

# Corporate Governance

▼ Corporate Governance System      ▼ Responsibility and Authority in Sustainability Management      ▼ Internal Audit

## Corporate Governance System

For more information on MUFG's corporate governance, please refer to the below.

[Governance](#)  
[Corporate Governance Report](#)  
[Annual Securities Report \(only in Japanese\)](#)

|  |  |
|--|--|
| Board of directors   |  |
| Responsibility and Authority                                 | Responsibility and Authority in Sustainability Management<br><br>Corporate Governance Report |
| Structure  |  |
| Independence of the Chair                                    |  |
| Committees   |  |
| Nominating and Governance Committee                          | Corporate Governance Report  |
| Compensation Committee                                       |  |
| Audit Committee  |  |
| Risk Committee   |  |
| U.S. Risk Committee  |  |
| Board of Directors' effectiveness and performance evaluation | Corporate Governance Report  |
| Executive Compensation                                       |  |
| Assessing executive compensation based on the performance    | Corporate Governance Report  |
| Shareholding restriction                                     | Annual Securities Report   |
| Disclosure of Executive Compensation                         | Corporate Governance Report  |
| Clawback / Malus   | Annual Securities Report   |
| Stock  |  |
| Shareholding Ratio (Shareholding Status)                     | Annual Securities Report   |
| Shareholder Rights   | Corporate Governance Report  |
| Separation of shareholding and voting rights                 | Annual Securities Report   |

# Responsibility and Authority in Sustainability Management

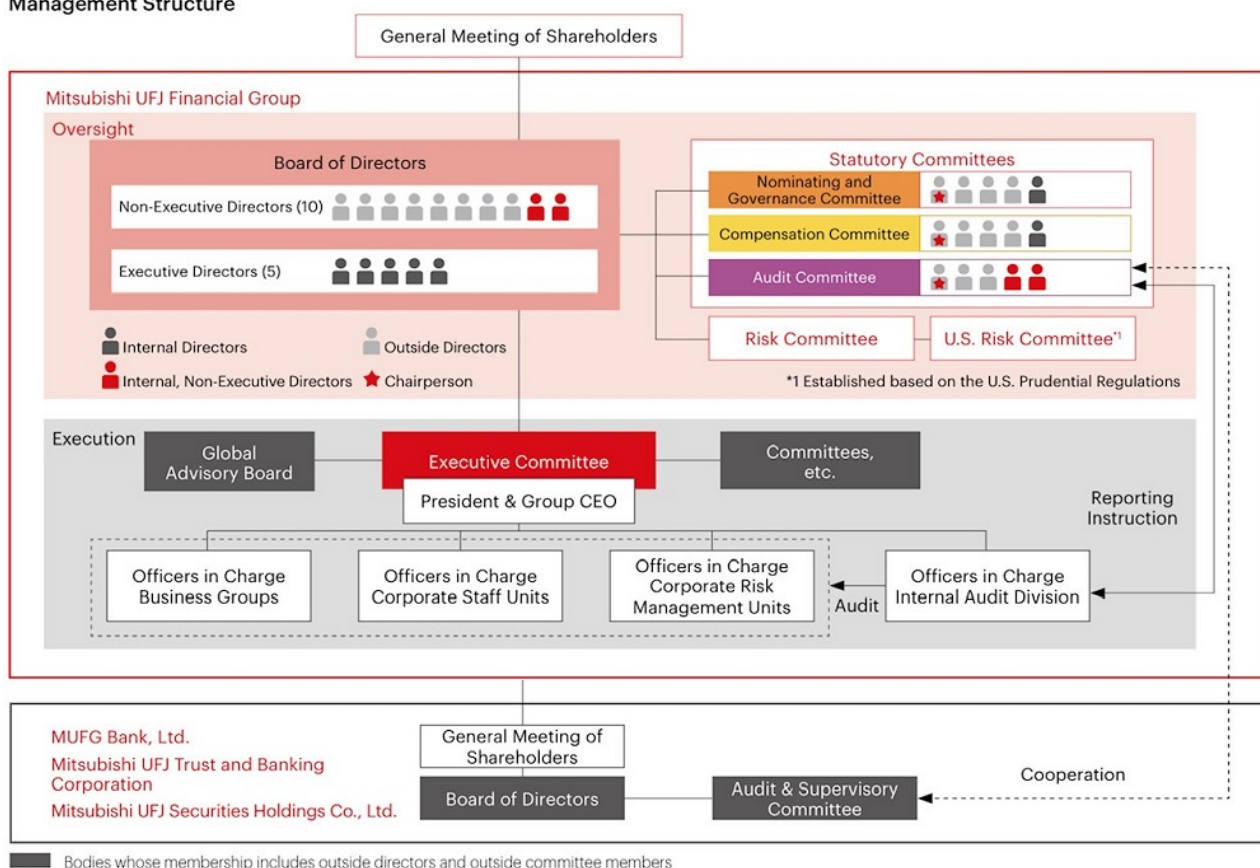
## Fundamental Concept

MUFG aims at its sustainable growth and increase in medium to long-term corporate value, based on the requests from stakeholders including shareholders, customers, employees and local communities. MUFG is committed to fair, just and transparent corporate management and to the realization of effective corporate governance guided by the MUFG Corporate Governance Policies.

MUFG Corporate Governance Policies

## MUFG's Management Structure

### Management Structure



### Committees

## Approach to ESG Issues

### Sustainability Committee Meetings

MUFG holds regular committee meetings to identify ESG issues affecting corporate management, and report and discuss how the Group is responding to them.

In fiscal 2022, the committee meeting was held in January 2023 and deliberated on the business environment surrounding MUFG and reviewed the status of responses to priority issues. Details of the deliberations are as follows.

