

The Corporate Governance of Mitsubishi UFJ Financial Group is described below.

## Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

### 1. Basic Views

Mitsubishi UFJ Financial Group, Inc. (MUFG) is a holding company that encompasses several subsidiaries including MUFG Bank, Ltd., Mitsubishi UFJ Trust and Banking Corporation, and Mitsubishi UFJ Securities Holdings Co., Ltd. MUFG's management has determined that designing and executing a corporate governance framework is one of the most important issues in achieving its medium- to long-term goal of being "the world's most trusted financial group," as outlined in its Corporate Vision.

Since its establishment, the Company has worked to build a stable and effective corporate governance structure, putting emphasis on ensuring external oversight. As the company with three committees, the Company aims to strengthen the board of directors' oversight functions through the separation of execution and oversight at the holding company level, to construct an effective and efficient governance framework, that is more comprehensible for overseas stakeholders, as befits a G-SIBs (Global Systemically Important Banks).

The Corporate Vision below has been formulated in order to clearly define MUFG's Group mission and what kind of company it aims to be, and it will serve as a common guide for meeting the expectations of customers and society. Officers and employees at MUFG have three common values: "Integrity and Responsibility," "Professionalism and Teamwork," and to "Challenge Ourselves to Grow" and through these it aims to "be the world's most trusted financial group." It has also established "Principles of Ethics and Conduct" as specific standards for decision-making and conduct which adhere to the Corporate Vision.

#### Corporate Vision

##### Our Mission

To be a foundation of strength, committed to meeting the needs of our customers, serving society, and fostering shared and sustainable growth for a better world.

##### Our Vision

– Be the world's most trusted financial group –

Work together to exceed the expectations of our customers

Provide reliable and constant support to our customers

Expand and strengthen our global presence

##### Our Values

Integrity and Responsibility

Professionalism and Teamwork

Challenge Ourselves to Grow

##### Principles of Ethics and Conduct

These Principles of Ethics and Conduct establish clear and consistent standards for all MUFG employees to guide decisions and actions. They reflect and support the MUFG Corporate Vision. The principles are organized in three sections.

##### Chapter 1 Customer Focus

We place our diverse customers at the center of our activities and always act in their best interests. MUFG is able to thrive today because of the trust and confidence that customers have placed in us -the result of years of fair, transparent, and honorable dealings. Our business culture is not driven by the prospect of short-term, immediate gains. Instead, we place a premium on supporting long-term, sustainable relationships with our customers to help them meet their goals.

##### Chapter 2 Responsibility as a Corporate Citizen

As a member of MUFG with global operations, we act honorably, with honesty and integrity, and comply at all times with laws, regulations, rules, and internal policies globally. We strive to maintain stability and confidence in the global financial system, and to contribute to the sound

growth and development of society. We behave in a manner that supports and strengthens the trust and confidence that MUFG has built up over the years.

### Chapter 3 Ethical and Dynamic Workplace

We are committed to creating a working environment that fosters mutual respect among MUFG employees, supports the full expression of our individuality as professionals, promotes the power of teamwork, honors diversity, transcends differences, and embraces new challenges.

#### [Reasons for Non-compliance with the Principles of the Corporate Governance Code]

MUFG has determined that the design and operation of a corporate governance framework based on the concepts outlined above is one of its most important issues. MUFG implements all of these individual principles in compliance with MUFG Corporate Governance Policies.

#### [Disclosure Based on the Principles of the Corporate Governance Code]

[Principle 1-4]

##### 1. Strategic shareholdings policy

The circumstances surrounding strategic shareholdings<sup>(1)</sup> have changed greatly in recent years due to, among other things, the tightening of international financial regulations and the introduction of the Corporate Governance Code in Japan.

Based on these changes, MUFG has adopted a basic policy that its Group banks<sup>(2)</sup>, taking into account shareholding risk, capital efficiency and international financial regulations, shall reduce the amount of shares held for the purpose of strategic investment<sup>(3)</sup>, following sufficient consultation with the relevant corporate business clients.

Shares held for the purpose of strategic investment will be examined for their significance and economic rationale from the perspectives of our corporate business clients' growth and earnings and the strengthening of business relations. We shall proceed with selling those shareholdings for which there is insufficient rationale, after securing an understanding of the relevant corporate business clients. Even where there is sufficient rationale, we may sell those shareholdings in accordance with our basic policy of reducing strategic shareholdings, taking into account, among other things, the market environment and our business and financial strategy.

In fiscal year 2017, MUFG reduced its strategic shareholdings by approximately 201 billion yen (simple combined revenue of Group banks, acquisition cost basis), and its ratio of equity holdings at acquisition price over Tier1 capital declined from 16.6% to 14.2% as of March 31, 2018. MUFG aims to lower this to around 10% by the end of the Medium-term Business Plan (March 31, 2021).

Note:

<sup>(1)</sup> "Strategic shareholdings" refers to shares excluding trading investments (shares of subsidiaries and affiliates are not included). These are classified into three categories: 1. strategic investments, 2. business strategy and 3. revitalization support, with most falling under 1.

<sup>(2)</sup> "Group banks" refers to MUFG Bank, Ltd. and Mitsubishi UFJ Trust and Banking Corporation, consolidated subsidiaries of MUFG.

<sup>(3)</sup> "Shares held for the purpose of strategic investment" refers to shares held for the purpose of increasing the medium- to long-term economic profits of MUFG and Group banks through maintaining and expanding comprehensive business relations with our corporate business clients.

##### 2. Examination of significance and economic rationale of shareholdings

At each Group bank, all shares held for the purpose of strategic investment are being confirmed for their significance and economic rationale (risk-return) over the medium- to long-term from the perspectives of our corporate business clients' growth and earnings and the strengthening of business relations. Based on Principle 1-4 of the Corporate Governance Code, the most important strategic shareholdings<sup>(4)</sup> are examined by MUFG's Board of Directors.

Economic rationale is examined based on MUFG's overall business RORA, which is based on its ROE target, as a target value.

The results of the March 31, 2017 validations are as follows.

- We confirmed the validity of the significance of these shareholdings as all of the validation targets were held with the aim of enhancing the medium- to long-term economic interests of MUFG and Group banks. Regarding economic rationality, the overall business RORA of all of the verification targets as a whole exceeded the target value.<sup>(5)</sup>
- By company, approx. 80 percent of business partners exceeded the target value.<sup>(6)</sup> The approx. 20 percent that fell below the target value are aiming to improve profitability, but if they do not improve within a set period, we will consider selling.

Note:

<sup>(4)</sup> The aggregate market value of validation targets held as of March 31, 2017 was approx. 3.3 trillion yen (book value: approx. 1.7 trillion yen), covering approx. 60 percent of the total market value of the (listed) equities held by Group banks for the purpose of strategic investment.

<sup>(5)(6)</sup> Whether a business partner exceeded the target profitability value was determined on a group basis for each business partner. As a result, for listed equities that were not validation targets, approx. 70 percent of business partners exceeded the target value.

##### 3. Standards with respect to the exercise of voting rights

In order to ensure the appropriate exercise of voting rights of shares held for the purpose of strategic investment, MUFG and Group banks will make comprehensive decisions on every proposal for the agenda of a shareholders meeting after confirming the following two points:

- (1) Will it increase the medium- to long-term corporate value and lead to continuous growth of the relevant corporate business client?
- (2) Will it increase the medium- to long-term economic profits of MUFG and Group banks?

Significant agenda of a shareholders meeting that could have material impact on medium- to long-term improvement of corporate value of the relevant corporate business client and economic benefit for MUFG and Group banks will be determined through communication with the relevant corporate business client, etc. as necessary. Following agendas are considered significant by MUFG and Group banks:

- Agenda on disposal of surplus (when disposal significantly lacks balance with financial soundness and retained earnings)
- Agenda on election of directors or corporate auditors (when the relevant corporate business client has caused a disgraceful affair or posted a loss for a certain consecutive period, etc)
- Agenda on retirement benefits for corporate auditors, etc
- Agenda on organizational restructure
- Agenda on takeover defense, etc.

The status of the exercise of voting rights of the most important strategic shareholdings will be reported to MUFG's Board of Directors.

[Principle 1.7]

Related party transactions

MUFG has established “MUFG Guidelines for Related Party Transactions” to ensure that transactions between MUFG and its related parties, such as directors and corporate executives (related party transactions), do not harm the interests of MUFG. The Guidelines provide, among other things, that transactions with related parties, such as directors and corporate executives, require the approval of the board of directors, and that when the board of directors deliberates granting such approval, the relevant director or corporate executive shall not participate in that deliberation.

The “MUFG Guidelines for Related Party Transactions” can be viewed here:

(<https://www.mufig.jp/english/profile/governance/structure/appendix.html#jump01>)

[Principle 2-6]

Roles of Corporate Pension Funds as Asset Owners

• MUFG Group banks adopts fund-type corporate pension plan. In order to fulfill its roles to be expected as the asset owner, the pension fund declares adherence to the “Principles for Responsible Institutional Investors” (Japan’s Stewardship Code).

MUFG Bank Pension Fund (Japanese only)

<http://www.mufig-kikin.or.jp/stewardshipcode/index.html>

Mitsubishi UFJ Trust and Banking Corporation Pension Fund (Japanese only)

<http://www.mutb-kikin.jp/stewardship-20140829/index.html>

• Upon managing the pension fund, staffs with expertise in asset management are allocated at the secretariat. In addition, a framework has been established to realize stable asset building for the participants in the corporate pension plan and appropriate management of financial administration of pension. For instance, in Asset Management Committee, consisting of the members who are well versed in the fields of human resources, finance, risk and market trading, deliberations are made on asset allocation and management style for portfolios, as well as on composition of pension fund managers.

[Principle 3.1 i)]

Corporate vision and medium-term business plan

MUFG has formulated and announced a corporate vision and medium-term business plan.

- Corporate vision ([www.mufig.jp/english/profile/philosophy/](http://www.mufig.jp/english/profile/philosophy/))
- Medium-term business plan ([www.mufig.jp/english/profile/strategy/](http://www.mufig.jp/english/profile/strategy/))

[Principle 3.1 ii)]

Basic approach and key policies for corporate governance

See “2. Approach to corporate governance” (“2-1. Basic approach”, “2-2. Role as a holding company”, “2-3. MUFG’s governance structure”) of MUFG Corporate Governance Policies ([www.mufig.jp/english/profile/governance/structure/policy.html](http://www.mufig.jp/english/profile/governance/structure/policy.html)) for our basic approach to, and key policies of, corporate governance.

[Principle 3.1 iii)]

Policies and procedures for determining compensation

See “7-3. Compensation Committee” of MUFG Corporate Governance Policies ([www.mufig.jp/english/profile/governance/structure/policy.html](http://www.mufig.jp/english/profile/governance/structure/policy.html)) for the policies and procedures for determining the compensation of directors.

[Principle 3.1 iv)]

Policies and procedures for elect dismissal directors

See “7-2. Nominating and Governance Committee” of MUFG Corporate Governance Policies ([www.mufig.jp/english/profile/governance/structure/policy.html](http://www.mufig.jp/english/profile/governance/structure/policy.html)) for the policies and procedures for elect dismissal of senior management and nomination of directors.

