

ESG Viewpoint: MUFG Bank

RepRisk interviews Amane Yamazaki, Managing Director, Head of Social & Environmental Risk Assessment Office, Solution Products Division at MUFG Bank

MUFG Bank is the largest bank in Japan, offering retail, corporate, and investment banking services worldwide. It is part of the Mitsubishi UFJ Financial Group (MUFG), Japan's largest financial group with [JPY 2.141 billion](#) of capital.

Amane Yamazaki has been with MUFG Bank for more than 17 years. Since 2015, he has been Managing Director, Head of Social and Environmental Risk Assessment Office. Prior to this, Amane worked for more than ten years in the project finance arena. He holds a degree in Science and Technology from Keio University (1993).



1. RepRisk: Could you please provide some insight into your specific role and explain what your department does?

Amane Yamazaki: The Social and Environmental Risk Assessment Office (“SERAO”) at MUFG Bank takes primary role in assessing and managing potential environmental and social risks and impacts of large-scale projects for which the bank provides finance, under the internationally-recognized framework of the Equator Principles. We are also in charge of conducting enhanced environmental and social (E&S) due diligence for certain restricted transactions under the MUFG Environmental and Social Policy Framework which was introduced last year.

In addition, we are broadly engaged in several activities related to sustainable finance at MUFG Bank, including green bond issuance, Green Climate Fund, and reputational risk management.

2. RR: You mentioned the MUFG Environmental and Social Policy Framework. Please tell us a bit more about what drove this initiative, and how it will create value for you and your clients.

AY: MUFG Bank recognizes that taking actions to address global environmental and social issues, including protecting the environment and responding to climate change, is the responsibility of all human beings. 2015 was a remarkable year which saw adoption of the SDGs by United Nations and the Paris Accord among nearly 200 countries. It was also a year that ESG investments expanded particularly in Japan as GPIF adopted PRI and introduced ESG indices for their investments later.

These global trends drove us to shift our risk management framework in a more ESG-focused way, which led to the establishment of MUFG Environmental and Social Policy Framework. MUFG Bank recognizes that environmental and social risks arising from the business activities should be managed appropriately in order to make our business more sustainable.

We value our Policy Framework to better narrow the gap between our actions and long-term expectations from our stakeholders, particularly our clients, by expressing clearly our stance on environmental and social matters to the public.

3. RR: How does MUFG and its subsidiaries use RepRisk in the day-to-day business?

AY: We utilize RepRisk for our day-to-day E&S assessment of individual transactions by identifying and filtering risk incidents in local media translated into English by searching either the project or company names. The search results sometimes do give us a wake-up call. In such cases, we try to assess the specific E&S matters linked to our financing transactions more intensively using RepRisk's qualitative information.

MUFG, our holding company, also utilizes RepRisk to monitor its own RepRisk Index (RRI) to self-assess operational and reputational risks. Some regional offices also utilize RepRisk to monitor and manage exposures to reputational risks, including current exposure of existing and potential clients.

4. RR: What are the main challenges that your departments face with regards to incorporating ESG?

AY: As our mandate is to assess E&S risks related to financing transactions, ESG elements are naturally incorporated into our business activities, although G is out of our mandate (and thus handled by other departments such as compliance, legal office, etc.). Having said that, the main challenges we face are:

- How we can crystalize positive impacts and our contribution to reputation of MUFG through our E&S assessment. Enlightening others within and outside the institution is important.
- To continue to accumulate and enhance our knowledge, experiences, and capabilities to better assess and manage environmental and social matters linked to our financing activities and extend our know-hows to group-wide activities.
- To establish full-fledged organization of the function.

5. RR: What do you see as the upcoming trends or emerging issues from an ESG perspective?

AY: MUFG publicly disclosed its environmental and social initiatives related to both risks and opportunities perspectives in its new mid-term business plan started last year. These initiatives, especially external disclosure in accordance with TCFD recommendations and sector-specific policies in the Environmental and Social Policy Framework, are regarded to be subject to continued enhancement and upgrade. Some of the emerging trends we see focus around recognizing SDGs/ESG as the mainstream business activities or competitiveness of corporate companies.

RepRisk allows us to monitor the potential risk exposure of the business compared to the risk associated with the industry and the project.