## Principal Themes of Discussion and Other Items Considered at the Fiscal 2022 Sustainability Committee Meeting

| Theme   | Details   |
|---|---|
| 1 <b>Response to sustainability issues and assessment of the prevailing environment</b> | <ul style="list-style-type: none"> <li>• Status of our response to priority sustainability issues and fiscal 2023 initiatives requiring our focus</li> <li>• Assessment of major trends at home and abroad regarding sustainability issues and the prevailing environment</li> </ul>  |
| 2 <b>Climate change measures</b>  | <ul style="list-style-type: none"> <li>• Main outcomes of initiatives to realize carbon neutrality and our response in fiscal 2023</li> <li>• Interim targets for 2030 toward the achievement of net-zero GHG emissions from our financed portfolio in 2050 (interim targets for additional sectors and results of emissions from sectors subject to disclosure)</li> <li>• Measurement of financed emissions from sectors specified by the TCFD recommendations</li> <li>• Future policies for promoting transition in light of the invigoration of green transformation (GX)-related investment in Japan</li> </ul> |
| 3 <b>Natural capital and biodiversity</b>   | <ul style="list-style-type: none"> <li>• Financial institutions' positioning of natural capital and biodiversity and trends in the global discussion of such matters</li> <li>• Initiatives to launch TNFD-related information disclosure (analysis of risks and the examination of opportunities expected to emerge going forward)</li> </ul>  |
| 4 <b>Respect for human rights</b>   | <ul style="list-style-type: none"> <li>• Identification of priority human rights-related issues that require immediate response based on a human rights risk map</li> <li>• Direction of our response to human rights-related issues (strengthening of human rights due diligence, the issuance of a human rights report, etc.)</li> </ul>  |
| 5 <b>Human capital and inclusion &amp; diversity (I&amp;D)</b>                          | <ul style="list-style-type: none"> <li>• Concepts regarding and future policies on human capital management and relevant information disclosure</li> <li>• Actions to be taken in fiscal 2023 to promote I&amp;D</li> </ul>   |
| 6 <b>Initiatives as an asset manager</b>  | <ul style="list-style-type: none"> <li>• Initiatives to be undertaken in the aftermath of the formulation of the interim targets by the Net Zero Asset Managers initiative (NZAM)</li> <li>• Issues associated with the promotion of sustainable investment and our response</li> </ul>   |
| 7 <b>Revision of the MUFG Environmental and Social Policy Framework</b>                 | <ul style="list-style-type: none"> <li>• Revision of descriptions regarding the forestry and palm oil sectors, the inclusion of human trafficking in Prohibited Transactions excluded from financing and the addition of businesses in conflict areas to Transactions of High Caution</li> </ul>  |
| 8 <b>ESG assessment</b>   | <ul style="list-style-type: none"> <li>• Results of fiscal 2022 ESG assessment and the status of initiatives now under way to address issues</li> </ul>   |
| 9 <b>Disclosure of non-financial information</b>  | <ul style="list-style-type: none"> <li>• Global regulations regarding the disclosure of non-financial information and issues to be addressed going forward</li> </ul>   |

## External Advisors in the Environment and Social Fields

Since 2019, we have engaged external experts in the environmental and social fields as permanent external advisors.

Opinions were exchanged between the experts and the members of the Board of Directors, allowing us to use their broad knowledge of ESG in our sustainability initiatives.

One such meeting held in December 2022 saw attendees engage in lively discussions covering a diverse range of topics that included the latest trends in international initiatives to counter climate change—the current highest priority topic—COP27 concerns and biodiversity—a subject whose importance is growing—as well as human capital and initiatives to ensure respect for human rights.

|                       |  |
|-----------------------|--|
| <b>Rintaro Tamaki</b> | President, Japan Center for International Finance  |
| <b>Junko Edahiro</b>  | Professor, Graduate School of Leadership and Innovation, Shizenkan University / President, Institute for Studies in Happiness, Economy and Society / Founder and President, e's Inc. |
| <b>Kenji Fuma</b>     | CEO, Neural Inc.   |

## Study Sessions for Management

In order to invigorate internal discussions on sustainability, MUFG group companies invited experts in various fields to hold study sessions. In study sessions, the management team actively exchanges opinions with these experts.



## Executive Compensations

### Introduction of a Heightened Metric for ESG-Related External Ratings as a New Key Performance Indicator for the Executive Compensation System

MUFG has revised its executive compensation system to achieve the medium-term business plan and implement sustainability management, and has newly installed a heightened metric for ESG-related external ratings as a medium- to long-term performance-linked indicator for stock-based compensation.

The system is designed to reflect the degree of improvement found through the external ratings granted by five major ESG rating agencies<sup>(note)</sup> for executive compensation. The intention is to align MUFG's corporate activities with the interests of its diverse stakeholders.