[Principle 3.1 v)]

Grounds for elect dismissal of senior management and nomination of director candidates

Explanation on elect dismissal and nomination of individual senior management and director candidates based on iv) above can be viewed MUFG Corporate Governance Policies ([www.mufig.jp/english/profile/governance/structure/policy.html](http://www.mufig.jp/english/profile/governance/structure/policy.html)) and here:

(<https://www.mufig.jp/english/profile/governance/structure/appendix.html#jump02>)

[Supplementary Principle 4.1.1]

Summary of scope of delegation to management

See “3-1. Role of the Board of Directors” of MUFG Corporate Governance Policies

([www.mufig.jp/english/profile/governance/structure/policy.html](http://www.mufig.jp/english/profile/governance/structure/policy.html)) for a summary of the scope of delegation to management.

[Principle 4.8]

Policy to have independent outside directors compose at least a half of the board

See “5-1. Composition” of MUFG Corporate Governance Policies ([www.mufig.jp/english/profile/governance/structure/policy.html](http://www.mufig.jp/english/profile/governance/structure/policy.html)) for the policy to have independent outside directors compose at least a half of the board.

[Principle 4.9]

Independence standards of outside directors

See 2.1 of this report (“Independent directors”) for independence standards of MUFG aimed at securing the independence of independent outside directors.

[Supplementary Principle 4.11.1]

View on the balance of knowledge, experience and skills, and diversity and size, of the board of directors as a whole

See “5-1. Composition” and “5-2. Election of Directors” of MUFG Corporate Governance Policies

([www.mufg.jp/english/profile/governance/structure/policy.html](http://www.mufg.jp/english/profile/governance/structure/policy.html)) for policies and procedures for election of directors outlining MUFG’s view on the balance of knowledge, experience and skills, and the diversity and size, of the board of directors as a whole.

[Supplementary Principle 4.11.2]

Information on directors and outside directors who have concurrent posts

See pages 95-97 of Notice of Convocation of the 12th Annual General Meeting of Shareholders

([https://www.mufg.jp/english/stock/meeting/backnumber/2017mufg/pdf/convocation1706\\_e.pdf](https://www.mufg.jp/english/stock/meeting/backnumber/2017mufg/pdf/convocation1706_e.pdf)) for information on directors and outside directors who have concurrent posts.

[Supplementary Principle 4.11.3]

Evaluation of the board of directors

- Every year, MUFG analyzes and evaluates the effectiveness of the board of directors, and then reviews and implements measures against any issues discovered. By using a PDCA cycle to review the progress in improvement, MUFG is engaged in the continual enhancement of the abilities of the board of directors.
- Following the advice of a third-party external consultant, MUFG conducts questionnaires and interviews of all directors on issues relating to the board of directors and the committees, including their structures, managements, and contributions made, as well as how they conduct proposals and discussions. And the result is discussed at the Nominating and Governance Committee and meeting of the board of directors.
- The summary of the evaluation for the board of directors for fiscal year 2017 is as follows:
  - (1) Based on the results of the evaluation for the Board of Directors for fiscal year 2017, we have made steady improvements toward attaining the goal of Audit Committee at a global level, such as strengthening the structure to support two overseas outside directors. In addition, each committee has established a charter for each committee in order to clarify the role allotment between the main group subsidiaries in Japan and overseas. The group governance framework has evolved, including exchanges between the holding and the main group subsidiaries, as well as the exchange of external directors and the holding audit committee and the audit Committee. Furthermore, we have continued since last year having in-depth discussions on the succession plan for key positions and outside directors. As a result, improvements on the “practical” side of corporate governance were recognized such as the way the Board of Directors conducts “proposals and discussions” as well as “contributions made from each Board member”.
  - (2) Meanwhile, the composition of the Board of Directors has been successfully diversified. However, given the recommendation made on the number and proportion of the directors, we have started from fiscal year 2018 reducing the total number of directors from 18 to 15, as well as changed the composition of the Board so that outside directors form the majority. Moreover, challenges were recognized in the areas of selection of agenda proposals for the Board meetings from a group perspective, and materials for the Board meetings for which further improvement can be expected.
- Based on the above, the board of directors continuously aims to enhance the effectiveness of its corporate governance structure, responding to the extended expectations of stakeholders, with the aim of facilitating sustainable growth of the Company and increasing its corporate value over the medium- to long-term.

[Supplementary Principle 4.14.2]

Support for directors

- MUFG has established a board of directors’ secretariat in order to provide directors, including independent outside directors, with sufficient information.
- Agenda items and discussion materials shall, in principle, be provided prior to the meetings of the board of directors to ensure that directors have an opportunity to understand the issues in advance.
- Orientation training that covers MUFG’s business and management environment is provided particularly to independent outside directors at the time of the assumption of office and on a continuous basis thereafter so that they are provided with necessary information, including information on matters other than the agenda items of the meetings of the board of directors.
- Advice from outside professionals is provided at MUFG’s expense in cases where such advice is necessary for directors to perform their duties.

[Principle 5.1]

Policies for dialogue with shareholders

- Through dialogue with shareholders, MUFG seeks their understanding of MUFG’s business strategy and so forth and strives to take appropriate actions based on an understanding of shareholders’ perspectives.
- Dialogue with shareholders is achieved via appropriate exchange of information and organized cooperation between the divisions, such as Financial Planning Division, Corporate Administration Division, Corporate Planning Division, and Corporate Communications Division Media Relations Office. As the director responsible for the Financial Planning Division, Group CFO exercises comprehensive oversight over Investor Relations Office, which generally handles investor relations activities, Office of the CFO, which generally handles matters on financial policies, and Financial Accounting Office, which generally handles settlement and accounting.
- MUFG carries out the following initiatives in order to encourage constructive dialogue with shareholders:
  - (1) Issuance of an Integrated Report to aid deeper understanding of MUFG’s strategy and values
  - (2) Individual visits to major institutional investors, both domestic and overseas, after the announcement of financial results
  - (3) Provision of additional explanation on specific agenda items to major institutional investors, both domestic and overseas, before general meetings of shareholders
  - (4) Periodic explanatory sessions for individual investors, attended by the President & CEO, etc.
  - (5) Biannual meetings to explain financial results to analysts and institutional investors, conducted by President & CEO and Group CFO

- Comments and requests provided by major shareholders and investors in the course of dialogue are reported to the board of directors and to management.
- MUFG seeks to ensure that information is disclosed in a fair and timely manner. From the perspective of ensuring the fairness and soundness of the securities market, MUFG recognizes the importance of managing the security of undisclosed material information that would influence investment decisions and practices strict information security.

## 2. Capital Structure

<b>Percentage of Foreign Shareholders</b>	More than 30%
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### [Status of Major Shareholders]

Name/Company Name	Number of Shares Owned (shares)	Percentage (%)
Japan Trustee Services Bank, Ltd. (Trust account)	705,689,100	5.34
The Master Trust Bank of Japan, Ltd. (Trust account)	630,254,300	4.77
State Street Bank and Trust Company	275,802,635	2.09
Japan Trustee Services Bank, Ltd. (Trust account 5)	263,842,100	1.99
State Street Bank West Client-Treaty 505234	223,807,890	1.69
Japan Trustee Services Bank, Ltd. (Trust account 9)	215,930,100	1.63
Japan Trustee Services Bank, Ltd. (Trust account 1)	196,032,300	1.48
Japan Trustee Services Bank, Ltd. (Trust account 2)	193,550,600	1.46
The Bank of New York Mellon as Depository Bank for DR Holders	179,260,880	1.35
The Master Trust Bank of Japan, Ltd. (Meiji Yasuda Life Insurance Company retirement benefit trust account)	175,000,000	1.32

<b>Controlling Shareholder (except for Parent Company)</b>	—
<b>Parent Company</b>	—

Supplementary Explanation

Sumitomo Mitsui Trust Bank, Ltd submitted a substantial shareholding report (change report) to the Director General of the Kanto Finance Bureau dated March 6, 2013

BlackRock Japan Co., Ltd. submitted a substantial shareholding report to the Director General of the Kanto Finance Bureau dated May 11, 2015.

## 3. Corporate Attributes

<b>Listed Stock Markets and Market Sections</b>	Tokyo Stock Exchange/First Section, Nagoya Stock Exchange/First Section
<b>Fiscal-Year End</b>	March
<b>Type of Business</b>	Banks
<b>Number of Employees (consolidated) as of the End of Previous Fiscal Year</b>	More than 1000
<b>Sales (consolidated) as of the End of Previous Fiscal Year</b>	More than ¥1 trillion
<b>Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year</b>	From 100 to less than 300

#### 4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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#### 5. Other Special Circumstances which may have Material Impact on Corporate Governance

A degree of independence of companies within the MUFG Group that are listed companies, including ACOM CO., LTD. is maintained as required for such companies.

### II Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

#### 1. Organizational Composition and Operation

<b>Organization Form</b>	Company with Three Committees (Nominating, Audit and Compensation)
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##### [Members of the Board of Directors]

<b>Maximum Number of Directors Stipulated in Articles of Incorporation</b>	20 persons
<b>Term of Office Stipulated in Articles of Incorporation</b>	1 year
<b>Chairperson of the Board</b>	Company Chairperson
<b>Number of Directors</b>	15 persons

##### [Outside Directors]

<b>Number of Outside Directors</b>	8 persons
<b>Number of Independent Directors</b>	8 persons

##### Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company <sup>(*)</sup>										
		a	b	c	d	e	f	g	h	i	j	k
Hiroshi Kawakami	From another company											
Yuko Kawamoto	Scholar	*2										
Haruka Matsuyama	Lawyer											
Toby S. Myerson	Lawyer											
Tsutomu Okuda	From another company											
Yasushi Shingai	From another company											
Tarisa Watanagase	Other											
Akira Yamate	Certified Public Accountant											

\* Categories for "Relationship with the Company"

\*1 when the director presently falls or has recently fallen under the category

\*2 when the director fell under the category in the past

\*3 when a close relative of the director presently falls or has recently fallen under the category

\*4 when a close relative of the director fell under the category in the past

- a. Executive of the Company or its subsidiaries
- b. Non-executive director or executive of a parent company of the Company
- c. Executive of a fellow subsidiary company of the Company
- d. A party whose major client or supplier is the Company or an executive thereof
- e. Major client or supplier of the Company or an executive thereof
- f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a Director/*kansayaku*
- g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)
- i. Executive of a company, between which and the Company outside directors/*kansayaku* are mutually appointed (the director himself/herself only)
- j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
- k. Others

Outside Directors' Relationship with the Company (2)

Name	Assigned Committee			Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
	Nominating	Compensation	Audit			
Hiroshi Kawakami	*	*	*	*		<p>Having served as Senior Managing Director of Toyota Motor Corporation and president and CEO of Central Japan International Airport Co., Ltd., Mr. Kawakami has a wealth of experience and deep insight as a corporate manager. From the perspective of facilitating the sustainable growth of MUFG and increasing our corporate value over the medium- to long-term, we believe he can contribute to the enhancement of the decision-making and management oversight functions of the board of directors. Given the broad experience and deep insight he has from having participated in corporate management in global manufacturing, we have appointed him as an outside director.</p> <p>He does not infringe the independence criteria put in place by the Tokyo Stock Exchange and satisfies the MUFG Independence Standards for Outside Directors. Although previously a Senior Director of Toyota Motor Corporation, more than ten years have passed since he resigned his directorship in June 2008, and he has not participated in the management nor been involved in the business execution of the company since. Further, the value of transactions between it and MUFG Group in the fiscal year 2017 amounted to less than one percent of its consolidated net sales and MUFG's annual consolidated gross profits. Based on the above, MUFG determined that he would be an outside director with no conflict of interest with ordinary shareholders, and thus appointed him as an independent director.</p>
Yuko Kawamoto	*	*		*	<p>Although Ms. Yuko Kawamoto had previously worked for the Bank of Tokyo (now MUFG Bank), this has no impact on her independence for the reasons stated on the right and because more than 30 years have passed since her resignation in 1986.</p>	<p>Over the last 30 years since she resigned from The Bank of Tokyo, Ltd. (now MUFG Bank, Ltd.), Ms. Kawamoto has acquired abundant experience and expertise in the financial sector, throughout her career as a management consultant and a professor at the Graduate School of Waseda University.</p> <p>The Company has appointed her as an outside director since she is expected to contribute to the effective enhancement of the board of directors' decision-making and oversight functions, with the aim of facilitating sustainable growth of the Company and increasing its corporate value over the medium- to long-term.</p> <p>She does not infringe the independence criteria put in place by the Tokyo Stock Exchange and satisfies the MUFG Independence Standards for Outside Directors. She currently serves as a professor at the Graduate School of Waseda University, with which the Company had business accounting for less than 1% of Waseda University's revenues and the Company's consolidated gross profit in fiscal year 2017. In light of this, among other reasons, such relationship would not affect her independence from the Company. Based on the above, MUFG determined that she would be an outside director with no conflict of interest with ordinary shareholders, and thus appointed her as an independent director.</p>

