Explanatory material for investors

Shareholder Proposal for 16th Annual General Meeting of Shareholders of Mitsubishi UFJ Financial Group:

March 29, 2021

On March 26th 2021, Kiko Network, a Japanese environmental non-profit organization, and three individual shareholders (hereinafter referred to as co-filers)[1] submitted a shareholder proposal to Mitsubishi UFJ Financial Group (hereinafter referred to as MUFG).[2] This document explains the content of the shareholder proposal.

The shareholder proposal seeks MUFG to adopt and disclose a plan to align its financing and investments with the goals of the Paris Climate Agreement. The aim of the proposal is to ensure that investors are able to properly evaluate the climate risk of MUFG's financing and investments and make investment decisions accordingly, and to maintain and improve MUFG's corporate value by reducing the bank's exposure to climate risk.

Based on information disclosed by MUFG through the "MUFG Report 2020: Integrated Report",[3] "MUFG Sustainability Report 2020"[4] and "MUFG Environmental and Social Policy Framework,"[5] the co-filers of this proposal have evaluated the state of MUFG's loans and underwriting as well as its financing and investments policies for a carbon-free future. We have filed this shareholder proposal due to the absence of a policy by MUFG to minimize its exposure to climate-related risks.

We ask investors to support this shareholder proposal in the following ways:

- Vote for this shareholder proposal at the MUFG Annual General Meeting in June 2021;
- Communicate to MUFG your intention to vote for the proposal, and publicly express your support for this proposal;
- Engage with MUFG on the need to strengthen its investment and financing policies related to fossil fuels, deforestation and other business activities that increase climate risk, and encourage further information disclosure on these matters.

Below, we explain further the content and rationale for the shareholder proposal.

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[1] The 3 individual shareholders are the following individuals affiliated with NGOs: Meg Fukuzawa (Market Forces), Toyoyuki Kawakami (Rainforest Action Network), Takayoshi Yokoyama (350.org Japan)
[2] The proposal was mailed on March 26th 2021 in accordance with the procedures stipulated in the Companies Act of Japan. It is expected to be received by MUFG on March 29th.
[3] MUFG, *MUFG Report 2020: Integrated Report*
[4] MUFG, *MUFG Sustainability Report 2020*
[5] MUFG, *Policies and Guidelines*

1. Shareholder Proposal and Objective

(1) Content of the Proposal

The contents of the shareholder proposal submitted by the co-filers are as follows:

> ***The Proposal***
> *Partial amendment to the Articles of Incorporation (disclosure of a plan outlining the company's business strategy to align its financing and investments with the goals of the Paris Agreement)*
>
> ***Proposal details***
> *The following clause shall be added to the Articles of Incorporation:*
> *"The company shall adopt and disclose in its annual reporting a plan outlining its business strategy, including metrics and short-, medium- and long-term targets, to align its financing and investments with the goals of the Paris Agreement."*
>
> ***Reasons for proposal***
> *The aim of the proposal is to manage the company's exposure to climate change risks, and maintain and increase its corporate value.*
> *The Paris Agreement aims to strengthen the global response to the threat of climate change by limiting global temperature rise to well below 2 degrees Celsius above pre-industrial levels and preferably to 1.5 degrees Celsius, and making finance flows consistent with a pathway towards that goal.*
> *Although the company has enacted environmental, social and governance policies, it continues to provide significant finance to fossil fuel expansion and deforestation, which falls far short of aligning with the Paris Agreement goals. Under the Japanese government's carbon neutrality goal by 2050, this presents a significant financial and reputational risk to the company. Therefore, it is proposed to add the clause to the Articles of Incorporation.*

(2) Purpose of the proposal

This proposal is submitted in light of the need to strengthen efforts to address climate change, which is becoming more extreme, and the increasing number of investors who place importance on climate-related risks.

The proposal requests MUFG to adopt and disclose a plan that includes concrete metrics and short-, medium- and long-term targets on how to reduce its financing and investments to projects and companies that are not aligned with the Paris Agreement, and how to engage with such companies.