(note) MSCI, FTSE Russell, Sustainalytics, S&P Dow Jones, CDP

| Type of compensation  | Linkage with performance               | Performance-based compensation range | Standards for payment   |        |   |       | Time of payment                         | Payment method   | Proportion of Group CEO's compensation |
|---|--|--------------------------------------|---|--------|---|-------|---|--|--|
|   |  |                                      |   | Weight |   |       |   |  |  |
| Annual base salary  | Fixed                                  | —                                    | • Paid based on positions, etc.<br>• Includes Director Allowance, Committee and Chair Allowance, Housing Allowance, Overseas Representative Allowance, etc. |        |   |       | Monthly                                 | Cash   | 1                                      |
| Stock compensation  | Non-performance-based                  | —                                    | Base amount by position   |        |   |       | At the time of retirement of executives | 50% in shares<br>50% in cash<br><br>Note: Subject to malus (confiscation) and clawback (restitution claim) | 1                                      |
|   | Medium- to long-term performance-based | 0-150%                               | Base amount by position   | ×      | Performance factor (medium- to long-term achievement evaluation)                  | <50%> | At the end of the MTBP                  |  |  |
|   |  |                                      |   |        | Target attainment rate of indices below in MTBP                                   |       |   |  |  |
|   |  |                                      |   |        | (1) Consolidated ROE  | 30%   |   |  |  |
|   |  |                                      |   |        | (2) Consolidated expenses reduction amount (excluding performance-linked expense) | 15%   |   |  |  |
|   |  |                                      |   |        | (3) Ratings granted by ESG rating agencies  | 5%    |   |  |  |
| Performance factor (competitor comparison evaluation)   | <50%>                                  |                                      |   |        |   |       |   |  |  |
| Comparison of year-on-year growth rate of indices below with competitors                      |  |                                      |   |        |   |       |   |  |  |
| (1) Consolidated net operating profits  | 25%                                    |                                      |   |        |   |       |   |  |  |
| (2) Profits attributable to owners of parent  | 25%                                    |                                      |   |        |   |       |   |  |  |
| Cash bonuses  | Short-term performance-based           | 0-150%                               | Base amount by position   | ×      | Performance factor (quantitative evaluation factor applied to the Group CEO)      | <60%> | Annually                                | Cash   | 1                                      |
|   |  |                                      |   |        | Rate of year-on-year change and target attainment rate of indices below           |       |   |  |  |
|   |  |                                      |   |        | (1) Consolidated net operating profits  | 20%   |   |  |  |
|   |  |                                      |   |        | (2) Profits attributable to owners of parent                                      | 10%   |   |  |  |
|   |  |                                      |   |        | (3) Consolidated ROE  | 20%   |   |  |  |
|   |  |                                      |   |        | (4) Consolidated expense amount   | 10%   |   |  |  |
| Status of individual execution of duties (qualitative evaluation factor applied to Group CEO) |  |                                      |   |        |   |       |   |  |  |
| • Improvement in customer-segment profitability   | <40%>                                  |                                      |   |        |   |       |   |  |  |
| • Risks handling  |  |                                      |   |        |   |       |   |  |  |
| • Enhancement of efforts on ESG, evolution of sustainability management                       |  |                                      |   |        |   |       |   |  |  |
| • TSR, etc.   |  |                                      |   |        |   |       |   |  |  |

1. To incentivize efforts to improve MUFG's earnings power, capital efficiency and profit structure, each of which is considered a management issue requiring the utmost priority, the degree of achievement vis-à-vis target levels stipulated in the Medium-Term Business Plan (MTBP) regarding consolidated ROE and consolidated expense reduction (excluding performance-linked expense) is determined on an absolute evaluation basis.
2. In addition to incentivizing recipients to advance sustainability management, the degree of improvement in external ratings granted by the five major ESG rating agencies (MSCI, FTSE, Russell, Sustainalytics, S&P Dow Jones and CDP) is determined on an absolute evaluation basis, with the aim of objectively assessing the recipient's contribution to MUFG's initiatives to address ESG issues in a variety of fields.
3. Relative comparisons with competitors are made with Mizuho Financial Group and Sumitomo Mitsui Financial Group.
4. In bonus-related qualitative evaluations of performance of duties by the president and other relevant officers, we have set targets related to contribution to the resolution of environmental and social concerns, the promotion of inclusion & diversity, and the strengthening and upgrading of MUFG's governance structure. In fiscal 2023, we further added targets related to human rights, biodiversity, and human capital.

## Internal Audit

### Internal Audit

# Compliance

## Basic Policy

We have established the MUFG Group Code of Conduct as a set of guidelines for how the Group's directors and employees should make decisions and act on a daily basis to realize the MUFG Way. The code expresses our commitment to complying with laws and regulations globally, to acting with honesty and integrity, and to behaving in a manner that supports and strengthens the trust and confidence of society.

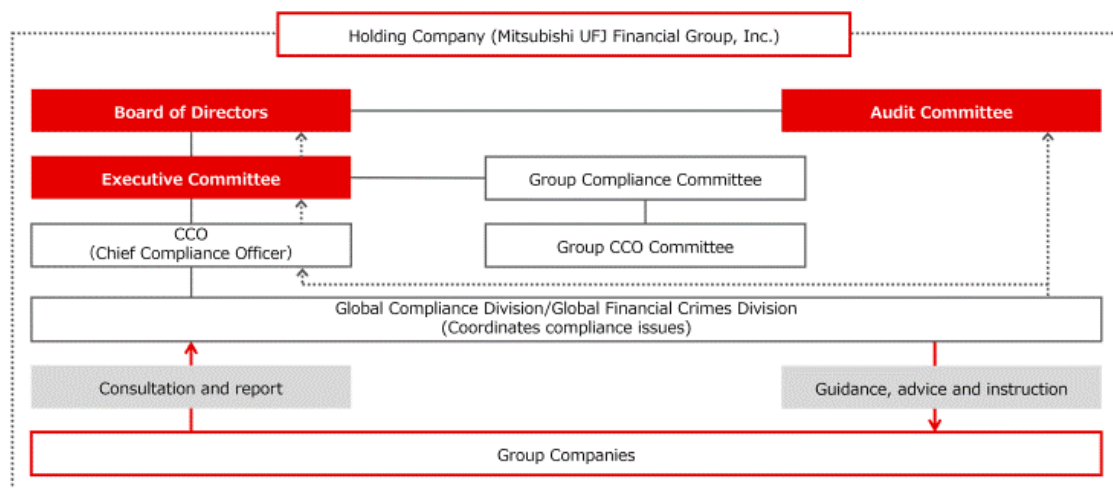
In addition, as we expand the geographic scope of our business globally, we are committed to keeping abreast of developments in laws and regulations of the jurisdictions in which we operate, including anti-money laundering and antibribery rules as well as competition laws, while paying attention to trends in financial crimes.