Haruka Matsuyama	*	*		*	<p>Ms. Matsuyama has extensive experience as an attorney and professional insight on general legal affairs. The Company has appointed her as an outside director since she is expected to contribute to the effective enhancement of the board of directors' decision-making and oversight functions, with the aim of facilitating sustainable growth of the Company and increasing its corporate value over the medium- to long-term. She does not infringe the independence criteria put in place by the Tokyo Stock Exchange and satisfies the MUFG Independence Standards for Outside Directors.</p> <p>She currently serves as the Partner of Hibiya Park Law Offices, with which the Company has no advisory contract and has not had transaction since fiscal year 2014 in which she assumed the post of the Company's director. In addition, although there was transaction related to legal advice, etc. between the Company and the concerned law office in fiscal year 2013, before she assumed the post of the Company's director, since the amount of transaction was less than ¥2 million, among other reasons, such relationship would not affect her independence from the Company.</p> <p>Based on the above, MUFG determined that she would be an outside director with no conflict of interest with ordinary shareholders, and thus appointed her as an independent director.</p>
Toby S. Myerson				*	<p>Mr. Myerson has extensive experience as an attorney and professional insight on the fields of corporate legal affairs and successful mergers, acquisitions divestiture and takeover transactions. The Company has appointed him as an outside director since he is expected to contribute extensive global outlook to the effective enhancement of the board of directors' decision-making and oversight functions, with the aim of facilitating sustainable growth of the Company and increasing its corporate value over the medium- to long-term.</p> <p>He does not infringe the independence criteria put in place by the Tokyo Stock Exchange and satisfies the MUFG Independence Standards for Outside Directors.</p> <p>Although he served as a Partner and Co-Head of the Global Mergers and Acquisitions Group of Paul, Weiss, Rifkind, Wharton &amp; Garrison LLP, he left the Firm in December 2016, and has not been involved in its management after resignation. In addition, although he currently serves as Chairman &amp; CEO of Longsight Strategic Advisors LLC, a strategic advisory firm he established in January 2017, there is no relation between this company and the Company. In light of this and other reasons, such relationship would not affect his independence from the Company.</p> <p>Based on the above, MUFG determined that he would be an outside director with no conflict of interest with ordinary shareholders, and thus appointed him as an independent director.</p>
Tsutomu Okuda	*	*		*	<p>Having served in various important positions, including President and Chairman of J. Front Retailing Co., Ltd., Mr. Okuda has affluent experience, knowledge and wisdom as a corporate manager. The Company has appointed him as an outside director since he is expected to contribute to the effective enhancement of the board of directors' decision-making and oversight functions, with the aim of facilitating sustainable growth of the Company and increasing its corporate value over the medium- to long-term. He does not infringe the independence criteria put in place by the Tokyo Stock Exchange and satisfies the MUFG Independence Standards for Outside Directors.</p> <p>Although he served as the Senior Advisor of J. Front Retailing Co., Ltd., he has retired in May, 2018. In addition, the Company had business accounting for less than 1% of the J. Front Retailing Co., Ltd.'s consolidated net sales and the Company's consolidated gross profit in fiscal year 2017. In light of this, among other reasons, such relationship would not affect his independence from the Company.</p> <p>Based on the above, MUFG determined that he would be an outside director with no conflict of interest with ordinary shareholders, and thus appointed him as an independent director.</p>
Yasushi			*	*	<p>Having served in various important positions, including Member of the Board, Senior Vice President and Chief</p>



Shingai					<p>Finance Officer (CFO) of Japan Tobacco Inc. (JT), Executive Vice President and Deputy CEO and CFO of JT International S.A., and Executive Vice President and Representative Director and Deputy CEO of JT, Mr. Shingai has affluent experience as a global corporate manager and professional insight not only in corporate finance, but also M&amp;A and corporate management after M&amp;A. The Company has appointed him as an outside director since he is expected to contribute to the effective enhancement of the board of directors' decision-making function and oversight function, with the aim of facilitating sustainable growth of the Company and increasing its corporate value over the medium- to long-term.</p> <p>In light of this, among other reasons, such relationship would not affect his independence from the Company. He resigned as Member of the Board of JT in March 2018 and has not been involved in its management or business execution since his resignation. In addition, the Company had business accounting for less than 1% of the Japan Tobacco Inc.'s consolidated net sales and the Company's consolidated gross profit in fiscal year 2017.</p> <p>Based on the above, MUFU determined that he would be an outside director with no conflict of interest with ordinary shareholders, and thus appointed him as an independent director.</p>
Tarisa Watanagase			*		<p>Ms. Watanagase has extensive experience as the former Governor of the Bank of Thailand, the central bank of the country, and professional insight on finance and economics. The Company has appointed her as an outside director since she is expected to contribute extensive global outlook to the effective enhancement of the board of directors' decision-making and oversight functions, with the aim of facilitating sustainable growth of the Company and increasing its corporate value over the medium- to long-term. Although she has not been directly involved in the management of a corporation, except as outside director or outside corporate auditor, the Company believes that she is well qualified to act as an outside director because of the reason stated above.</p> <p>She does not infringe the independence criteria put in place by the Tokyo Stock Exchange and satisfies the MUFU Independence Standards for Outside Directors.</p> <p>Based on the above, MUFU determined that she would be an outside director with no conflict of interest with ordinary shareholders, and thus appointed her as an independent director.</p>
Akira Yamate			*	*	<p>Mr. Yamate has affluent experience as a certified public accountant and professional insight in accounting and auditing. The Company has appointed him as an outside director since he is expected to contribute to the effective enhancement of the board of directors' decision-making and oversight functions, with the aim of facilitating sustainable growth of the Company and increasing its corporate value over the medium- to long-term. He does not infringe the independence criteria put in place by the Tokyo Stock Exchange and satisfies the MUFU Independence Standards for Outside Directors.</p> <p>Although he had been a Representative Partner of PricewaterhouseCoopers Aarata LLC in the past, he resigned from the PricewaterhouseCoopers Aarata in June 2013, and has not been involved in its management. In light of this, among other reasons, such relationship would not affect his independence from the Company. Based on the above, MUFU determined that he would be an outside director with no conflict of interest with ordinary shareholders, and thus appointed him as an independent director.</p>

**[Committees]**

Committee's Composition and Attributes of Chairperson

	All Committee Members	Full-Time Members	Inside Directors	Outside Directors	Chairperson
Nominating	5	0	1	4	Outside Director

<b>Committee</b>					
<b>Compensation Committee</b>	5	0	1	4	Outside Director
<b>Audit Committee</b>	5	2	2	3	Outside Director

**[Corporate Executives (Shikkoyaku)]**

<b>Number of Corporate Executives (Shikkoyaku)</b>	18 persons
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Status of Additional Duties

Name	Representative Authority	Additional Duties as Director			Additional Duties as Employee
			Nominating Committee Member	Compensation Committee Member	
Kiyoshi Sono	Yes	Yes	No	No	No
Mikio Ikegaya	Yes	Yes	No	No	No
Kanetsugu Mike	Yes	Yes	No	No	No
Saburo Araki	Yes	Yes	No	No	No
Nobuyuki Hirano	Yes	Yes	Yes	Yes	No
Muneaki Tokunari	No	No	No	No	No
Eiichi Yoshikawa	No	No	No	No	No
Shigeru Asai	No	No	No	No	No
Akira Hamamoto	No	No	No	No	No
Masamichi Yasuda	No	No	No	No	No
Kenji Yabuta	No	No	No	No	No
Naoki Hori	No	No	No	No	No
Hironori Kamezawa	No	No	No	No	No
Hiroshi Naruse	No	No	No	No	No
Masato Miyachi	No	No	No	No	No
Shigeru Yoshifuji	No	No	No	No	Yes
Sunao Yokokawa	No	No	No	No	No
Naomi Hayashi	No	No	No	No	No

**[Auditing Structure]**

<b>Appointment of Directors and/or Staff to Support the Audit Committee</b>	Appointed
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Matters related to the Independence of Such Directors and/or Staff from Corporate Executives (Shikkoyaku)

The Audit Committee Office was established to assist the Audit Committee in performing its duties and is under the control of the Audit Committee.

Matters including the assigning of employees to provide assistance to the Audit Committee in performing its duties and the independence of those employees are considered in a manner that respects the intention of the Audit Committee.

Cooperation among Audit Committee, Accounting Auditors, and Internal Audit Departments

The Internal Audit Division shall, as required, build a collaborative relationship with the Audit Committee and Accounting Auditors and work towards efficient implementation of internal audit.A structure is in place whereby the Audit Committee receives reports from the Internal Audit Division on any significant matters, including the results of internal audits and basic policies for audit plan.

Also, the relationship between Internal Audit, Audit Committee audits and accounting audits, and departments with internal control functions is such that the Internal Audit Division, Audit Committee and accounting auditors conduct audits from a standpoint that is independent of the departments with internal control functions. However, departments with internal control functions cooperate during these audits so that they can

be conducted efficiently and appropriately.

**[Independent Directors]**

<b>Number of Independent Directors</b>	8 persons
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Matters Relating to Independent Directors

MUFG has designated all outside directors who fulfil independent director requirements as Independent Directors. The “Independence Standards for Outside Directors” as stipulated by MUFG are described below.

MUFG Independence Standards for Outside Directors

1. (1) The person does not serve as a Director, Corporate Executive, Executive Officer, Manager or other employee (hereinafter “Executive”) of the Company or its subsidiaries, and has not served as an Executive of the Company or its subsidiaries in the 10 years prior to his or her appointment.  
 (2) If the person at some time during the 10 years prior to his or her appointment had served as a Director, Accounting Advisor or Corporate Auditor (excluding a person who served as an Executive) of the Company or its subsidiaries, he or she had not served as an Executive in the 10 years prior to his or her appointment as such Director, Accounting Advisor or Corporate Auditor.
2. (1) The person is not a person or an Executive thereof who deals with the Company or its major subsidiaries <sup>(1)</sup> as a major business partner <sup>(2)</sup> and has not been an Executive thereof in the last 3 years.  
 (2) The person is not a major business partner or an Executive thereof of the Company or its major subsidiaries, and has not been an Executive thereof in the last 3 years.
3. If the person is a consultant, accounting expert or legal expert, he or she has not received more than an average of 10 million yen per year in monetary or other assets from the Company excluding executive compensation, in the last 3 years, and is not an employee or other member of an accounting and law firms which deals with the Company as a major business partner <sup>(3)</sup>.
4. The person is not a spouse or a relative within the second degree of kinship of a Director, Executive Officer, Corporate Officer of the Company or its subsidiaries or a person whose independence from the Company has not been deemed to be assured by reason of Requirements 2 and 3 above.
5. The person is not a current major shareholder <sup>(4)</sup> of the Company or an Executive thereof.
6. The person is not an audit corporation or an employee or other member of such audit corporation of the Company or its subsidiaries, and has not engaged in the audit operations of the Company or its subsidiaries as such employee in the last 3 years.