The co-filers of this proposal aim to realize the following with this proposal:

- Ensure that investors are able to properly evaluate the climate change risk of MUFG's financing and investments, and make investment decisions accordingly.
- Align MUFG's financing and investments with the goals of the Paris Agreement in the short-, medium-, and long-term, and thereby reduce its climate change risk and maintain and increase its corporate value.

The difference with 2020 shareholder proposal to Mizuho

This proposal is the second shareholder proposal filed on a Japanese financial institution on the subject of climate risk, following last year's shareholder proposal by Kiko Network on Mizuho Financial Group (hereinafter, Mizuho).[6] Similar to the proposal on Mizuho, this proposal is not intended to be unduly prescriptive, disclose confidential commercial information, or limit the authority of the company to formulate or change its business strategy. We believe this proposal grants MUFG the flexibility to realize this proposal while taking into account client relationships and corporate interests.

The content of the proposal is the same as last year's proposal to Mizuho in that it requires the disclosure of a plan that outlines the company's business strategy to align with the goals of the Paris Agreement. However, this proposal also requests the company's adoption of the plan, and given the importance of strengthening actions by 2030 in order to limit temperature rise to 1.5°C, it includes a requirement to set short-, medium-, and long-term targets.

(3) Format of the Proposal

In Japan, unlike in some countries in Europe and most states in the US, if the target company has a board of directors, a shareholder proposal can be made only with respect to the matters regarding which shareholders are entitled to vote and make a resolution at a shareholders' meeting under the Companies Act of Japan (the "Act") e.g. disposition of retained earnings; appointment or removal of directors; approval of mergers and divisive mergers; amendments to the Articles of Incorporation; or other shareholder resolution matters under the Articles of Incorporation of the target company (Article 295, Paragraph 2 of the Act). If a shareholder proposal does not fall into any shareholder resolution matter under the Act or the Articles of Incorporation regarding which shareholders have no voting rights at a shareholders' meeting under the Act or the Articles of Incorporation, such shareholder proposal would simply be rejected by the company as unlawful (Article 303, Paragraph 1, limitation proviso in the parenthesis, of the Act).

Therefore, in Japan, the formality of a shareholder proposal for a resolution in which a shareholder can specify the contents of its requirement is normally limited to a proposal to amend its Articles of Incorporation in part. It is clearly a shareholder resolution matter under Article 466 of the Act. Any shareholder proposal that simply states its requirement without using the form of an amendment to the Articles of Incorporation and calls for a shareholder resolution would not be placed on the ballot as an agenda item at the shareholder meeting due to its illegality, unless it falls into a different shareholder resolution matter under the Act or the Articles of Incorporation of the target company. For the reasons mentioned above, this proposal is made legally in the form of an amendment in part to the Articles of incorporation in accordance with the Companies Act of Japan.

[6] Kiko Network, *Kiko Network, as Mizuho Financial Group shareholder, files first ever climate resolution in Japan*, March 16 2020

2. Reasons to support the shareholder proposal

This shareholder proposal should be supported on the basis that

(1) MUFG's financing and investments are not aligned with the Paris Agreement;
(2) MUFG's policies are highly inadequate to properly manage climate-related risks;
(3) MUFG's climate-related risks cannot be grasped in full due to insufficient disclosure of indicators and targets; and
(4) MUFG must strengthen its policies and actions and demonstrate its alignment with the 1.5°C goal in order to manage climate-related financial risk.
(5) Traditional engagement with MUFG has not provided assurance of Paris alignment

The "Principles for Paris-Aligned Financial Institutions," released in September 2020 by more than 60 climate and rights groups from around the world, offer criteria for financial institution alignment with 1.5°C, including on fossil fuels, deforestation and financed emissions.[7] MUFG's activities and policies are assessed through this lens.

(1) MUFG's financing and investments are not aligned with the Paris Agreement

As the effects of climate change intensify, it has become clear that serious damage will be unavoidable unless average global temperature rise is kept not only below 2°C, but rather at 1.5°C.[8] In light of this, more than 120 countries have committed to carbon neutrality by 2050, which is required to achieve the 1.5°C target of the Paris Agreement.[9] The United Nations Environment Programme (UNEP) points out that average temperature is currently projected to rise by 3°C, and five times more effort than at present must be made to reach the 1.5°C target.[10] It is now widely recognized that climate change is a financial risk in the face of a major shift towards a carbon-free society.[11] However, according to a report by Rainforest Action Network, 350.org Japan, Greenpeace, and Market Forces, MUFG's response to climate change has been inadequate compared to other banks,[12] and therefore poses a significant risk to investors.