## Compliance Framework

Management and coordination of compliance-related matters are the responsibility of separate compliance management divisions established at the holding company and the major subsidiaries, namely, the Bank, the Trust Bank and the Securities (hereinafter, the "three subsidiaries"). Each compliance management division formulates compliance programs and organizes training courses to promote compliance, and regularly reports to each company's board of directors and Executive Committee on the status of compliance activities.

The holding company has established a Group Compliance Committee while the three subsidiaries have Compliance Committees under their executive committees to deliberate key issues related to compliance. Additionally, the holding company has a Group Chief Compliance Officer (CCO) Committee, which consists of the CCO of the holding company and the CCOs of the three subsidiaries. The Group CCO Committee deliberates important matters related to compliance and compliance-related issues for which the Group should share a common understanding.

**Compliance Framework**





## Whistle-Blowing Systems

Having positioned its whistle-blowing systems as an important governance tool, MUFG has helped each Group company develop such a system to ensure their ability to identify compliance issues early so that any problems can be quickly rectified. Moreover, the MUFG Compliance Helpline operates year-round and is capable of handling a report from any Group member no matter what their location on an around-the-clock basis.

The Code of Conduct and the internal policy of each Group company ensure anonymity of the whistleblower and confidentiality of the report, so that whistle-blowers will not be subjected to detrimental treatment. We are thus ensuring thorough protection for whistle-blowers even as we carry out investigations into issues being reported and conduct corrective measures, as well as follow-up inspections.

In addition, we aim to ensure that each employee is able to quickly access the Helpline without hesitation whenever he/she has even the slightest suspicion regarding compliance. To this end, we strive to enhance our reliability by making sure the Helpline contact point is well known and our activity well understood by showing the numbers we took care of, and moreover, sharing actual compliance-related cases in a manner that protects the anonymity of individual whistle-blowers.

In fiscal 2022, a total of 411 reports were accepted at MUFG and main Group companies.

In line with the revised Whistleblower Protection Act, which came into effect in June 2022, we have upgraded whistle-blowing systems in place at MUFG as well as Group subsidiaries and affiliates, so that employees can feel more secure about using the systems.

### MUFG Accounting Auditing Hotline

MUFG has set up an accounting auditing hotline to be used to make reports related to instances of improper practices (violations of laws and regulations) and inappropriate practices, or of practices raising questions about such impropriety or inappropriateness, regarding accounting and internal control or audits related to accounting in Group companies. The audit committee oversees the reporting process to ensure the appropriateness and effectiveness of the reporting process and monitors the reports received through the hotline. The reporting process works as follows, and may be carried out via letter or e-mail:

Hokusei Law Office, P.C.

Address: 8F Sanshi Kaikan, 1-9-4 Yurakucho, Chiyoda-ku, Tokyo

e-mail: MUFG-accounting-audit-hotline@hokusei-law.com

When reporting information please pay attention to the following:

- Matters subject to reporting are limited to those related to accounting, internal control regarding accounting and accounting auditing of MUFG Group. Please note that other inquiries may not be answered.  
For any inquiries about the products and services of Group companies, please refer to the inquiries listed on each company's website.
- Please provide detailed information with respect to the matter. Without detailed factual information there is a limit to how much our investigations can achieve.

- Anonymous information will be accepted.
- No information regarding the identity of the informant will be passed on to third parties without the approval of the informant him- or herself. However, this excludes instances where disclosure is legally mandated, or to the extent that the information is necessary for surveys or reports, when data may be passed on following the removal of the informant's name.
- Please submit reports in either Japanese or English.
- If the informant wishes, we will endeavor to report back to the informant on the response taken within a reasonable period of time following the receipt of specific information, but cannot promise to do so in all instances.



# Risk Management

▼ Managing Environmental and Social Risks in Financing    ▼ Cyber Security    ▼ Combating Financial Crime

Details on MUFG's Integrated Risk Management are available on [Risk Management](#).

## Managing Environmental and Social Risks in Financing

### Principles of Risk Management

MUFG has identified the risks associated with various environmental and social issues, such as response to climate change & environmental protection, as a priority issue, and recognizes that they exert significant influence on the Group's corporate management for sustainable growth. As a financial institution that aims to be a trusted global financial group chosen by the world, the Group also grasps the risks caused by its business activities and endeavors to control and reduce them. MUFG manages these sustainability-related risks within the MUFG Environmental and Social Policy Framework, which is based on the MUFG Environmental Policy Statement and the MUFG Human Rights Policy Statement. The Framework is managed by the Sustainability Committee under the Executive Committee, and it is formed to be consistent with the framework for controlling reputational risks that could damage the Group's corporate value.