Note:

<sup>(1)</sup> Major subsidiaries: MUFG Bank, Ltd., Mitsubishi UFJ Trust and Banking Corporation, Mitsubishi UFJ Securities Holding Co., Ltd.

<sup>(2)</sup> Major business partner: Based on the criterion of 2% or more of annual consolidated net sales (annual consolidated gross profits in the case of the Company).

<sup>(3)</sup> Major business partner: Based on the criterion of 2% or more of annual net sales.

<sup>(4)</sup> Major shareholder: Shareholder holding 10% or more of total voting rights

**[Incentives]**

<b>Incentive Policies for Director and/or Corporate Executives (Shikkoyaku)</b>	performance-based stock compensation plan
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Supplementary Explanation

A performance-based stock compensation plan using a trust structure was implemented in fiscal year 2016 as a new incentive plan in place of the previous stock compensation type stock option plan. In addition, directors’ bonuses are linked to individual performance.

<b>Recipients of Stock Options</b>	
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Supplementary Explanation

MUFG’s compensation committee resolved to cease to provide any additional stock-based compensation plan.

**[Remuneration for Directors and Corporate Executives]**

<b>Disclosure of Individual Directors’ Compensation</b>	Partial disclosure
<b>Disclosure of Individual Corporate Executive s’ (Shikkoyaku) Compensation</b>	Partial disclosure

Supplementary Explanation related to these Matters

1. Total amount of compensation etc. for Officers, total amount of compensation etc. by class, and number of applicable persons (units: million

yen, persons)

- (1) Total Compensation for Directors (excluding Outside Directors): 180; Applicable persons: 4  
(Details) Annual Base Salary: 153  
Performance-based Stock Compensation: 10  
Cash Bonuses: 5  
Retirement Allowances: 11
- (2) Total Compensation for Corporate Executives: 1,725; Applicable persons: 19  
(Details) Annual Base Salary: 938  
Performance-based Stock Compensation: 490  
Cash Bonuses: 297  
Retirement Allowances: 0
- (3) Total Compensation for Outside Directors: 184; Applicable persons: 9  
(Details) Annual Base Salary: 184  
Performance-based Stock Compensation: -  
Cash Bonuses: -  
Retirement Allowances: -

Note:

1. The total payments made for director and corporate executives from MUFG and subsidiaries is shown.
  2. See "1.-(2) Total Compensation for corporate executives" for the total payments made for corporate executives also serving as directors.
  3. On July 1, 2016, MUFG introduced a performance-based stock compensation plan using a trust structure called Board Incentive Plan.  
Total compensation in the table above includes expense with the share issuance points granted under the plan during the fiscal year 2016.
2. Total amount of consolidated compensation, etc., by Officers (units: million yen)
- (1) Kiyoshi Sono (Corporate Executive) Total Consolidated Compensation: 145  
(Details) Company Classification: MUFG  
Annual Base Salary: 47  
Performance-based Stock Compensation: 20  
Cash Bonuses: 14  
Retirement Allowances: -  
(Details) Company Classification: MUFG Bank, Ltd.  
Annual Base Salary: 32  
Performance-based Stock Compensation: 21  
Cash Bonuses: 8  
Retirement Allowances: -
  - (2) Takashi Nagaoka (Corporate Executive) Total Consolidated Compensation: 106  
(Details) Company Classification: MUFG  
Annual Base Salary: 25  
Performance-based Stock Compensation: 12  
Cash Bonuses: 15  
Retirement Allowances: -  
(Details) Company Classification: Mitsubishi UFJ Securities Holdings Co., Ltd.  
Annual Base Salary: 12  
Performance-based Stock Compensation: 6  
Cash Bonuses: 7  
Retirement Allowances: -  
(Details) Company Classification: Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.  
Annual Base Salary: 12  
Performance-based Stock Compensation: 6  
Cash Bonuses: 7  
Retirement Allowances: -
  - (3) Mikio Ikegaya (Corporate Executive) Total Consolidated Compensation: 122  
(Details) Company Classification: MUFG  
Annual Base Salary: 34  
Performance-based Stock Compensation: 15  
Cash Bonuses: 10  
Retirement Allowances: -  
(Details) Company Classification: Mitsubishi UFJ Trust and Banking Corporation  
Annual Base Salary: 34  
Performance-based Stock Compensation: 19  
Cash Bonuses: 8  
Retirement Allowances: -
  - (4) Kanetsugu Mike (Corporate Executive) Total Consolidated Compensation: 168  
(Details) Company Classification: MUFG  
Annual Base Salary: 44  
Performance-based Stock Compensation: 15  
Cash Bonuses: 13  
Retirement Allowances: -  
(Details) Company Classification: MUFG Bank, Ltd.  
Annual Base Salary: 31  
Performance-based Stock Compensation: 40  
Cash Bonuses: 8  
Retirement Allowances: -  
(Details) Company Classification: MUFG Union Bank, N.A.  
Annual Base Salary: 11  
Performance-based Stock Compensation: -  
Cash Bonuses: 2

- Retirement Allowances: -
- (5) Nobuyuki Hirano (Corporate Executive) Total Consolidated Compensation: 151  
 (Details) Company Classification: MUFG  
 Annual Base Salary: 49  
 Performance-based Stock Compensation: 23  
 Cash Bonuses: 15  
 Retirement Allowances: -
- (Details) Company Classification: MUFG Bank, Ltd.  
 Annual Base Salary: 32  
 Performance-based Stock Compensation: 23  
 Cash Bonuses: 6  
 Retirement Allowances: -
- (6) Saburo Araki (Corporate Executive) Total Consolidated Compensation: 116  
 (Details) Company Classification: MUFG  
 Annual Base Salary: 38  
 Performance-based Stock Compensation: 16  
 Cash Bonuses: 11  
 Retirement Allowances: -
- (Details) Company Classification: MUFG Bank, Ltd.  
 Annual Base Salary: 25  
 Performance-based Stock Compensation: 15  
 Cash Bonuses: 7  
 Retirement Allowances: -
- (7) Eiichi Yoshikawa (Corporate Executive) Total Consolidated Compensation: 115  
 (Details) Company Classification: MUFG  
 Annual Base Salary: 37  
 Performance-based Stock Compensation: 15  
 Cash Bonuses: 11  
 Retirement Allowances: -
- (Details) Company Classification: MUFG Bank, Ltd.  
 Annual Base Salary: 25  
 Performance-based Stock Compensation: 17  
 Cash Bonuses: 7  
 Retirement Allowances: -
- (8) Akira Hamamoto (Corporate Executive) Total Consolidated Compensation: 109  
 (Details) Company Classification: MUFG  
 Annual Base Salary: 31  
 Performance-based Stock Compensation: 12  
 Cash Bonuses: 9  
 Retirement Allowances: -
- (Details) Company Classification: MUFG Bank, Ltd.  
 Annual Base Salary: 20  
 Performance-based Stock Compensation: 27  
 Cash Bonuses: 6  
 Retirement Allowances: -
- (Details) Company Classification: kabu.com Securities Co., Ltd.  
 Annual Base Salary: 1  
 Performance-based Stock Compensation: -  
 Cash Bonuses: -  
 Retirement Allowances: -
- (9) Masamichi Yasuda (Corporate Executive) Total Consolidated Compensation: 109  
 (Details) Company Classification: MUFG  
 Annual Base Salary: 26  
 Performance-based Stock Compensation: 12  
 Cash Bonuses: 9  
 Retirement Allowances: -
- (Details) Company Classification: MUFG Bank, Ltd.  
 Annual Base Salary: 17  
 Performance-based Stock Compensation: 27  
 Cash Bonuses: 6  
 Retirement Allowances: -
- (Details) Company Classification: Mitsubishi UFJ Securities Holdings Co., Ltd.  
 Annual Base Salary: 10  
 Performance-based Stock Compensation: -  
 Cash Bonuses: -  
 Retirement Allowances: -

Note:

1. Only those who serve as Members of the Board Directors and Corporate Executives with consolidated compensation of 100 million yen or more are shown.

<b>Policy on Determining Compensation Amounts and Calculation Methods</b>
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Established
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Disclosure Policy Determining Remuneration Amounts and Calculation Methods

## 1. Context of the Policy

The Company's Compensation Committee has prescribed this policy on decisions on the contents of compensation for individual directors, corporate executives and executive officers ("Officers, etc.") (the "Policy") in accordance with the provisions of the Companies Act with regard to a company with three committees, etc. The contents of the Policy are as below. In addition, major subsidiaries of the Company have each prescribed a similar policy based on the Policy of the Company.

## 2. Philosophy and Objective

The MUFG Group, supported by its consolidated strength, provides prime-quality products and services to respond to any and all financial needs, with the aim to "be the world's most trusted global financial group" and win strong support from its customers and society.

In an effort to realize such a management policy, we have decided on this Policy on compensation for officers in order to prevent excessive risk-taking and raise motivation of Officers, etc., to contribute not only to the short-term but also to the medium- to long-term improvement of financial results, thereby enabling sustainable growth and the medium- to long-term enhancement of the enterprise value of the MUFG Group. In addition, this Policy has been prescribed in accordance with the business performance and financial soundness of the Company and the MUFG Group and applicable Japanese and overseas regulations regarding compensation of officers.

## 3. Compensation Level

We determine the level of compensation for officers that is appropriate for the Company and its subsidiaries taking into consideration the economic and social context, business trend, business environment and financial results of MUFG Group, and human resources markets in the country where the Officers, etc. are appointed and other important factors.

## 4. Decision-Making Organizations

The Company, as a company with three committees, etc., has established a Compensation Committee. The Compensation Committee comprises independent outside directors <sup>(1)</sup> and the director who concurrently serves as president & group CEO and is chaired by an independent outside director. The following matters are determined by the Committee in relation to compensation of Officers, etc.:

Note:

<sup>(1)</sup> In this Policy, including directors who are not in a concurrent position as executive officer and are highly independent from the execution of the Company's business

(a) The Policy

(b) Contents of the establishment, revision and abolition of the compensation system for the Company's Officers, etc.

(c) Contents of compensation for individual directors and corporate executives in accordance with the Policy (when they concurrently serve as an officer and an employee of a subsidiary of the Company, a determination must be made on the total amount including the compensation determined by the subsidiary ; however, the bonus is the standard amount).

Furthermore, the Compensation Committee deliberates and makes proposals to the board of directors on the following matters:

(a) Contents of the establishment, revision and abolition of the system regarding compensation for Officers, etc., of the Company's major subsidiaries

(b) Compensation of the chairman, deputy chairman, president & CEO of the Company's major subsidiaries

The specifics of the compensation for individual executive officers in accordance with the Policy are determined by the Executive Committee.

## 5. Composition and Contents of Compensation, etc.

### (1) Composition

In principle, compensation for the Company's Officers, etc. is comprised of three types: "basic compensation (fixed)", "stock compensation" (based on share price and medium/long-term business performance) and "officers' bonuses" (based on short-term business performance). Compensation is paid individually by type. The proportion of each compensation type is properly specified based on the philosophy and objective above as well as the contents of the duties of Officers, etc.