(a) Continued financing of coal-fired power
MUFG has announced a policy to reduce its balance of project finance for coal power projects to zero by 2040 and to end its provision of project finance for new coal-fired power plants "in principle." However, since this announcement, MUFG is reported to have participated in the financing of the highly controversial Vung Ang 2 coal-fired power generation project (1200 MW) in Vietnam,[13] and therefore has still been involved in the funding of new coal-fired power generation projects. Moreover, according to a recent report released in

[7] Rainforest Action Network, *Principles for Paris-aligned Financial Institutions*, September 2020
[8] IPCC, *2018: Summary for Policymakers. In: Global Warming of 1.5°C* (2018)
[9] Net Zero tracker, https://eciu.net/netzerotracker
[10] UNEP, *Emissions Gap Report 2020* (2020), P28.
[11] See, for example, Network for Greening the Financial System, *A call for action: Climate change as a source of financial risk* (2019)
[12] Rainforest Action Network, 350.org Japan, Greenpeace, Market Forces, *ESG Risk Profile of Mitsubishi UFJ Financial Group*, December 2020
[13] Global Trade Review, *JBIC and Kexim confirm support for Vietnamese coal project despite pressure from industry groups*, January 6 2021

February of this year, MUFG ranked third in the world in total loans (October 2018 to the end of October 2020) to the broader coal industry.[14]

(b) Continued financing of coal mining

MUFG's loans and underwriting for the top 30 coal mining companies in the world totals US$545 million since the Paris Agreement (2016-2020),[15] making it the largest financier of these companies among Japanese financial institutions. Financed companies include PGE (Polska Grupa Energetyczna), a Polish state-owned electric power company that is promoting an expansion plan for an open-pit lignite mine; Whitehaven, an Australian coal mining company; and Adaro, Indonesia's second largest thermal coal producer.

(c) Asia's largest banker of all fossil fuels since the Paris Agreement

MUFG has continued to provide large-scale loans and underwriting to the global fossil fuel sector even after the adoption of the Paris Agreement. According to a report by RAN et al., MUFG ranked sixth in the amount of loans and underwritings to all fossil fuels among 60 major private banks around the world that were evaluated for the study.[16] In the five years between 2016 to 2020, MUFG provided a total of approximately $148 billion, including $29.1 billion in 2020 alone, exceeding all other major Japanese banks. 41% of these funds were provided to the top 100 companies expanding their use of fossil fuels. The report confirms that MUFG has also provided significant loans and underwritings to the oil and gas sector, including the North American tar sands industry, oil and gas in the Arctic region, as well as shale oil and gas.

(d) Financing of activities and companies associated with carbon-emitting deforestation

MUFG is a significant global financier of commodities driving tropical deforestation.[17] In particular, MUFG lists the palm oil sector as a sector requiring enhanced due diligence, but ranks as the world's seventh-largest banker of palm oil, with over $ 1.2 billion in loans and underwriting to the palm oil sector between 2016 and 2019 alone.[18] At the time of this proposal, MUFG was actively financing Indonesia's three largest palm oil companies by land bank. The palm oil sector is one of the major contributors to land use change due to the clearance of carbon-rich tropical forests and peatlands and use of fire to make way for plantations. According to a report by the Intergovernmental Panel on Climate Change (IPCC),[19] 23% of greenhouse gas emissions derives from agriculture and forestry and other land use, and tropical deforestation from activities such as palm oil development is the largest single contributor of emissions. MUFG's financing of palm oil and other forest-risk commodities is therefore detrimental to the climate.