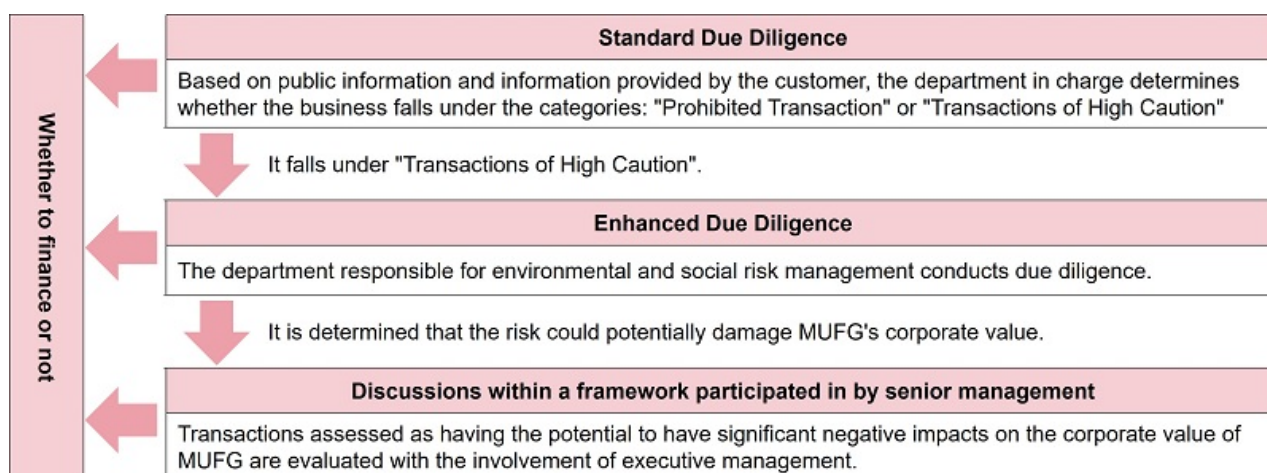
In addition, the status of policies and initiatives to the environmental and social risks are discussed and reported by the Credit & Investment Management Committee, the Credit Committee and the Risk Management Committee depending on the theme. Conclusions reached by the above committees are reported to the Executive Committee, and reported to and discussed by the Board of Directors, and the Board of Directors oversees risks related to environmental and social issues.

### Risk Assessment Process

Standard due diligence is conducted by departments that have direct contact with customers to identify and assess the environmental and social risks of business that is to be financed by MUFG. If it is determined that the business needs to be examined more carefully, MUFG conducts enhanced due diligence and decides whether or not to finance the business.

As for business that would have significant environmental and social risks and could potentially damage MUFG's corporate value or develop into a reputational risk, MUFG holds discussions on how to handle it within a framework participated by senior management. In addition, the Bank adopted the Equator Principles, a framework for identifying, assessing and controlling the environmental and social risks of large-scale projects, and conducts risk assessments in accordance with its Guidelines.

## The process of identifying and assessing the environmental and social risks or impacts of a business to be financed



## Major Risks and Responses

MUFG designated business with significant environmental and social risks as "Prohibited Transactions" if they are illegal businesses or businesses with illegal purposes and the like, and as "Transactions of High Caution" if they have a negative impact on indigenous communities and the like. It has been tightening its policy on business that has a significant impact on climate change including coal-fired power generation. By periodically reviewing and sophisticating the MUFG Environmental and Social Policy Framework, the Sustainability Committee will continue to address risks that may emerge as a result of changes in business activities and the business environment.

| Prohibited Transactions  | Transactions of High Caution   |
|--|--|
| <ul style="list-style-type: none"> <li>• Illegal transactions and transactions for illegal purposes</li> <li>• Transactions which violate public order and good morals</li> <li>• Transactions that negatively impact wetlands designated under the Ramsar Convention</li> <li>• Transactions that negatively impact UNESCO designated World Heritage Sites</li> <li>• Transactions violating the Convention on International Trade in Endangered Species of Wild Fauna and Flora (Washington Convention)</li> <li>• Transactions involving the use of child labor, forced labor or human trafficking</li> <li>• Cluster Munitions and Inhumane Weapons Manufacturing</li> </ul> | <p><b>[Cross-sector guidelines]</b></p> <ul style="list-style-type: none"> <li>• Impact on Indigenous Peoples Communities</li> <li>• Land expropriation leading to involuntary resettlement</li> <li>• Impact on High Conservation Value areas</li> <li>• Cause of or contribution to, or direct linkage with, violation of human rights in conflict areas</li> </ul> <p><b>[Sector specific guidelines]</b></p> <ul style="list-style-type: none"> <li>• Coal Fired Power Generation, Mining (Coal), Oil and Gas, Large Hydropower, Forestry and Palm Oil Sector</li> </ul> |

## Cyber Security

### Basic Policy

MUFG is well aware of its social responsibilities regarding securing the assets entrusted to it by its customers and its obligation to provide secure and stable financial services. MUFG has positioned risk and threats posed by cyber-attacks and other relevant events as one of the Top Risks and is promoting cyber security measures under management leadership.

### Cyber Security Management Structure

#### Governance Structure

MUFG has established cyber security standards that refer to international guidelines and is engaged in the development of relevant strategies and organizational structures as well as the planning and implementation of initiatives aimed at enhancing its cyber security measures.

MUFG enacted the Cyber Security Management Declaration with the intention of strengthening the security management structure under the direct supervision of top management as a response to cyber-attacks and crimes that are becoming more advanced and sophisticated year by year. Moreover, in 2022, MUFG separated the Cyber Security Office from the Information Systems Planning Division as an independent division operating under the leadership of the Group Chief Information Security Officer (CISO). MUFG has a governance structure supporting business judgement according to changes in the surrounding environment through timely and proper reporting to the Board of Directors and the Executive Committee. Taking advantage of the structure, MUFG puts effort into the effective and efficient promotion of cyber security strategies while continuously working to defend MUFG against day to day cyber-attacks.

