

Hello. I'm Junichi Hanzawa, President and CEO of MUFG Bank.

Congratulations on the 10th anniversary of the LNG Producer-Consumer Conference. This Conference has been contributing to the development of the LNG market by providing a forum for discussion and cooperation among LNG stakeholders, and it's a great honor for me to extend this message via video. I would also like to express my heartfelt respect for the organizers, the Ministry of Economy, Trade and Industry, and the Agency for Natural Resources and Energy.

The themes of the conference this year are "increasing role of LNG as a transition energy", and "the way of production and using clean LNG". As the world accelerates toward decarbonization and carbon neutrality, we think these themes are very important.

MUFG considers our actions addressing climate change among our most important activities. In May this year, we released our "MUFG Carbon Neutrality Declaration", a commitment to achieve net-zero emissions in our finance portfolio by 2050, and in our own operations by 2030. In June, MUFG became the first Japanese bank to join the Net-Zero Banking Alliance, and we're working to enhance our response to climate change and relevant disclosure with transparency.

LNG has been regarded as an extremely important source for energy security in Japan and other countries, and MUFG has been playing a major role in financing the sector.

In the project finance field, MUFG has always ranked as a top-tier bank in the league tables, actively providing liquidity to LNG projects from upstream to downstream. In the area of corporate finance, we have also provided various forms of financial support to LNG-related companies.

Now, as the world moves toward decarbonization, the question is, what is needed to ensure a stable and smooth supply of finance to the LNG sector? I think "transition" and "sustainability" are of utmost importance. Let me provide some points.

First, it's important that sponsors and other stakeholders of LNG

projects have their energy-transition strategies or climate-change policies and targets work toward carbon neutrality. It's also important for financed projects to be aligned with these strategies and policies, and to contribute to achieving the targets. Stronger measures to reduce CO2 emissions in LNG projects – such as CO2 capture, storage and utilization, replacement of coal-fired power generation, use of hydrogen, and afforestation – would also have a positive impact on LNG financing.

It's important as well to build a global consensus on the sustainability of LNG itself. We believe LNG has great potential to be a transition energy. For example, in Southeast Asia, the demand for electricity is expected to grow significantly. But given its climate, geography, and economic conditions, the region would need considerable time for renewable energy to be deployed on a wide scale. And even with wide availability, accommodations would have to be made for fluctuations in the amount of electricity generated by renewable sources. Under these circumstances, we think that switching from coal-fired to LNG-fired power generation could be a realistic and effective way to achieve a balance between a reduction in greenhouse gas emissions and the ability to respond to fluctuation in the electricity produced.

The Japanese government is aware of this, and has proposed the “AETI” – the Asia Energy Transition Initiative – to Asian nations as a way to realize an energy transition tailored to the that region.

MUFG also intends to actively contribute to discussions on the future role and importance of LNG.

Looking back on the past winter, we saw a tight supply and demand for LNG. This raised concerns about the electricity supply in Japan and reminded us once again of the importance of LNG. Japan is the first country in the world to have made full use of LNG, and this experience could be an asset to share with other Asian nations for expanding the use of LNG throughout the region.

Let me close by expressing my hope for lively discussions at this event, and that the conference will continue to evolve for a long time into our shared future. Thank you very much.