(2) MUFG's policies are highly inadequate to properly manage climate-related risks

MUFG has endorsed the Paris Agreement and the UN Principles for Responsible Banking (PRB), and established governance and management systems to deliberate its responses to environmental and social issues, including by forming a Sustainability Committee under the Executive Committee. Under this structure, MUFG has strengthened its sustainability measures and revised its environmental and social policy framework. We co-filers welcome MUFG's support for the Paris Agreement and its gradual strengthening of measures,

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[14] Urgewald, *Groundbreaking Research Reveals the Financiers of the Coal Industry*, Feb 25 2021
[15] Rainforest Action Network, BankTrack, Indigenous Environmental Network, Oil Change International, Reclaim Finance and the Sierra Club, *Banking on Climate Chaos: Fossil Fuel Finance Report 2021*, March 2021
[16] *Banking on Climate Chaos: Fossil Fuel Finance Report 2021*
[17] RAN et al, Forests & Finance Briefer, September 2020
[18] RAN, TuK Indonesia, Jikalahari, *Mitsubishi UFJ Financial Group falls behind banking peers on ESG policies for forest-risk commodities, exempts Indonesian banking arm from its group standards*, March 29 2021
[19] IPCC, *Special Report on Climate Change and Land*, August 8 2019

but the efforts are inadequate as shown below. In order to achieve the goals of the Paris Agreement, especially the 1.5°C target, MUFG's policies must be substantially strengthened.

(a) Lack of explicit climate change measures for investments and loans other than project finance (corporate loans, underwriting and purchasing of corporate bonds and stocks, etc.)

As part of its contribution to aligning with the Paris Agreement, MUFG has set a sustainable finance target (cumulative total of 20 trillion yen in 2019-2030, including 8 trillion yen in the environmental sector)[20], and committed to halve its project finance loan balance to coal-fired power by 2030 compared to 2019, and to zero out this balance by 2040.[21] However, as explained below, this policy on coal power project finance is inadequate, and other loans, underwriting and investments are not addressed.

MUFG has disclosed that the proportion of TCFD-defined carbon-related assets in its lending portfolio, namely to the energy and utility sectors and excluding renewable energy projects, was 6.2% as of the end of March 2020[22]. However, the measures it has taken to align with the Paris Agreement have been inadequate. In addition, MUFG has not provided any specific targets or indicators for corporate finance (corporate loans or underwriting of corporate bonds) or investments in fossil fuels or deforestation-related companies. Therefore, there is no assurance that the entirety of MUFG's investment and financing portfolio is aligned with the Paris Agreement.

(b) Partial and restricted sector policy limits its effect and is not aligned with the Paris Agreement

In order to align with the Paris Agreement goal of keeping temperature rise to 1.5°C or well below 2°C, financial institutions must phase out financing of all fossil fuels starting with coal as well as prohibit the degradation or loss of natural forests and other natural ecosystems, which serve as important carbon sinks.[23] Financial institutions must do so while respecting human rights, especially the rights of Indigenous Peoples. Unfortunately, MUFG's sector policies are inconsistent with such standards:

Coal-fired power generation: MUFG has announced that it will not finance new coal-fired power projects in principle, and has set a goal of reducing the loan balance of project finance to zero by 2040. However, MUFG makes room for exceptions, namely that it will support the adoption of high-efficiency power generation projects and carbon capture and storage technology (CCS). Coal-fired power generation involves a large amount of CO_2 emissions even if it is with high-efficiency technology (for example, integrated gasification combined cycle (IGCC)), and CCS is an unproven technology that may be available for use in the 2030s at the earliest.[24] For this reason, financing these projects does not contribute to halving greenhouse gas emissions by 2030 as required to reach the 1.5°C target, and is therefore inconsistent with the Paris Agreement target. Additionally, limiting its commitment to zero exposure to coal power project finance by 2040 should not be considered Paris-aligned, unless a plan outlining how MUFG is going to support the clients in this sector achieve global coal phase-out by 2040. Analysis of MUFG's coal power policy in RAN's report awards MUFG just 3.5 points out of 32 possible total points, compared to leading banks such as Crédit Mutuel with 30 points.[25]

[20] MUFG, *MUFG Sustainability Report 2020*, p44.
[21] *Id.*, p54.
[22] *Id.*, p56. *See also* MUFG, *Initiatives to Counter Global Warming and Climate Change* (accessed March 21 2021)
[23] Rainforest Action Network, *Principles for Paris-aligned Financial Institutions*, September 2020
[24] Kiko Network, *Risky Dreams: Carbon Capture, Utilization, and Storage (CCUS)*, June 2019.
[25] *Banking on Climate Chaos: Fossil Fuel Finance Report 2021*

