforest Action Network  
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On May 17, Mitsubishi UFJ Financial Group (“MUFG”) published the “[MUFG Carbon Neutrality Declaration](#),” and announced its plan to achieve net zero financed emissions by 2050. The announcement follows a [resolution](#) filed on MUFG in March by Kiko Network and three individual shareholders affiliated with Market Forces, Rainforest Action Network, and 350.org Japan (“co-filers”), calling on the bank to adopt and disclose a plan to align its financing and investments with the goals of the Paris Agreement. Co-filers welcomed MUFG’s decision to strengthen its policy toward the Paris goals.

However, given the absence of metrics and short to medium-term targets which are requested by the resolution, today’s announcement by MUFG does not provide sufficient assurance that MUFG’s portfolio will be aligned with the Paris Agreement. Co-filers have therefore decided to go forward with the climate resolution in order to secure a stronger commitment by MUFG.

### **Failure to Set Short and Medium Term Targets**

MUFG is the first Japanese bank to commit to a carbon-neutrality goal of net zero financed emissions by 2050 and to join the international [Net Zero Banking Alliance \(NZBA\)](#) initiative. Net zero by 2050 is the long-term goal necessary in order to limit global temperature rise to 1.5°C, and is also the goal recently [set by the Japanese Government](#). Given MUFG’s status as the [largest Asian banker of climate chaos](#), the filers welcome the net zero commitment by MUFG. However, MUFG refrained from setting short and medium term targets, stating instead that it “will work to set and disclose an interim milestone for 2030 in FY2022.” Given the urgency of the climate crisis and scientific consensus that global CO2 emissions need to be halved by 2030 in order to reach the 1.5°C target, it is worrying that MUFG’s decision to not set short and medium-term targets makes it impossible to confirm Paris alignment. Moreover, in order to achieve these targets, it is necessary to measure and disclose all financed emissions (Scope3), but MUFG has made no explicit commitment to do so.

### **Coal Power Finance Phase Out Target**

Last year, MUFG set a target to reduce the project finance balance for coal-fired power generation to zero by FY2040. With this announcement, MUFG has clarified that it will “aim to disclose the portfolio

reduction target for corporate customers whose business largely involves coal-fired power generation.” While this is a step forward, in order to achieve the 1.5°C target, it is necessary to decommission all coal-fired power plants in OECD countries by 2030 and worldwide by 2040. MUFG’s lack of commitment to phase out all coal finance is not consistent with science and contrasts with [recent demands by the COP26 Presidency](#).

### **Inadequate Policies on Other Carbon-Intensive Sectors**

As with the revision of the policy framework last month, this announcement failed to make a comprehensive commitment to stop financing oil and gas expansion or the destruction of forests and peatlands, both of which are hugely carbon-intensive. In order to [achieve Paris alignment](#), there is no room to support any fossil fuel expansion or further degradation of natural ecosystems. Given MUFG’s ranking as the [sixth largest banker of fossil fuels](#) in the world and one of the [top financiers of rainforest-destroying commodities](#), its current commitments do not properly address the enormous carbon intensity of its financing and investment portfolio.

### **<Commentary from shareholders>**

**Kimiko Hirata, International Director of Kiko Network**, stated, “MUFG’s announcement of a net zero by 2050 goal and its joining of the Net Zero Banking Alliance are important steps forward. However, there is no decision on the concrete metrics and goals for achieving the short and medium term goals of coal power emissions reduction and decarbonization of corporate finance. In order to determine Paris alignment, MUFG must adopt stronger policies with more urgent timelines.”

**Takayoshi Yokoyama, 350.org Japan Representative**, stated “MUFG’s declaration of net zero greenhouse gas emissions in its investment and loan portfolio by 2050 is the first attempt by a Japanese bank to step forward in climate action. However, it is concerning that MUFG did not set short- and medium-term targets that are necessary to achieve the 1.5 degree target. In order to tackle the climate crisis, MUFG must stop investing in and financing new fossil fuel projects immediately as a first priority. They need to urgently establish a comprehensive phase-out strategy for fossil fuels, especially that of coal power, in line with the science.”

**Toyoyuki Kawakami, Japan Representative of Rainforest Action Network**, stated “MUFG’s Net Zero commitment is an important acknowledgement of its role as a major carbon emitter. However, net zero commitments are meaningless without an immediate stop to financing fossil fuel expansion and deforestation, and any reliance on questionable carbon offsets is unacceptable. It is also very concerning that MUFG’s policies do not apply to its Indonesian subsidiary, which is an important funder of carbon-intensive industries in Indonesia.”

**Megu Fukuzawa, Energy Campaigner of Market Forces**, stated, “If this announcement was meant to convince investors that MUFG was seriously dealing with climate change it falls well short of that goal. MUFG is simply tinkering around the edges of an urgent and escalating issue, and its policies allow them to continue financing fossil fuels and supporting coal power companies around the world.”

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