The 1st Asia CCUS Network Forum
Panel Discussion 3: Financing Scheme for Deployment of CCUS in Asia

Introduction to MUFG

Sustainable Business Office
Solution Products Division

June 2021
MUFG Carbon Neutrality Declaration

The management takes it seriously to contribute to creating a sustainable society by fostering a virtuous cycle between the environment and economy, and thus MUFG is the first Japanese bank to commit to achieve net-zero GHG*1 emissions for the finance portfolio.

**MUFG Carbon Neutrality Declaration**

Net zero GHG emissions in our finance portfolio*2 by 2050, net zero GHG emissions in our own operations*3 by 2030

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**Main Approach**

1. **Commit to achieve decarbonization through financial services**
   - Set target for sustainable finance: ¥35tn (of which ¥18tn is for environment)
   - Enhance financing policies
   - Disclose future credit portfolio reduction targets for corporate-finance related to coal-fired power generation*5
   - Support renewable energy, hydrogen, next-generation energy, etc.

2. **Promote decarbonization via MUFG’s own efforts**
   - Shift to 100% renewable energy for electricity procured by domestic offices and branches*6
   - Work on carbon offsetting (afforestation, etc.)

3. **Set targets to align with the goals of the Paris Agreement, and expand and improve transparency of information disclosure**
   - Set targets to align with the goals of the Paris Agreement based on scientific approaches such as SBT*7
   - Develop TCFD disclosure such as expanding the scope of sectors subject to scenario analysis

4. **Enhance our organization to achieve carbon neutrality**
   - Change governance to approve “MUFG Environmental Policy Statement” at the Board of Directors
   - Reflect ESG elements in MUFG’s executive compensation

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*1 Greenhouse Gas *2 Scope3 under the GHG Protocol *3 Scope1 and Scope2 under the GHG Protocol *4 An initiative, which was established by UNEP FI in April 2021, undertaken by banks that are committed to achieve net zero GHG emissions in their lending and investment portfolio at latest by 2050
*5 We aim to disclose the portfolio reduction target for our corporate customers whose business largely involves coal-fired power generation. Progressing toward the project finance portfolio reduction target for coal-fired power generation (to halve the FY2019 balance by FY2030, and reduce to zero by FY2040)
*6 The Bank, the Trust Bank and the Securities HD
*7 Science Based Targets
Sustainable business promotion structure

Enhance business promotion domestically and globally, centered on the Sustainable Business Office.

**Global structure**

- **Europe, Middle East, Africa**
  - 35 locations

- **Americas**
  - 339 locations

- **Asia Oceania**
  - 1,540 locations

Coordinate/cooperate with ESG managers/leads in each region.
Closely share information/knowledge and promote business.

**Domestic structure**

- Group companies
- Strategic Research Department
- Client Coverage Dept.
- Solutions Unit
- Client Coverage Dept.
- Solutions Unit
- Research functions
- Solution development/promotion functions
- Risk management functions
- Global coordination function

*Number of locations as of the end of March 2021; multiple branches or a branch and branch office in the same location are counted as a single location (including partner banks and Adira Finance locations).*
**Efforts to support transition and innovation**

- Support innovation starting from the R&D and feasibility study phases, and contribute to the realization of carbon neutrality

**A track record of supporting renewable energy-related businesses**

**Offshore wind power generation business**
- In 2005, MUFG participated in the world’s first project finance for offshore wind power generation business, and as a leading bank has financed a total of 41 projects in Japan and abroad

**Geothermal power generation business**
- Starting in 2012, MUFG has financed projects in Japan and abroad targeting the geothermal power generation business, which is expected to be an inexpensive, stable base load power source

**Cumulative total amount of renewable energy project finance by MUFG (USD billion)**

**Efforts related to realizing future innovation**

**Past focus areas**
- Take advantage of the knowledge and experience gained through past business support...

**Future focus areas**
- Investigate/implement financial services that support new businesses from early stages such as R&D and feasibility study

**Efforts to new technologies/themes that will contribute to carbon neutrality (examples)**

- Increasing the efficiency of renewable energy
- Hydrogen supply chain
- Distributed power sources, next-generation storage batteries
- CCUS/Circular economy
- Development of energy control systems using digital technology

*Source: Thomson One*
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