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Shareholders send MUFG a stark climate warning

June 29, 2021: At its AGM today in Tokyo, 23% of shareholders issued a major climate warning to Mitsubishi UFJ Financial Group (“MUFG”) management by voting in favour of [a resolution](#) filed 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.

[resolution](#)

In addition to receiving support from investors with trillions of assets under management, such as EOS at Federated Hermes, the resolution proved a catalyst for a major policy shift from MUFG. On May 17, it published the “[MUFG Carbon Neutrality Declaration](#),” and announced its plan to achieve net zero financed emissions by 2050.

As influential international proxy advisor ISS stated in its advice regarding the AGM, ‘*we also should state that the bank’s move does not appear unrelated to external pressure: after Kiko Network submitted the proposal in March, MUFG announced its carbon neutrality declaration, so one interpretation of such move is that it was prompted by pressure from the group. That means that Kiko Network’s engagement with MUFG has already successfully borne fruit.*’

“Although two major proxy advisors recommended investors vote against the proposal, it is very positive and encouraging that we have nearly one-fourth of investors’ support.

This filing serves as a testament to the impact of investor pressure. Today’s vote is a significant rebuke to management and a clear warning that it must immediately up its game or face even greater pressure,” said Kimiko Hirata, International Director of Kiko Network.

“Faced with the crystallizing physical and financial impacts of the climate crisis, investors are making it plain that MUFG needs to move further and faster.”

Given MUFG’s status as the [largest Asian banker of climate chaos](#), the filers welcomed the May 17 net zero commitment, while noting its numerous shortcomings, including:

- A lack of short and medium term targets required to confirm Paris alignment, stating instead that it “will work to set and disclose an interim milestone for 2030 in FY2022;”
- No explicit commitment to measure and disclose all financed emissions (Scope3);
- No commitment to phase out all coal finance, in contrast with [recent demands by the COP26 Presidency](#);
- No comprehensive commitment to stop financing oil and gas expansion or the destruction of forests and peatlands, both of which are hugely carbon-intensive.

“While MUFG’s new policy has temporarily assured some investors the bank is on the right track, today’s vote shows a high level of dissatisfaction and concern,” said Takayoshi Yokoyama, 350.org Japan Representative. “Even though our proposal was rejected, there were quite a few votes in favor, and as the Corporate Governance Code shows, MUFG must now analyze the reasons for investors’ support and deepen dialogue with its shareholders. MUFG now has the opportunity to close its climate loopholes.”

“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. It is necessary for MUFG to take these supporting votes from its shareholders seriously and take prompt action.” said Toyoyuki Kawakami, Japan Representative of Rainforest Action Network.

“The world is shifting rapidly to clean energy, but MUFG continues to cling onto the past,” said Meg Fukuzawa. “Investors have a responsibility to keep up the pressure and it’s critical for them to apply a razor sharp focus during the next year to ensure MUFG moves from words to genuine action.”

Photos of the AGM action / Press Conference are available [here](#).

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