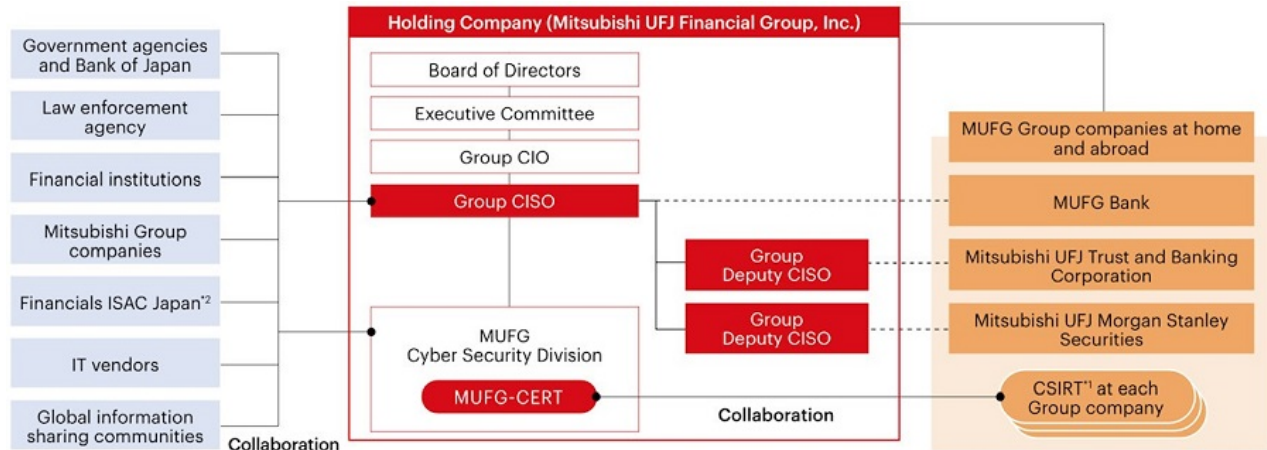
#### Management Structure

The MUFG Cyber Security Fusion Center (MUFG CSFC), a security center has been launched to provide threat analysis and security measures, plays key roles in around-the-clock monitoring and incident response on a groupwide and global basis. Furthermore, MUFG has set up the MUFG-CERT as an umbrella organization in case of the occurrence of a cyber security incident to act in cooperation with the Computer Security Incident Response Teams (CSIRTs) of Group companies. MUFG conducts periodic exercises and drills to ensure its ability to promptly perform such functions as information sharing, decision making, external public relations and technical countermeasures. In addition, MUFG has stepped up collaborative activities with government agencies, other companies in the financial industry and security communities, including the Nippon CSIRT Association.



Staff working at MUFG Cyber Security Fusion Center (MUFG CSFC)

## Cyber Security Governance Structure (MUFG)



\*1 Computer Security Incident Response Team: A team tasked with receiving first-hand reporting on security incidents and conducting investigations into and making responses to such incidents

\*2 A framework of collaborative activities undertaken by its more than 400 member financial institutions to protect Japan's financial infrastructure from the threat of cyberattacks

## Main Initiatives to Counter Cyber Security Threats

### Security Measures to Counter Growing Threats

MUFG has set up a dedicated team focused on threat intelligence to centralize such related activities as impact analysis for newly found vulnerabilities or past experiences, and remediation for those impacts on a groupwide and global basis. Additionally, the team monitors systems for external stakeholders daily to prevent any flaws in security updates or configuration settings.

In step with the widespread popularization of electronic payment via such internet services as Internet banking, cybercrimes that target online services have become a social issue. MUFG is implementing a variety of initiatives to deliver safe and secure services to customers, such as ensuring robust online verification, thoroughgoing vulnerability countermeasures, threat intelligence, anomaly detection and suspicious-transaction monitoring.

In May 2022, MUFG was chosen by the Financials ISAC Japan<sup>(note)</sup> to receive its fiscal 2021 annual award in recognition of the Company's leadership in the sharing of insights and know-how regarding countermeasures against unlawful remittance and the promotion of other collaborative initiatives among financial institutions.

(note) A framework of collaborative activities undertaken by its more than 400 member financial institutions to protect Japan's financial infrastructure from the threat of cyberattacks



CISO Ohinata giving a speech at an award ceremony

## Our Response to Digital Transformation (DX)

MUFG actively utilizes such new technologies as cloud services, AI, Robotics and Open APIs for business. The Cyber Security Division participates in projects related to new technologies from the early stages, such as the planning and design phases. This activity contributes to the development of multilayered security measures and the realization of coexistence between safety and technology-driven transformation through proactive actions, including procedure development for the safe utilization of new technology, risk evaluation and the monitoring of configuration settings.

### Nurturing Security Specialists

Cyber security measures cover a wide range of areas, including governance, threat intelligence, risk management, engineering, monitoring operation and incident response. MUFG has secured an in-house team capable of managing and carrying out the above functions.

To ensure the robust implementation of each security measure, MUFG has systematically categorized the talents and skill sets expected of security members to provide them with optimally designed human resource development programs, which combine in-house and external lectures and exercises while giving due consideration to the competencies of each member, the nature of tasks to be assigned to them and possible opportunities for their future career advancement. Furthermore, MUFG has boldly pursued the improvement of security measures in order to keep up with constant changes in technology, the utilization environment and cyber-attacks, and to nurture them in its professional capacity.

### Providing Cyber Security Education to Foster a Proper Culture

For MUFG to maintain the stable operation of its financial infrastructure, it is essential to foster the corporate culture in which each employee understands the importance of cyber security and considers what should be done as a company while acting in collaboration with other financial institutions or government authorities. MUFG provides educational programs to not only employees directly involved in cyber security but also those engaged in the planning and promotion of business services so that every employee is well-versed in necessary countermeasures against cyber-attacks. Furthermore, MUFG provides employees at main Group companies with e-learning, phishing mail exercises and newsletters for alerting readers of cyber-attacks and familiarizing them with proper responses. It also hosts seminars for a wide scope of Group companies. In addition, MUFG is engaged in various activities with external organizations, such as various training programs and drills hosted by the NISC (National center of Incident readiness and Strategy for Cybersecurity), the Financial Services Agency, and the Tokyo Metropolitan Police Department.