As for the proportion of each compensation type in the president's compensation, the three compensation types are balanced with each other at the following ratio: "basic compensation: stock compensation: officers' bonuses = 1: 1: 1". (Case in which the standard amount is paid with respect to stock compensation and officers' bonuses from fiscal year 2018 onwards)

Outside directors and directors serving as audit committee members are not eligible to receive stock compensation and officers' bonuses in consideration of the contents of the duties of such officers.

### (2) Contents of Each Type of Compensation, etc.

#### ① Basic Compensation

In principle, "basic compensation" is determined by the position and place of residence of individual Officers, etc. and other related factors. It is paid monthly in cash.

#### ② Stock Compensation

"Stock compensation" was implemented in fiscal year 2016 as a new medium- to long-term incentive plan common within the Group. We aim to further raise the motivation of Officers, etc., to contribute to the medium- to long-term improvement of the financial results of the MUFG Group and share a common interest with our shareholders, etc.

In the stock compensation system, the Company's shares are issued to Officers, etc. using the trust structure shown below:

##### (a) Performance-Based Portion

The Company's shares <sup>(2)</sup> corresponding to the "base amount determined depending on the position × performance factor (within the range of 0 to 150%) based on the degree of attainment of performance targets of the medium-term business plan" are issued, in principle, upon the termination of the medium-term business plan.

Indicators and method of evaluating the degree of attainment of performance targets are as follows, based on the medium-term business plan, etc. (from fiscal year 2018 onwards)

- (i) Portion of evaluation of single fiscal year (evaluation weight: 50%)
  - Comparison of the rate of increase in the following indicators from the previous fiscal year with that of competitors
  - Consolidated net business profits (evaluation weight: 25%)
  - Profits attributable to owners of parent (evaluation weight: 25%)
- (ii) Portion of medium/long-term evaluation (evaluation weight: 50%)
  - Rate of attainment of targets of the following indicators in the medium-term business plan
  - Consolidated Return on Equity (evaluation weight: 25%)
  - Consolidated expense ratio (evaluation weight: 25%)

In principle, the Company's shares acquired by an officer while holding office must be retained by him/her until he/she leaves office.

#### (b) Non-Performance-Based Portion

The Company's shares <sup>(2)</sup> corresponding to the "base amount determined depending on position" are issued, in principle, at the time of the retirement of Officers, etc.

In regards to stock compensation, share issuance points that have already been granted may be forfeited or repayment of the amount equivalent to shares that have already been issued, etc. may be demanded with respect to persons who have committed a serious violation of the delegation agreement, etc. between the Company and Officers, etc. in relation to the duties of Officers, etc. as well as persons who resigned during their term of office due to personal circumstances.

Note:

- <sup>(2)</sup> Calculated based on the average acquisition cost of the Company's shares through the trusts.

#### ③ Officers' Bonuses

"Officers' bonuses" are provided with the aim to raise the motivation of Officers, etc., to contribute to the improvement of financial results for each fiscal year. As short-term performance-based compensation, the amount is determined based on the financial results of the MUFG Group and the status of the execution of the duties of the Officers, etc., for the previous fiscal period (within the range of 0 to 150% from the base amount by position). In principle, officers' bonuses are paid annually in cash.

The weight given to each item of evaluation of the president is 60% for quantitative evaluation and 40% for qualitative evaluation. The indicators of quantitative evaluation and the evaluation method are the rate of increase/decrease of the following four indicators from the previous fiscal year and the rate of attainment of targets of these indicators.

- Consolidated net operating profits (evaluation weight: 20%)
- Profits attributable to owners of parent (evaluation weight: 10%)
- Consolidated Return on Equity (evaluation weight: 20%)
- Consolidated expense ratio (evaluation weight: 10%)

Overall evaluation including qualitative evaluation is determined exclusively by independent outside directors at the Compensation Committee.

#### (3) Other

Notwithstanding the foregoing, compensation for Officers, etc., who are hired locally outside Japan is individually designed in order to prevent excessive risk taking, taking into account compensation regulations, compensation practice, the local market rate and other related factors in the relevant overseas region, as well as the job contents and characteristics of the duties of such Officers, etc.

#### [Supporting system for Outside Directors]

- Management is obligated to provide sufficient information to Directors that relates to Directors' execution of duties. Management shall in principle distribute the board of directors meeting agenda and materials for deliberation prior to meetings to ensure that directors have the opportunity to understand the content in advance. Management shall conduct training and the like on an ongoing basis, including training about the business activities and management environment of MUFG, particularly for independent outside directors, including at their time of appointment, in order to provide necessary information in addition to the board of directors' meeting agenda.
- The Corporate Administration Division will also provide the required support to outside directors including delivery of materials prior to the board of directors meetings, etc., advance explanations, and provision of various information.

#### [Status of retired CEOs, Presidents, etc.]

Names and other details of Senior Advisors who are former CEOs, Presidents, etc.

Name	Title	Work performed	Conditions (Full-time/Part-time, Compensation)	Date of retirement as CEO, etc.	Term of Office
Nobuo Kuroyanagi	Senior Advisor, MUFG Bank	Activities contributing to the financial world, society, etc. (No involvement in management)	Part time, with compensation	2012/04/01	1 year
Katsunori Nagayasu	Senior Advisor, MUFG Bank	Activities contributing to the financial world, society, etc. (No involvement in management)	Part time, with compensation	2016/04/01	1 year
Takashi Oyamada	Senior Advisor, MUFG Bank	Activities contributing to the financial world, society, etc. (No involvement in management)	Part time, with compensation	2017/06/14	1 year

Ryosuke Tamakoshi	Senior Advisor, MUFG Bank	Activities contributing to the financial world, society, etc. (No involvement in management)	Part time, with compensation	2010/06/29	1 year
Takamune Okihara	Senior Advisor, MUFG Bank	Activities contributing to the financial world, society, etc. (No involvement in management)	Part time, with compensation	2014/06/27	1 year
Shigemitsu Miki	Honorary Advisor, MUFG Bank	Activities contributing to the financial world, society, etc. (No involvement in management)	Part time, no compensation	2008/04/01	1 year
Toyoo Gyohen	Honorary Advisor, MUFG Bank	Activities contributing to the financial world, society, etc. (No involvement in management)	Part time, no compensation	1996/03/31	1 year
Akio Utsumi	Senior Advisor, Mitsubishi UFJ Trust and Banking	Activities contributing to the financial world, society, etc. (No involvement in management)	Part time, with compensation	2008/06/26	1 year
Haruya Uehara	Senior Advisor, Mitsubishi UFJ Trust and Banking	Activities contributing to the financial world, society, etc. (No involvement in management)	Part time, with compensation	2012/04/01	1 year
Shintaro Yasuda	Senior Advisor, Mitsubishi UFJ Trust and Banking	Activities contributing to the financial world, society, etc. (No involvement in management)	Part time, with compensation	2010/06/28	1 year
Yasumasa Gomi	Senior Advisor, Mitsubishi UFJ Securities Holdings	Activities contributing to the financial world, society, etc. (No involvement in management)	Part time, with compensation	2009/05/18	1 year
Fumiyuki Akikusa	Senior Advisor, Mitsubishi UFJ Securities Holdings	Activities contributing to the financial world, society, etc. (No involvement in management)	Part time, with compensation	2011/04/28	1 year
Toshiro Toyozumi	Senior Advisor, Mitsubishi UFJ Securities Holdings	Activities contributing to the financial world, society, etc. (No involvement in management)	Part time, with compensation	2018/04/01	1 year

Total number of Senior Advisors who are former Representative Directors, CEOs, etc.

13 persons

Other items

- Following deliberations by MUFG's Nominating and Governance Committee (which has a majority of outside directors), MUFG Bank, Mitsubishi UFJ Trust and Banking, and Mitsubishi UFJ Securities Holdings ('the three companies') had revised their systems related to senior advisors, and a new Senior Advisors System was implemented in July, 2018. (Note: MUFG has no such system)
- Former Chairmen, Deputy Chairmen, and Presidents of the three companies may engage in external activities in addition to their activities in contributing to the financial world and society as a senior advisor.
- The maximum length of term of office as a senior advisor is in principle a maximum of six years, and contracts will be renewed every year as necessary in accordance with the status of activities, and reported to the Nominating and Governance Committee. However, certain transitional measures will be taken for senior advisors, etc. appointed before the implementation of the new system.
- An advisory contract as an honorary advisor (no compensation) may be entered into if, upon retirement as a senior advisor, it is necessary to continue such external activities. For term of office, contract renewal is annual, as necessary, based on activity status reported to the Nominating and Governance Committee. In addition, even in cases where advisory contracts are not signed by the three companies due to a small number of activities being maintained, the title of Honorary Advisor may be used.
- Senior advisors and honorary advisors will not be involved in management decision making, and regular reporting to senior advisors and honorary advisors by the management team will not be carried out.
- When senior advisors carry out important external activities for the Group, an annual maximum of 20 million yen may be paid as compensation for carrying out the duties. No compensation will be paid for honorary advisors. In addition, secretaries, company cars, and offices (outside head office) may be used as necessary.

## 2. Matters on Functions of Business Execution, Auditing, Oversight, Nominating and Compensation Decisions

### (Overview of Current Corporate Governance System)

1. Below is an overview of the main management structures.

(1) Board of Directors and Directors

- The Board of Directors decides key management policies and is responsible for management oversight. Decisions on matters of business execution other than specific matters stipulated by laws and regulations shall in principle be delegated to Corporate Executives; provided, however, that decisions on particularly important matters of business execution shall be made by the board of directors.
- The Board of Directors as a whole has an appropriately balanced composition that provides a deep understanding of MUFG Group's business and a wealth of knowledge and expertise on finance, financial accounting, risk management and compliance and so forth, and consists of 15 members (12 men and 3 women).

(2) Committees

- In addition to the establishment of a Nominating and Governance Committee (a Nominating Committee under the Companies Act), a Compensation Committee and an Audit Committee as provided under the Companies Act, a Risk Committee shall also be established as



an optional board committee. Moreover, in order to comply with the final rules for Enhanced Prudential Standards for Foreign Banking Organizations, U.S. Risk Committee shall be established as follows:

- (a) Nominating and Governance Committee  
Decides the content of proposals that are submitted to general meetings of shareholders regarding the election and removal of directors and discusses and makes recommendations to the board of directors on personnel matters regarding key management positions of MUFG and its subsidiaries and MUFG's policy and framework for corporate governance.
- (b) Compensation Committee  
Establishes a policy for regarding decisions on compensation for corporate Executives and directors, decides the details of individual compensation and discusses and makes recommendations to the board of directors on the establishment, revision and abolition of systems pertaining to compensation for officers, etc of MUFG and its key subsidiaries.
- (c) Audit Committee  
Audits the execution of duties by corporate executives and directors, prepares auditing reports, decides the content of proposals pertaining to the election, removal and non-reappointment of accounting auditor to be submitted to general meetings of Shareholders, and performs investigations including fieldwork, into the business and finance of MUFG and its subsidiaries.
- (d) Risk Committee  
Discusses and makes recommendations to the board of directors on various matters regarding risk management in general pertaining to the entire Group as well as material matters regarding risk management in general, issues relating to the top risk matters and any other material matters that require discussion by the Risk Committee.
- (e) U.S. Risk Committee  
Decides risk management policies of all MUFG's U.S. operations and liquidity risk management important matters, discusses the status, control and management of all types of risk on a group basis in the U.S. and makes recommendations to MUFG Risk Committee.