Coal mining: MUFG has a policy of not providing financing for coal mining projects conducted by the Mountain Top Removal (MTR) method, but has not set clear standards for other coal mining projects. There is no policy to phase out funding to this sector. Analysis of MUFG's coal mining policy in RAN's report awards MUFG just 1 point out of 32 possible total points, compared to leading banks such as BNP Paribas with 30 points.[26]

Oil and gas: In 2020, MUFG added the tar sands sector and Arctic oil and gas to its Environmental and Social Policy Framework, under the category of restricted transactions, thereby strengthening its approach. However, MUFG has made no commitment to phase out its financing of oil and gas, which is necessary for alignment with the Paris Agreement. MUFG also lacks policies regarding shale oil and gas and tar sands pipeline construction projects, which pose a very high climate risk. Analysis in RAN's report awards MUFG just 0.5 points for its tar sands oil policy, 0.5 points for its Arctic oil and gas policy, and 0 points for its fracked oil and gas policy, each out of 18 possible total points.[27]

Deforestation: In 2019, MUFG added forestry and palm oil sector policies to its Environmental and Social Policy Framework, but its due diligence relies on weak certification measures that have repeatedly failed to guarantee no deforestation or human rights abuses.[28] MUFG's failure to prohibit the use of fire for land clearance or require compliance with the international standard of "No Deforestation, No Peatland and No Exploitation (NDPE)" exposes MUFG to significant climate risk through its financing of the land use sector.[29] This compares to the adoption of NDPE policies by major banks including HSBC, BNP Paribas, and DBS.

(3) MUFG's climate-related risks cannot be grasped in full due to insufficient disclosure of indicators and targets

The Task Force on Climate-related Financial Disclosures (TCFD) recommends to disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material."[30] However, it is difficult to grasp the status of investments and loans and underwriting from MUFG's current information disclosure. There is no disclosure of the targets, indicators, or engagement methods for reducing corporate finance loans and corporate bonds, including the 6.2% of carbon-related assets. In addition, there is no disclosure of climate risk arising from the financing of deforestation. MUFG's disclosure of information is inadequate compared to the fact that more than 100 financial institutions have promised to disclose their financed emissions.[31] Moreover, MUFG's assessment of 6.2% disclosure of carbon-related assets differs from other analyses that shows MUFG's loans and underwriting to all fossil fuels between 2016 and 2020 constituted 16% of its portfolio of total loans and underwriting over the same timeframe.[32]

In addition, MUFG's scenario analysis concludes that the impact of transition risk (energy and utility sector) and physical risk (flood damage) on the credit portfolio is limited.[33] However, the scope of this analysis was narrow and does not reflect MUFG's overall exposure to climate-related risk. Furthermore,

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[26] *Banking on Climate Chaos: Fossil Fuel Finance Report 2021*
[27] *Banking on Climate Chaos: Fossil Fuel Finance Report 2021*
[28] Greenpeace, *Destruction: Certified*, March 2021
[29] Rainforest Action Network, *Will Japan's Megabanks Stop Financing Rainforest Destruction?*, January 2020
[30] TCFD, *Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures* (June 2017), p26
[31] Partnership for Carbon Accounting Financials (PCAF), *Financial institutions taking action* (accessed March 22 2021)
[32] *Banking on Climate Chaos: Fossil Fuel Finance Report 2021*
[33] *MUFG Sustainability Report 2020*, p50

the scenario analysis conducted by MUFG's asset management arm concluded that it would not align with a 2°C scenario in 2042 and will instead align with a 4°C scenario.[34]

(4) MUFG must strengthen its policies and actions and demonstrate its alignment with 1.5°C goal in order to manage climate-related financial risk

As mentioned above, MUFG continues to support business activities and companies that emit substantial quantities of CO2, despite the strengthening of its policies. This is inconsistent with the Paris Agreement and is accelerating the climate crisis. In addition, MUFG's large exposure to fossil fuels and deforestation poses significant management and financial risks as well as reputational risks for MUFG, and poses an investment risk for its investors.