In July 2022, MUFG signed a partnership agreement involving industry-academia-government collaboration aimed at nurturing cyber security specialists. Based on this agreement, MUFG will expand the scope of interactions with partners from different sectors and universities to enhance its own cyber security measures. At the same time, we convey MUFG's insights to society, with the aim of contributing to the enhancement of cyber security measures for society as a whole.

## Combating Financial Crime

We are striving to provide services that our customers can feel secured by implementing a wide range of countermeasures against financial crimes as well as providing assistance for victims of such financial crime.

### Measures to Prevent customers from attacks by Bank Transfer Frauds

To prevent customers from bank transfer frauds at ATM which has been frequently occurring in Japan, we provide necessary alerts to customers by using posters or guiding them on ATM displays etc. In addition, we prohibit phone calls at ATM since mobile phones are often used for bank transfer frauds. Also, to prevent customers from damages caused by those frauds, we have some restrictions to specified customers on transactions by ATM which may cause a fraud case. When receiving requests to withdraw large amount of cash or send money at the counter of our premises, our staff would give attention to customers and ask about the purpose of the transaction, as well as cooperate with police to prevent crimes when the transaction seems suspicious.

Furthermore, for those who open a new bank account, we would check and verify customers identification and confirm the purpose of opening the account. In addition, to prevent customers' bank account from being abused for financial crimes, we make continued efforts to give attention to customers about those crimes of selling, buying, or handing over a bank account by using leaflets and our website.

### Measures to Prevent Loss from Counterfeit or Stolen ATM Cards

IC cards have been introduced to prevent harm due to cash card forgery. To prevent peeping, rearview mirrors have been installed, and ATM screens have been equipped with polarized film and provided with reminder displays about password management.

### Security Measures for Internet Banking Service

A variety of effectual security measures have been established to prevent unauthorized third-party access and fake transactions through phishing and computer viruses.

MUFG Bank (the Bank) and Mitsubishi UFJ Trust and Banking (the Trust Bank) have introduced an electronic certification system, which displays a warning message if an email from the Bank or the Trust Bank has been tampered with. This system also allows customers to confirm on their computers that the server they access during Internet transactions is authentic.

In addition, in order to authenticate online transactions for individual customers, the companies provide the "One-Time Password Card," giving the user a password that is valid only once per transaction. (the Bank and the Trust Bank also provides this service through a smartphone application.) This service greatly reduces the risk of fraudulent transactions by third parties.

Security measures for corporate customers include the Internet services "BizSTATION" (the Bank) and "the Bank Business Direct" (the Trust Bank) and the provision of the "One-Time Password Card" (the Bank) and the "Transaction Authentication Token" (the Trust Bank).



Furthermore, MUFG has been implementing various security measures such as suggesting customers to use “Rapport”, a free anti-virus dedicated software to prevent customers' PCs from infecting malware while using our Online Banking.

## Efforts to Detect Unauthorized Credit Card Use

Mitsubishi UFJ NICOS is committed to complying with the Payment Card Industry Data Security Standard (PCIDSS), an international security standard for the credit card industry, developed to ensure the safe handling of credit card membership data. We have obtained compliance certification for systems involving the credit card business and are striving to maintain and improve security.

To prevent customers from becoming involved in malicious credit card crimes, we have introduced a fraud detection system that uses AI and other technologies to monitor customers' credit cards 24 hours a day, 365 days a year, for unauthorized use by third parties.

So that customers can use their credit cards with peace of mind, we may temporarily place suspicious transactions on hold and send email messages requesting confirmation, or confirm use by the cardholder through contact by telephone or Short Message Service (SMS) following the transaction. When use by a party other than the cardholder has been determined, to prevent damage from unauthorized use we carry out procedures to suspend use of the card in question and replace it with a new card bearing a different card number.

## Acquisition of ISO / IEC27001 Certification

Production systems' operational units of NICOS cards of Mitsubishi UFJ NICOS has acquired the internationally recognized ISO/IEC 27001 certification for information security management systems as a part of their efforts to.

## Acquired PrivacyMark (PMark) Licensed Operator Certification

NICOS has obtained PrivacyMark (PMark) certification from the Japan Institute for Promotion of Digital Economy and Community (JIPDEC) that evaluates the level of protection of personal information. Privacy Mark (P Mark) certifies that the business operator complies with the JIS standard for personal information (JISQ15001:2017), which has established a system to take appropriate protection measures for personal information. We are working to maintain and improve the level of protection of customers' personal information.

# Global Financial Crimes Policy Statement

## Global Financial Crimes Policy Statement

### Financial Crimes Risk Management Overview

Mitsubishi UFJ Financial Group, Inc. ("MUFG") and its Subsidiaries<sup>(note)</sup> are committed to supporting the integrity of the financial system and combating financial crimes. Consistent with this commitment, MUFG has established enterprise-wide policies that require the Subsidiaries to implement risk-based programs designed to help detect, deter, and prevent financial crimes as well as assess and mitigate related risks in a manner consistent with applicable laws, rules, regulations, supervisory guidance, and industry best practices.

(note) MUFG Bank, Ltd.; Mitsubishi UFJ Trust and Banking Corporation; Mitsubishi UFJ Securities Holdings Co., Ltd.; Mitsubishi UFJ NICOS Co., Ltd.; and ACOM CO., LTD.

### MUFG's Approach to Financial Crimes Risk Management

MUFG established the Global Financial Crimes Division ("GFCD") to define and oversee the implementation of consistent financial crimes risk management controls Group-wide. Each Subsidiary has established Compliance Divisions responsible for managing their respective financial crimes compliance programs under the oversight of their Boards of Directors, who have ultimate responsibility for the overall control framework.