- The Committees are composed of the following members.

[Nominating and Governance Committee]

(Chairperson)

Tsutomu Okuda (Member of the Board of Directors/ Outside)

(Committee Members)

Hiroshi Kawakami (Member of the Board of Directors/ Outside)

Yuko Kawamoto (Member of the Board of Directors/ Outside)

Haruka Matsuyama (Member of the Board of Directors/ Outside)

Nobuyuki Hirano (Member of the Board of Directors, President & Group CEO)

[Compensation Committee]

(Chairperson)

Haruka Matsuyama (Outside Member of the Board of Directors)

(Committee Members)

Hiroshi Kawakami (Outside Member of the Board of Directors)

Yuko Kawamoto (Outside Member of the Board of Directors)

Tsutomu Okuda (Outside Member of the Board of Directors)

Nobuyuki Hirano (Member of the Board of Directors, President & Group CEO)

[Audit Committee]

(Chairperson)

Akira Yamate (Outside Member of the Board of Directors)

(Committee Members)

Hiroshi Kawakami (Outside Member of the Board of Directors)

Yasushi Shingai (Outside Member of the Board of Directors)

Tadashi Kuroda (Member of the Board of Directors, non-executive officer)

Junichi Okamoto (Member of the Board of Directors, non-executive officer)

[Risk Committee]

(Chairperson)

Yuko Kawamoto (Outside Member of the Board of Directors)

(Committee Members)

Yasushi Shingai (Outside Member of the Board of Directors)

Toby S. Myerson (Outside Member of the Board of Directors)

Tarisa Watanagase (Outside Member of the Board of Directors)

Naomi Hayashi (Managing Executive Officer and Group CSO)

Akira Ariyoshi (External expert, university professor)

Kenzo Yamamoto (External expert)

[U.S. Risk Committee]

(Chairperson)

Christine Garvey (MUAH (MUFG Americas Holding Corporation) outside Member of the Board of Directors)

(Committee Members)

Dean A. Yoost (MUAH outside Member of the Board of Directors)

Ann F. Jaedicke (MUAH outside Member of the Board of Directors)

Suneel Kamalani (MUAH outside Member of the Board of Directors)

Toby S. Myerson (MUAH outside Member of the Board of Directors)

Masato Miyachi (MUAH/MUB Chairman)  
Stephen Cummings (MUAH/MUB CEO)  
Masamichi Yasuda (Member of the Board of Directors, Senior Managing Corporate Executive and Group CRO)

(As of July 1, 2018)

(3) Corporate Executives

- There are 18 corporate executives who are appointed via a resolution of the board of directors and they make decisions regarding execution of business and other matters delegated to them by the board of directors.

(4) Executive Committee

- The Executive Committee is established as a body to make decisions regarding the execution of business, and deliberates and makes decisions based on the basic policies decided by the board of directors on important general matters related to management.
- Also, various committees, etc., are established as advisory bodies to the Executive Committee, and these committees, etc., deliberate and report to the Executive Committee on various matters under their jurisdiction, thereby contributing to the deliberations of the Executive Committee.

(5) Global Advisory Board

- MUFG has established a Global Advisory Board composed of members from Japan, Europe, America, and Asia who are experts in areas such as corporate management, financial regulation, and government policy. MUFG's management will seek to benefit from their advice and recommendations provided from an independent standpoint on MUFG's overall management, global governance, business strategy, and other management goals. The Global Advisory Board consists of seven members (By region: Japan two, Europe two, U.S. one, Asia two; six men and one woman)

Dr. Victor K Fung  
Group Chairman, Fung Group, Hong Kong  
Chairman of the Advisory Board, Asia Global Institute  
Former Honorary Chairman, the International Chamber of Commerce

Ambassador John V. Roos  
Former United States Ambassador to Japan

Lord (James) Sassoon, Kt  
Director, Jardine Matheson Holdings Limited  
Former Commercial Secretary to the Treasury, United Kingdom

Associate Professor Simon S.C. Tay  
Chairman of the Singapore Institute of International Affairs  
Former Member of Parliament, Singapore

Dr. Gertrude Tumpel-Gugerell  
Member of Supervisory Board, Österreichische Bundesbahnen- Holding AG  
Former Member of Executive Board, European Central Bank

Toshio Iwamoto  
Principal Executive Advisor, NTT Data Corporation

Akio Mimura  
Senior Advisor, Honorary Chairman, Nippon Steel & Sumitomo Metal Corporation

(As of July 1, 2018)

(6) Executive Officers

- Executive officer system has been introduced whereby 27 managing executive officers and 61 executive officers are engaged in their duties as deputy heads of business groups, as well as major line heads, etc.

[Group Governance framework]

- In order to enhance group governance and implement sound business management as a holding company, group-wide frameworks for risk management, compliance and internal audit have been established. Moreover, MUFG has concluded management control agreements with its key subsidiaries, MUFG Bank, Ltd., Mitsubishi UFJ Trust and Banking Corporation, and Mitsubishi UFJ Securities Holdings Co., Ltd, and developed the system to deliberate and receive reports from each subsidiary in accordance with the segregation of duties..
- The key subsidiaries transitioned to a company with the Audit & Supervisory Committee aiming to further strengthen the corporate governance structure through building effective supervisory functions by the board of directors, and to streamline decision-making on important business matters through broad delegation from the board of directors to corporate management. In addition the Audit & Supervisory Committee of each key subsidiary has a majority of outside directors as members and performs audit and supervisory functions to improve transparency and objectivity of management.
- The key subsidiaries have a structure where the Internal Audit Division reports to the Audit&Supervisory Committee and the board of directors on important matters, including the results of internal audits and basic policies on internal audit plan, and the Audit & Supervisory Committee and the board of directors deliberate on such matters..

[Accounting Audit]

- Accounting audit operations at MUFG are performed by certified public accountants from Deloitte Tohmatsu LLC.

### 3. Reasons for Adoption of Current Corporate Governance System

MUFG adopt a company with three committees governance structure aiming to strengthen the board of directors' oversight functions through the separation of execution and oversight at the holding company level, to construct an effective and efficient governance framework, that is more comprehensible for overseas stakeholders, as befits a G-SIBs(Global Systemically Important Banks).

## III Implementation of Measures for Shareholders and Other Stakeholders

### 1. Measures to Vitalize the General Meeting of Shareholders and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Meeting of Shareholders	Notice of Convocation for the 13 <sup>th</sup> General Meeting of Shareholders held on June 28, 2018 was sent on June 7, 2018 (three weeks before the meeting). And prior to be sent, the notice was disclosed through the Tokyo Stock Exchange and uploaded onto the MUFG website.
Scheduling of the General Meeting of Shareholders Avoiding the Peak Days	
Allowing Electronic Exercise of Voting Rights	Voting rights can be exercised via the Internet.
Participation in Electronic Voting Platform	MUFG participates in a voting platform operated by ICJ, Inc.
Providing Convocation Notice in English	The Notice of Convocation is prepared in English and disclosed through the Tokyo Stock Exchange and uploaded onto the MUFG website.
Other	A video stream of the presentation of the business report and the Results of Exercise of Voting Rights are uploaded onto the MUFG website after the meeting.

### 2. Investor Relations Activities

	Supplementary Explanations	Personal explanation from the CEO
Preparations and Publication of Disclosure Policy	<ul style="list-style-type: none"> <li>● URL: <a href="https://www.mufg.jp/english/ir-policy/">https://www.mufg.jp/english/ir-policy/</a></li> <li>● MUFG Group Disclosure Policy is established and released on the MUFG website</li> </ul>	
Regular Investor Briefings for Individual Investors	<ul style="list-style-type: none"> <li>● Regular meetings for individual investors are held with the Group CEO and Chairman as a presenter (held in Tokyo and Osaka in FY2017).</li> </ul>	Yes
Regular Investor Briefings for Analysts and Institutional Investors	<ul style="list-style-type: none"> <li>● Web conferences are held on the day of financial results announcement with the Group CFO as a speaker.</li> <li>● Seminars on financial results are held after announcing full year and half year financial statements, where presentations are provided by the Group CEO and the Group CFO.</li> <li>● Senior Managements visit and have dialogues with major domestic institutional investors following full year and half year financial results announcement.</li> <li>● Seminars focusing on specific business topics are held. (In FY2017, Seminars on Digital Transformation Strategy was held, where the executive officer in charge of the business delivered a presentation.)</li> <li>● Participates in various conferences held by securities companies.</li> </ul>	Yes
Regular Investor Briefings for Overseas Investors	<ul style="list-style-type: none"> <li>● Senior managements conduct IR tours to major institutional investors overseas twice a year.</li> <li>● Participates in conferences held by securities companies overseas. (Participated in London and Hong Kong in FY2017)</li> </ul>	Yes
Posting of IR Materials on Website	<ul style="list-style-type: none"> <li>● URL: <a href="https://www.mufg.jp/english">https://www.mufg.jp/english</a></li> <li>● Uploaded materials: Consolidated Summary Report, IR Presentation Materials, Annual Report, Integrated Report, Fact Book, Integrated Report, Road Map to Risk Disclosure, SEC Filings, Ratings and Bond Information, Analysts Coverage, IR Calendar, Message from Management, Company Overview, Business Strategy, Corporate Governance, Stock Price Information, Press Releases, etc.</li> <li>● Video of the latest seminar on financial results is provided with English translation</li> <li>● Website designed for individual investors is provided, where following contents are posted; <ul style="list-style-type: none"> <li>-Guide for beginners at investing in MUFG, television commercials, videos of investors/ shareholders seminars.</li> </ul> </li> <li>● Mutual communication through website "Contact Us"</li> </ul>	
Establishment of IR Office (Director Responsible)	Department Responsible: Financial Planning Division, IR Office Director Responsible: Tokunari Muneaki, Member of the Board of Directors and Senior Managing Corporate Executive, Group CFO	