As a bank that has signed the UN Principles for Responsible Banking (PRB), MUFG has submitted its first report to the PRB Secretariat on the implementation of the Principles, but has limited its reporting to what was contained in its 2020 Sustainability Report.[35] The PRB calls on its endorsing banks to align its [their] business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks." (Principle 1).[36]

In November of this year, the 26th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP26) will be held in the United Kingdom, and there is a strong expectation that the actions of each country and each entity be raised to achieve the 1.5°C target. In the lead up to COP26, an increasing number of financial institutions are committing to achieve net zero financed emissions by 2050, and are strengthening their policies on fossil fuels and deforestation.[37] However, MUFG's business strategy is not aligned with the Paris agreement and not sufficient to reach 1.5°C, and there is a risk of being left behind in this global trend.

We recognize that MUFG will continue to reassess its risk and consider its alignment with the Paris Agreement, including by conducting further scenario analyses. However, as mentioned above, in observing MUFG's current efforts, unless there is a significant strengthening of measures, we believe MUFG's financial risk will remain extremely high.

(5) Traditional engagement with MUFG has not provided assurance of Paris alignment

The co-filers have respectively engaged with MUFG over several years on its financing of fossil fuels and deforestation and its governance of climate-related risks. The co-filers have also raised these issues through the publication of reports and writing letters to the bank on its environmental policy and specific carbon-intensive projects and sectors it has financed, with a particular focus on the coal, tar sands and palm oil sectors. The co-filers have further engaged with MUFG on its disclosure of climate-related risks and other TCFD reporting.

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[34] *Id*, p58
[35] MUFG, *Report on its Implementation of the Principles for Responsible Banking*, March 12 2021
[36] UN Principles for Responsible Banking, https://www.unepfi.org/banking/bankingprinciples/
[37] Fortune, *Wells Fargo is the last of the Big Six banks to issue a net-zero climate pledge. Now comes the hard part*, March 9 2021. See also Appendix 2

While the company has shown a willingness to engage on these issues, the engagement has not sufficiently raised hopes that the company is committed to strengthening its climate-related sector policies or formulate a strategy for aligning its financing and investments with the goals of the Paris Agreement.

As such, the co-filers of this shareholder proposal have decided to submit this proposal to MUFG.

Kiko Network and the co-filers of this proposal ask investors to vote for this proposal at the 2021 General Meeting of Shareholders of MUFG and advise MUFG and the broader public of this intention. At this time, we urge investors to engage with MUFG on its policies and request the publication of concrete measures to reduce the risks from financing and investments that are not aligned with the Paris Agreement.

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Appendix 1: Examples of Similar Shareholder Resolutions

In many countries, various climate-related shareholder resolutions to financial institutions as well fossil fuel and consumer goods companies have been submitted as follows.

Company name (Year)	Country	Result	Resolution
HSBC (2021)	UK	Resolution Withdrawn, Agreement Reached	On March 11, 2021, responding to ShareAction and institutional investors' pressure to improve the company's measures, HSBC agreed to phase out financing for coal-fired power generation and thermal coal mining by 2030 in the EU and OECD countries and by 2040 in other regions. HSBC will draw up and publish strategies for all sectors, including for the short- and medium-term, and will propose how it will report on its progress at its shareholders' meeting on May 28.
Barclays (2020)	UK	Rejected 24% Company's own resolution on net zero approved 99.3%	Considering the risk of climate change, ShareAction and institutional investors requested Barclays to set and disclose targets for phasing out financing to the energy sector and electric and gas utility companies. In response, the company proposed to to be a net zero bank in Scopes 1, 2 and 3 emissions by 2050, in line with the objectives of the Paris Agreement, and to disclose and implement a strategy, with targets, to transition its provision of financial services across all sectors, starting with the energy and power sectors.
Mizuho (2020)	Japan	Rejected 34.5%	This was the first Climate shareholder's resolution filed in Japan. Kiko Network requested Mizuho FG to disclose a plan outlining the company's business strategy to align its investments with the goals of the Paris Agreement.
JPMorgan Chase (2020)	USA	Rejected 49.6%	As You Sow and other shareholders requested that JPMorgan Chase issue a report at reasonable cost and omitting proprietary information outlining if and how it intends to reduce the GHG emissions associated with its lending activities in alignment with the Paris Agreement's goal of maintaining global temperature rise below 1.5 degrees Celsius.
JPMorgan Chase (2021)*	USA	Resolution Withdrawn, Agreement Reached	As You Sow and other shareholders requested that JPMorgan Chase issue a report at reasonable cost and omit proprietary information addressing whether, when and how it will measure and disclose the greenhouse gas footprint of its financing activities.
BP (2019)	UK	99.14% Passed (supported by the BP board prior to the vote)	Shareholders directed that BP includes in its Strategic Report and/or other corporate reports for the year ending 2019 onwards a description of its strategy which the Board considers in good faith to be consistent with the goals of Articles 2.1a 1 and 4.12 of the Paris Agreement.

