

[Joint Press Release]

Voting results of shareholder resolution for MUFG (1st tally) (November 19, 2021)

Kiko Network
Market Forces
Rainforest Action Network
350.org Japan

In March 2021, together with three individual shareholders affiliated with environmental NGOs, Kiko Network submitted a shareholder resolution calling on the Mitsubishi UFJ Financial Group (MUFG) to adopt and disclose a plan to align its financing and investments with the goals of the Paris Agreement. Although the resolution did not pass at the June 29 annual general meeting of shareholders, it did garner the support of about 23% of the votes.

Kiko Network reviewed information publicly available to date to verify the results of voting by MUFG's institutional investors (including the results of updated voting rights of affiliates) and found that 20 of 69 institutions supported the resolution, while 49 opposed it. Twenty-eight Japanese institutional investors have announced their vote results, of which six supporting votes came from Asset Management One, Mizuho Trust and Banking Co., Nomura Asset Management, Resona Asset Management, Sumitomo Mitsui Financial Group, and Tokio Marine Asset Management. It is encouraging that a growing number of Japanese institutional investors are treating climate change as an important issue.

For	20
Against	49
Split vote	0
Abstention	0

In terms of targeting megabanks, this shareholder resolution comes after one that targeted the Mizuho Financial Group last year, but while major proxy advisory firms Glass Lewis and Institutional Shareholder Services (ISS) supported our resolution last year, they did not support the resolution this time. It is very disappointing that our resolution did not garner the support of these two companies, but nevertheless, many overseas investors did show a high level of interest, and the fact that we achieved 23% support, we believe, is evidence of rising concern about climate risk and growing awareness of the need for companies to conduct their business in ways that are consistent with the Paris Agreement.

ISS supported the MUFG board's recommendation to vote against the proposal, stating that climate measures announced by MUFG after Kiko Network submitted the shareholder resolution were given a push by pressure from the shareholder resolution. Meanwhile, the attitude still persists that it is not appropriate for a company's articles of incorporation to include a clause aimed at defining matters specifically related to the execution its business, and some

institutional investors opposed the resolution because it called for the inclusion of provisions about adopting a plan and disclosing indicators in the annual report regarding a management strategy to ensure that investing and lending are aligned with the goals of the Paris Agreement. Opinion is divided as to whether or not climate change countermeasures should be a management issue, and whether or not they should be part of a company's goals, but these voting results expose the fact that many investors believe MUFG's policies still don't go far enough.

After we submitted the shareholder resolution but prior to the AGM, MUFG announced a series of climate-related policies, including the May 17 announcement of the MUFG Carbon Neutrality Declaration, and in June it joined the Net Zero Banking Alliance (NZBA), which aims for net zero GHG emissions in investment and loan portfolios by 2050. However, MUFG has not announced any targets to phase out coal-related financing, and regarding the fact that it has not set any short or medium-term targets consistent with the Paris Agreement, MUFG has stated that it will announce medium-term targets for 2030 in fiscal 2022, but the details are still unclear and many issues remain.

Kiko Network intends to continue dialogue with MUFG and to keep calling for stronger investment and lending policies.

Voting results

Voting results of Kiko Network's shareholder resolution filed with MUFG (1st tally) (PR Text.PDF) (List. PDF)

References

Press release: "Japan's Largest Bank Targeted by Climate Resolution: Mitsubishi UFJ Financial Group told to align with Paris," March 29, 2021.

<https://www.kiconet.org/press-release-en/2021-03-29/MUFG-shareholder-resolution>

Briefing: Second Explanatory Briefing for Investors on the Shareholder Proposal for the 16th Annual General Meeting of Shareholders of MUFG (June 2, 2021).

<https://www.kiconet.org/press-release-en/2021-06-01/MUFG-investor-briefing2>

Briefing: Third Explanatory Briefing for Investors on the Shareholder Proposal for the 16th Annual General Meeting of Shareholders of MUFG (June 25, 2021).

<https://www.kiconet.org/press-release-en/2021-06-25/MUFG-investor-briefing3>

Joint release: Shareholders send MUFG a stark climate warning (June 29, 2021).

<https://www.kiconet.org/press-release-en/2021-06-29/MUFG-AGM>

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