### 3. Measures to Ensure Due Respect for Stakeholders

Supplementary Explanations	
<b>Stipulation of Internal Rules for Respecting the Position of Stakeholders</b>	<ul style="list-style-type: none"> <li>The Corporate Vision and Principles of Ethics and Conduct adopted by the MUFG group companies stipulates that stakeholders' point of view must be respected.</li> </ul>
<b>Implementation of Environmental Activities, CSR Activities, etc.</b>	<ul style="list-style-type: none"> <li>In order for MUFG as a whole to take the initiative in Corporate Social Responsibility (CSR) activities, the CSR Committee has been established to promote these activities in the Group, and CSR Promotion Units have been established in the major group companies. Under this framework each companies engage in their own CSR activities, making use of their own features.</li> </ul>
<b>Development of Policies on Information Provision to Stakeholders</b>	<ul style="list-style-type: none"> <li>MUFG provides a wide range of information to stakeholders through its initiatives including through the disclosure publication and its website.</li> <li>Furthermore, in MUFG Group Disclosure Policy, there are provisions regarding basic stance for providing information mainly to shareholders and investors, scope of information to be disclosed, and methods of disclosure.</li> </ul>
<b>Other</b>	<p>(Appointment of Women as Directors, etc.)</p> <ul style="list-style-type: none"> <li>The Board of Directors at MUFG consists of 12 men and three women. The Global Advisory Board, which provide advice for the Executive Committee, have six men and one woman respectively.</li> <li>MUFG is placing effort into promoting Diversity and Inclusion as one of the initiatives to invigorate the organization. The company is working towards building an environment where all employees can contribute to the organization at their full potential regardless of differences in appearance, background, culture or sex etc. Group companies are also striving to implement initiatives and systems to enrich the company while fostering a culture which accepts diversity. MUFG publishes Diversity Report with the aim of promoting Diversity and Inclusion group-wide. It can be found at the following website. <a href="https://www.mufg.jp/csr/employee/diversityreport/">https://www.mufg.jp/csr/employee/diversityreport/</a></li> </ul> <p>Active Promotion of Women and Career Building Support</p> <ul style="list-style-type: none"> <li>MUFG has set a target of raising the percentage of female managers in Japan to 24% by the end of March 2021. Furthermore each group company has set its own numerical targets for the active promotion of its female workers. As a result, women now represent 20.7% of managers at MUFG as of March 2018.</li> </ul> <p>[MUFG Bank, Ltd.]</p> <p>The company set a numerical target to have at least three Executive Officer, 17% of female representation at management level (General managers, Deputy General Managers, Chief Managers and Directors), and 27% of representation at Managers above level by March 2021. In US and Hong Kong, four women executive directors have been appointed and two have been in domestic Japan. Along with providing proper trainings and opportunities to higher positions for talented women, the company introduces role models and giving networking activities in order to foster their mind to have a greater role in the organization.</p> <p>The company also focuses on creating an environment so that those who return to work from maternity and childcare leave can play active roles as the same level as prior to their leave, and on providing supports for women who want to continue working while raising their families.</p> <p>Details of these initiatives can be found at the following website. <a href="https://www.mufg.jp/csr/employee/worklifebalance/">https://www.mufg.jp/csr/employee/worklifebalance/</a></p> <p>[Mitsubishi UFJ Trust and Banking Corporation]</p> <p>A woman was appointed as executive officer for the first time in June 2016 and another woman was appointed as outside director for the first time in June 2018. The number of women who are engaged in managerial position will be aimed to increase in the mid and long term, with playing active roles in wide range of workplace. New numerical targets were set for the appointment of women, where by March 2019 the company will aim to have 8% or around of Line Managers (General Managers, Deputy General Managers and Chief Managers), and about 22% of other titled roles being filled by women. As of April 2018, the ratio of the woman among the Line Managers rose to 7.6%, the ratio of woman among other titled roles rose to 22.6%.</p> <p>For career building of women, the company has set up some training programs to the managerial positions and any women and round-tables for establishing internal communications. There is also a focus on providing any supports for work-life balance so that those who need childcare will be able to continuously build their career.</p> <p>Details of these initiatives can be found at the following website. <a href="https://www.tr.mufg.jp/ippan/csr/josei.html">https://www.tr.mufg.jp/ippan/csr/josei.html</a></p> <p>[Mitsubishi UFJ Securities Holdings Co., Ltd.]</p> <p>New numerical targets are set for the appointment of women, where by March 2021 the company will aim to have at least 120 posts above the level of Director s, 13% of posts above the level of Managers being filled by women.</p> <p>The better environment for women to be able to maximize their potentials is proceeding to be established by enhancement of programs to promote diversified ways of working, work-life balance supports including nursing care and systematic career building support for female employees. The target for the rate of taking paternity leave is set to 100% to promote</p>

men actively participating in child care. We were accomplished by 100% in 2017. Along with that, the initiative to increase the number of "Iku-Boss", who supports his subordinates career and life as well as takes on creating a worthwhile working environment actively, has really started to foster corporate culture further promoting active participation by women.

[Major Initiatives]

Details of these initiatives can be found at the following websites.

[http://www.sc.mufg.jp/english/company/sustainability/employee\\_index.html](http://www.sc.mufg.jp/english/company/sustainability/employee_index.html)

[http://www.hd.sc.mufg.jp/english/sustainability/employee\\_index.html](http://www.hd.sc.mufg.jp/english/sustainability/employee_index.html)

## IV/Matters Relating to the Internal Control System

### 1. Basic Views on Internal Control System and the Progress of System Development

The Company complies with the Companies Act and Enforcement Regulations of the Companies Act and has ratified the following system (internal control system) to ensure appropriate operations are being conducted within the Company. The Company is working to ensure that a sound and robust management structure is in place by creating company policies, establishing departments in charge, building plans and policy and other structures that are all in line with the details of what has been ratified by the Company.

The directly owned subsidiaries as referred to below are major subsidiaries in which the Company directly holds equity interests<sup>(Note)</sup>. The "MUFG Group" means a corporate group comprised of the Company and its subsidiaries as provided in Article 416, Paragraph 1, Item 1 of the Companies Act.

<sup>(Note)</sup> MUFG Bank, Ltd., Mitsubishi UFJ Trust and Banking Corporation, Mitsubishi UFJ Securities Holdings Co., Ltd., Mitsubishi UFJ NICOS Co., Ltd., ACOM CO., LTD.

#### 1. Group Management Framework

- (1) The Company shall formulate a Corporate Vision and Principles of Ethics and Conduct in order to ensure appropriateness of the business conducted by the MUFG Group.
- (2) In addition to stipulating the MUFG Group basic policies for management control, the Company shall also stipulate individual sets of company rules in respect of customer protection management, risk management, compliance, internal audits, etc., along with concluding management control agreements with subsidiaries in which the Company directly holds equity interests.
- (3) In order to manage its business, the Company shall deliberate with and receive reports from subsidiaries in which the Company directly holds equity interests, and conduct appropriate management of subsidiaries in which the Company directly holds equity interests in line with rules of the Company and in adherence to the allocation of duties.
- (4) Companies subject to direct management control by the Company are stipulated as being those subsidiaries in which the Company has direct investment, and the management of subsidiaries in which the Company does not have direct investment shall be directly managed by the subsidiary which holds the said direct investment. The Company shall provide direction and advice regarding management control to the subsidiary that holds the direct investment as required.
- (5) The Company shall stipulate company rules regarding internal controls for financial reporting and shall establish an Accounting Audit Hotline (internal reporting system whereby matters regarding accounting at the MUFG Group can be reported by the public as well as directors, officers and employees of the MUFG Group) as part of this.
- (6) The Company shall define policies on information disclosure of the MUFG Group, thereby establishing a structure for information disclosure in a fair, equitable and appropriate manner.

#### 2. Legal and Regulatory Compliance Framework

- (1) The Company and directly owned subsidiaries of the Company shall stipulate a Corporate Vision and Principles of Ethics and Conduct so as to ensure that the execution of duties by directors, officers and employees conforms with laws and regulations, and the Articles of Incorporation.
- (2) The Company and directly owned subsidiaries of the Company shall create and circulate various company rules and compliance manuals to build a system to ensure that directors, officers and employees comply with laws and regulations, etc.
- (3) The Company and directly owned subsidiaries of the Company shall create committees, etc., employ a director responsible for compliance (Chief Compliance Officer) and establish management divisions in order to promote and manage compliance.
- (4) The Company and directly owned subsidiaries of the Company shall formulate compliance programs (specific plans to ensure directors, officers and employees comply with laws and regulations, etc., including training for directors, officers and employees) and implement follow-ups on the progress of these programs.
- (5) The Company and directly owned subsidiaries of the Company shall establish internal reporting systems to receive reports of fraudulent activities from directors, officers or employees.
- (6) The Company and directly owned subsidiaries of the Company shall sustain a resolute stance against anti-social forces which are a threat to the peace and stability of civil society and work towards preventing transactions with such forces.
- (7) The Company and directly owned subsidiaries of the Company shall be aware of the possibility that funds transacted through financial institutions may be used for various criminal activities and/or terrorism and will work towards preventing money laundering.

#### 3. Management Framework For Customer Protection, etc,

- (1) In order to achieve strong customer standards in line with the Corporate Vision and the Code of Ethics and Conduct, the Company and directly owned subsidiaries of the Company shall create basic policies and company rules regarding management of customer protection, etc., establish administration and management divisions, and enable the provision of explanations and the creation of support systems for customers, information management and conflict of interest management by increasing awareness among directors, officers and employees.
- (2) Based on the Personal Information Protection Policy that was created to encompass the information management system, the Company and directly owned subsidiaries of the Company shall create systems to appropriately protect and manage personal information.
- (3) Based on the Conflicts of Interest Management Policy that was created as a basic policy for management of conflicts of interest, the Company and directly owned subsidiaries of the Company shall establish systems to manage conflicts of interest, which will ensure that customer interests are not unfairly prejudiced.

#### 4. Information Storage Management Framework

- (1) Important documents including minutes and materials for meetings such as the board of directors and executive committee shall be stored and managed as stipulated in company rules.
- (2) When requested by the Audit Committee or a member of the Audit Committee, the division responsible shall provide access to viewing of,

or actual copies of, the documents requested.

#### 5. Risk Management Framework

- (1) The Company and directly owned subsidiaries of the Company shall implement an integrated risk management and control system to secure stable business management by using a standard that is unified to the maximum extent possible to gain a comprehensive understanding of the various risks which may arise during the course of business while striving for maximum shareholder value.
- (2) The Company and directly owned subsidiaries of the Company shall classify risk as shown below, and establish risk management basic policies for those risk categories in order to verify the design and execution status of these policies.
  - 1 Credit Risk;
  - 2 Market Risk;
  - 3 Liquidity Risk;
  - 4 Operational Risk;
  - 5 Reputational Risk;
  - 6 Model Risk.
- (3) The Company and directly owned subsidiaries of the Company shall establish an integrated risk management system. They shall establish committees for risk management and control, and an executive and establish dedicated divisions etc. responsible for risk management.
- (4) The Company and directly owned subsidiaries of the Company shall appropriately manage risk through risk management processes consisting of risk identification, measurement, control and monitoring.
- (5) The Company shall create a system to manage capital allocation system (system whereby the consolidated business groups and important subsidiaries allocate capital for each subsidiary by individual risk category using overall MUFG Group economic capital (capital matched to the amount of risk)).
- (6) The Company and directly owned subsidiaries of the Company shall prepare a system necessary to limit the economic loss or erosion of credibility from the crisis event to the minimum while ensuring the continuation of service as well as the prompt restoration of normal operations in a crisis event.

#### 6. Framework to Ensure Efficient Execution of Duties

- (1) The Company and directly owned subsidiaries of the Company shall set management targets and create management plans to manage business based on appropriate methods.
- (2) The Company's board of directors shall, as a general rule, delegate to corporate executives decision making power for the execution of business for matters other than those which require the discretion of the board of directors as deemed in laws and regulations. Also, in addition to establishing an executive committee which consists of corporate executives, etc., they shall create various committees to provide advisory functionality to the Executive Committee.
- (3) The Company and directly owned subsidiaries of the Company shall establish an executive committee, which will be delegated predetermined tasks from the board of directors. The executive committee shall make decisions regarding the matters they have been delegated and conduct preliminary consideration of matters which are to be deliberated by the board of directors so that the board of directors may make decisions regarding such matters. Also various committees shall be established to provide advisory functionality to executive committee.
- (4) The Company and directly owned subsidiaries of the Company shall, in order for corporate executives (directors, etc., at directly owned subsidiaries) to execute their duties efficiently, build and employee rank framework and organizational structure, etc., in line with company rules and assign the execution of duties.

#### 7. Internal Audit Framework

- (1) The Company and directly owned subsidiaries of the Company shall ensure the soundness and appropriateness of operations by building an internal audit system which has high specialization and independence to assume the function of verifying and assessing the appropriateness and effectiveness of risk management, internal controls and governance processes.
- (2) The Company and directly owned subsidiaries of the Company shall set company rules to identify basic matters concerning internal audit.
- (3) The Company and directly owned subsidiaries of the Company shall establish a division responsible for internal audit.
- (4) The divisions responsible for internal audit at the Company and directly owned subsidiaries of the Company shall support the oversight function of the board of directors by collaborating and working together under the guidance of the division responsible for internal audit at the Company.
- (5) The division responsible for internal audit at the Company and directly owned subsidiaries of the Company shall, as required, build a collaborative relationship with the Audit Committee (Audit & Supervisory Committee or Corporate Auditor at directly owned subsidiaries of the Company) and Independent Auditors and work towards efficient implementation of internal audit.