Procter & Gamble (2020)	USA	67.7% Passed	Recognizing the climate, biodiversity and human rights impacts associated with the company's use of palm oil and forest pulp, Green Century Capital Management requested the company to issue a report assessing if and how it could increase the scale, pace, and rigor of its efforts to eliminate deforestation and the degradation of intact forests in its supply chains.

* As You Sow also submitted similar resolutions to other companies like Wells Fargo, Bank of America, Goldman Sachs, and Citigroup

Appendix 2: Examples of industry-leading sector policies by non-Japanese banks

Thematic area	**Financial institution**	**Policies** (*excerpt of relevant provisions)
Coal	Crédit Mutuel[38]	From March 1, 2020, companies developing their activities in the coal sector will be excluded from all financial support throughout the entire value chain. Generally, Crédit Mutuel Alliance Fédérale will cease supporting companies for which: ● the annual coal production is greater than 10 million tons; ● the installed capacity based on coal is greater than 5 gigawatts; ● the share of coal in revenue is greater than 20%; ● the share of coal in the energy mix is greater than 20%. These criteria... are intended to totally eliminate the financing of energy derived from coal by 2030.
Oil & Gas	BNP Paribas[39]	**Unconventional Oil & Gas** BNP Paribas will not provide financial products or services to the following greenfield or brownfield projects: ● Exploration and production of unconventional oil and gas resources (shale oil/gas, oil sands, Arctic oil/gas) ● Pipelines transporting a significant volume of unconventional oil and gas; ● LNG export terminals supplied by a significant volume of unconventional gas. BNP Paribas will not provide financial products or services to a company that falls under one of the following activities: ● Exploration and production companies for which unconventional oil and gas represent a significant part of their total reserves; ● Diversified companies for which unconventional oil and gas exploration and production represent a significant share of their total revenues; ● Trading companies for which unconventional oil and gas resources represent a significant part of their business;

[38] Crédit Mutuel, Our Sector Policies (Coal sectoral policies)
[39] BNP Paribas, Unconventional Oil and Gas – Sector Policy

		● Companies that own or operate pipelines or LNG export terminals supplied with a significant volume of unconventional oil and gas.
Deforestation	HSBC[40]	**Palm oil** HSBC will not provide financial services to customers involved directly in or sourcing from suppliers involved in: a) Illegal operations. b) Deforestation, that is: the conversion of areas (often forests) necessary to protect high conservation values (HCVs), the conversion of high carbon stock (HCS) forests; the conversion of primary tropical forests; or land clearance by burning. c) New plantation development on peat, regardless of the depth. d) Exploitation of people and communities, such as: harmful or exploitative child labour or forced labour; the violation of the rights of local communities, such as the principle of free prior and informed consent; and operations where there is significant social conflict.
Paris alignment Commitment	NatWest[41]	Commitment to halve the climate impact of financing activity by 2030, measured by financed emissions from loans and investments (debt securities and equity shares) on its balance sheet. Commitment to drop specified coal power or oil & gas clients that do not have a credible transition plan aligned with the Paris Agreement.

[40] HSBC, Sustainability Risk Policies (Agricultural Commodities Policy)
[41] NatWest Group, Approach to Climate Change