(Framework for Ensuring Effective Audit by the Audit Committee)

#### 8. Framework related to persons employed to support the duties of the Audit Committee.

- (1) The Audit Committee Office shall be established as an organization to assist the Audit Committee to perform its duties and shall be placed under the direction of the Audit Committee.
- (2) Matters regarding personnel arrangements for persons employed to support the duties of the Audit Committee shall be made in a manner that respects the wishes of the Audit Committee.

#### 9. Framework for Reporting to the Audit Committee

- (1) The following matters shall be reported to the Audit Committee:
  - 1 Matters regarding decisions by or reports made to the executive committee (including matters deliberated on or reported by subsidiaries directly owned by the Company in line with prescribed company rules)
  - 2 Matters that may cause significant damage to the Company (including matters deliberated on or reported by subsidiaries directly owned by the Company in line with prescribed company rules)
  - 3 Implementation status and results of internal audits within the MUFG Group
  - 4 Critical violations of laws or regulations within the MUFG Group
  - 5 Status of reporting and details of cases reported to the MUFG Group Compliance Helpline as well as the Accounting Audit Hotline and the actual usage results of the internal reporting systems of the directly owned subsidiaries of the Company.
  - 6 Other matters for which the Audit Committee requests reporting
- (2) Structures shall be implemented to protect persons who report to the MUFG Group Compliance Helpline or the Accounting Audit Hotline from receiving unfair treatment because they made such reports.

10. Policy regarding expenses or liabilities arising from the execution of duties of the Audit Committee
  - (1) Expenses or liabilities which arise due to the Members of the Audit Committee exercising their duties (restricted to items regarding the execution of Audit Committee duties) shall be paid or processed otherwise in line with the requests of the Members of the Audit Committee.
  
11. Other Frameworks to Ensure Effective Audits by the Audit Committee
  - (1) Representative corporate executives and the division responsible for internal audit shall conduct regular sessions to share opinions with the Audit Committee.
  - (2) Important personnel affairs concerning the divisions responsible for internal audit shall be decided based on the resolution at the Audit Committee.
  - (3) Divisions responsible for internal audit shall report to the Audit Committee on the internal audit plans and internal audit results, and receive specific instructions from the committee.
  - (4) Members of the Audit Committee shall be entitled to attend the executive committee and other important committees, etc.
  - (5) Executives and employees shall cooperate with surveys or interview requests received from the Audit Committee or its members.
  - (6) Executives and employees shall give utmost respect to other matters as stipulated in the Audit Committee rules and the Audit Committee Audit Standards.

## 2. Basic Philosophy on Eliminating Anti-Social Forces and Status of Measures

1. Basic philosophy (basic policies) for the elimination of anti-social forces  
 MUFG has stipulated basic policies for dealing with anti-social forces which detail handling as an organization, cooperation with outside expert organizations, ban on any relations including transactions, legal responses both civil and criminal in an emergency, and prohibition of backdoor transactions and provision of funds.
2. Implementation status of measures to eliminate anti-social forces
  - (1) Implementation of Company Rules
    - The MUFG Group has stipulated company rules with specific details in line with the above-mentioned basic policy.
  - (2) Division in charge of Handling Anti-Social Forces and Undue Demands Prevention Officer
    - The MUFG Group has established a division in charge of handling anti-social forces, and the division implements planning and management measures related to preventing transactions with anti-social forces.
    - The MUFG Group has deployed Undue Demands Prevention Officers in branches and offices to handle such demands made by anti-social forces.
  - (3) Cooperation with Outside Expert Organizations
    - The MUFG Group works closely with outside expert organizations to handle anti-social forces, such as regular contact and visits to police departments from major branches, reports to the police in emergencies, consultation with lawyers, etc.
  - (4) Collection and Management of Information regarding Anti-Social Forces
    - In the MUFG Group, the division in charge of handling anti-social forces collects and manages information regarding anti-social forces in a centralized way
  - (5) Manuals for Handling Anti-Social Forces
    - MUFG and its major subsidiaries have stipulated handling of anti-social forces in their Compliance Manuals, and specified precise details in operations manuals as necessary.
  - (6) Implementation of Training Activities
    - The MUFG Group positions the handling of anti-social forces as a critical matter and conducts compliance training.

## V Others

### 1. Adoption of Anti-Takeover Measures

<b>Adoption of Anti-Takeover Measures</b>	Not Adopted
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Supplementary Explanation

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### 2. Other Matters Concerning Corporate Governance Framework, etc.

#### Outline of Framework for Timely Disclosure

The internal framework to ensure timely disclosure of MUFG company information is outlined below.

#### 1. Basic Concept

MUFG has created a Corporate Vision which shows all of the basic values the company has in conducting its business and which forms the high level policy for all its activities.

Also, the Principles of Ethics and Conduct provide an abstract of common ethics within the Group and have been created as a basic policy for the Group's Officers and employees.

As for timely disclosure of company information, the following is shared with Group Officers and employees in the Principles of Ethics and Conduct.

[Principles of Ethics and Conduct] 2-1 Adherence to Laws and Regulations

#### Public Disclosure

- To maintain MUFG's reputation and credibility, disclosure of our corporate information, including financial reports, must be timely, clear, and

accurate so that it can be properly understood and evaluated.

- If we become aware of an inaccurate or misleading statement or nondisclosure of material information, we immediately consult with our supervisors to undertake appropriate measures and correct inaccuracies.

## 2. Internal Framework

### (1) Disclosure Committee

Disclosure Committee is established under Executive Committee and deliberates on the appropriateness of information disclosure and the effectiveness of internal controls and procedures. Members of Disclosure Committee include Group CFO, who acts as chairperson, Group CSO, Group CRO, Group CAO, Group CCO, Group CLO and related General Managers and is in principle held six times per year.

A framework is in place whereby the details, revision and operating status of company rules regarding timely disclosure, and the details, timing and methods of disclosure of information relating timely disclosure are reported to Disclosure Committee, in principle, once every six months. Results of deliberations are reported to Executive Committee.

### (2) Company Rules regarding Timely Disclosure

MUFG has stipulated Timely Disclosure Rules to comply with related laws and regulations as well as stock exchange rules and ensure the timely disclosure of company information which may have a critical impact on investment decisions made by investors. The Standards and processes, etc., for timely disclosure are defined by Timely Disclosure Rules.

### (3) Division in Charge

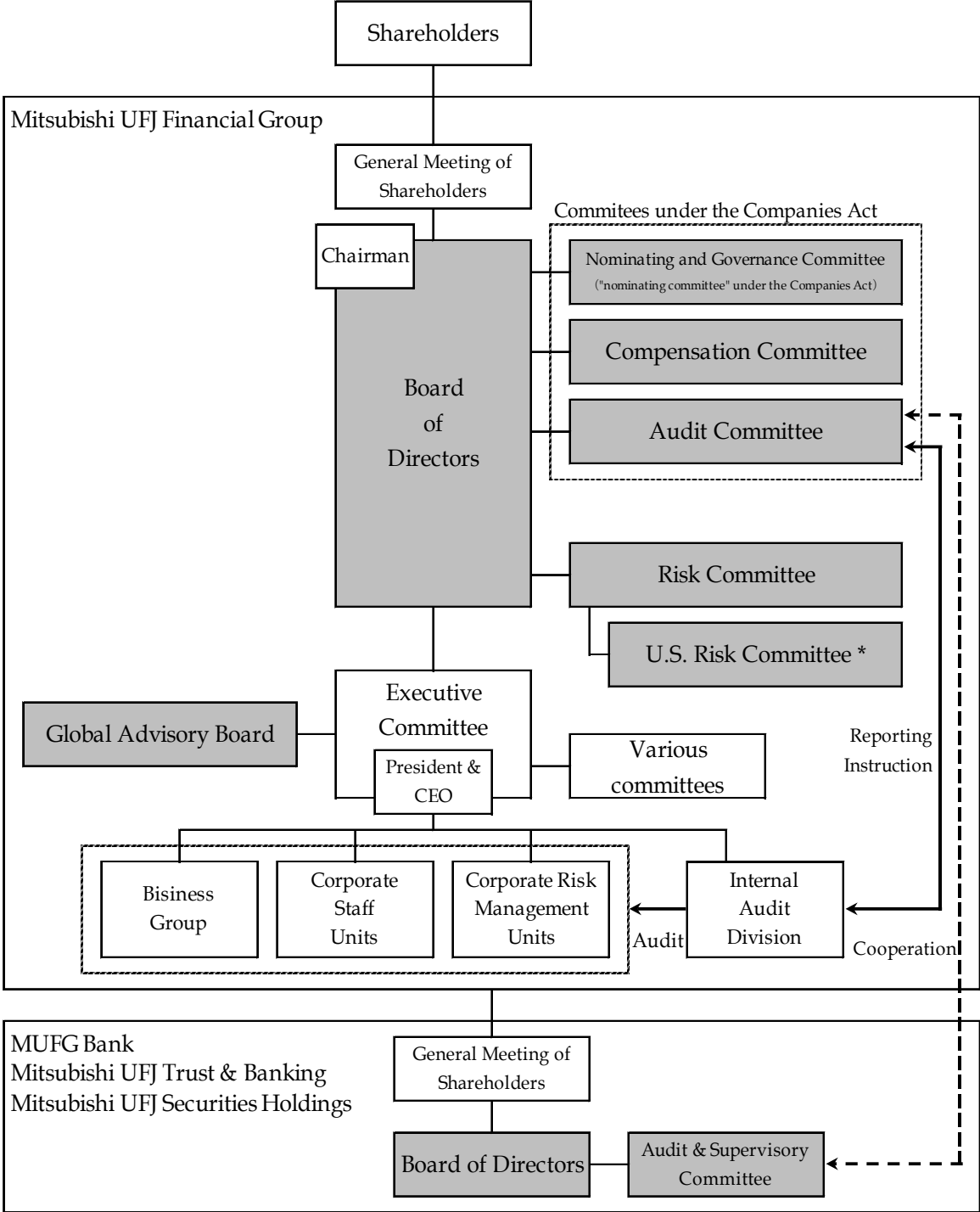
Corporate Administration Division is responsible for implementing timely disclosure. In addition to timely disclosure, Corporate Administration Division is also responsible for managing material information, and submitting financial statements, quarterly statements and extraordinary reports, etc., based on the Financial Instruments and Exchange Act. Corporate Administration Division implements timely disclosure using methods defined in the rules and regulations of stock exchanges. Also, Corporate Administration Division update company rules regarding timely disclosure and review insignificance criteria which are stipulated in the rules and regulations of stock exchanges and send notification internally and to group companies.


In determining if timely disclosure is required and what information is to be disclosed, the division which owns the information, Corporate Administration Division, Media Relations Office in Corporate Communications Division, and Financial Planning Division conduct deliberations and make a decision. Media Relations Office in the Corporate Communications Division is responsible for responding to the media and Financial Planning Division is responsible for overall IR activities.

Information of MUFG subsidiaries is reported from the departments in charge of directly owned subsidiaries to Corporate Administration Division.



Corporate governance structure of MUFG



 Membership includes external members

\* Established based on the U.S. Prudential Regulations