Led by financial crimes compliance specialists, GFCD and the Subsidiary Compliance Divisions address the three financial crimes risk areas – Anti-Money Laundering ("AML")/Countering the Financing of Terrorism ("CFT"), Sanctions, and Anti-Bribery and Corruption ("ABC"). The Policy Statements for each of the three financial crimes risk areas are below.

### Employee Responsibilities

Our people play an important role in the fight against financial crimes. All employees are responsible for complying with the MUFG and Subsidiary financial crimes compliance policies, asking questions, and escalating concerns, including seeking advice from a supervisor, Compliance Officer, or through our anonymous reporting channels. MUFG and its Subsidiaries prohibit retaliation against anyone who raises concerns in good faith.

## Policy Statements

### AML/CFT Policy Statement

MUFG and its Subsidiaries are committed to complying with both the letter and spirit of applicable AML/CFT laws everywhere we do business. This commitment includes zero tolerance for known acts of money laundering and terrorist financing.

Specifically, the MUFG AML/CFT Policy, which is made available to all employees in the form of Subsidiary-level AML policies, prohibits:

- Knowingly facilitating or participating in any financial crimes activity or any activity that facilitates financial crimes (e.g., money laundering and financing of criminal activities);
- Ignoring information or circumstances that may be indicative of financial crimes;
- Informing any person known to be involved or suspected of being involved in illegal or suspicious activity that such activity is being investigated or reported internally and/or to law enforcement authorities and regulatory agencies (known as “tipping off”);
- Allowing a new customer to transact prior to completion of the know-your-customer (“KYC”) process;<sup>(note)</sup> or
- Onboarding a prohibited customer type, without appropriate exception or exemption.

(note) MUFG Subsidiaries may permit a potential customer to execute transactions before completing the customer verification process where doing so is essential to avoid interruptions to the normal conduct of business and does not conflict with local law. In limited circumstances, a Subsidiary may permit a temporary extension to complete the KYC process or an exemption/exception from a particular KYC requirement.

Consistent with the MUFG AML/CFT Policy, the Subsidiaries have established AML/CFT compliance programs, including the following control processes to the extent applicable:

- Designated persons responsible for their Subsidiaries’ AML/CFT compliance programs, including, as appropriate, dedicated AML/CFT officers in each country of operation;
- Annual AML/CFT risk assessments;
- KYC processes that require identification and appropriate verification of customer identities (including identification of ultimate beneficial owners), customer screening, customer due diligence, enhanced due diligence, customer acceptance/rejection, and customer reviews;
- Transaction monitoring systems and processes designed to detect unusual and potentially suspicious activity;
- Investigation processes to identify and report suspicious activity in compliance with applicable regulatory requirements;
- Prohibitions on relationships with certain customer types, including a prohibition on relationships with shell banks;
- AML/CFT information-sharing and record keeping processes; and
- Periodic employee training on applicable AML/CFT risks and controls (e.g., policy and procedure requirements).

### Sanctions Policy Statement

MUFG and its Subsidiaries are committed to complying with both the letter and spirit of applicable economic sanctions laws everywhere we do business. This commitment includes zero tolerance for acts of sanctions circumvention and evasion.

The MUFG Sanctions Policy, which is made available to all employees in the form of Subsidiary-level sanctions policies, prohibits the funding of accounts and the processing of payments for, on behalf of, or for the benefit of,

sanctions targets or jurisdictions in violation of applicable sanctions, including those established by U.S. Department of the Treasury's Office of Foreign Assets Control and the Ministry of Finance in Japan. Consistent with the MUFG Sanctions Policy, the Subsidiaries have established sanctions compliance programs, including the following control processes to the extent applicable:

- Sanctions screening and reviews with respect to customer on-boarding and processing of transactions;
- Annual assessments of sanctions risks and controls; and
- Periodic employee training on applicable sanctions risks and controls (e.g., policy and procedure requirements).

## ABC Policy Statement

MUFG and its Subsidiaries are committed to fostering a corporate culture of ethical business practices and compliance with both the letter and spirit of the law everywhere we do business. This commitment includes zero tolerance for acts of bribery and corruption.

The MUFG ABC Policy, which is made available to all employees in the form of Subsidiary-level ABC policies, comprehensively addresses the key concepts of bribery and corruption and prohibits offering, giving, soliciting, or receiving, directly or indirectly, anything of value to or from anyone in exchange for an improper business benefit or advantage. The Policy also prohibits facilitation payments and falsifying books, records, and accounts relating to Subsidiaries' business activities.

Consistent with the MUFG ABC Policy, the Subsidiaries have established ABC compliance programs including the following control processes, which comprehensively address bribery and corruption:

- Annual assessment of bribery and corruption risks and controls;
- Risk-based due diligence and oversight of third-party service providers who act on a Subsidiary's behalf (i.e., intermediaries);
- Review of gifts and hospitality, offers of employment/work experience, and charitable donations, particularly activities involving public officials;
- Evaluation and management of risks associated with business transactions, including mergers and acquisitions; and
- Periodic employee training on applicable bribery and corruption risks and controls (e.g., a review of key concepts of bribery and corruption, including different elements/types, and policy and procedure requirements).

[MUFG Anti-Bribery and Corruption \(ABC\) Policy \(PDF / 131KB\)](#) 

## Additional Program Elements

In addition to compliance programs for each risk area, the Subsidiaries have established core functions that are applicable to all three programs, including record keeping/retention, monitoring and reporting to governing bodies (e.g., board- and management-level committees), and audit management functions.

## Basic Stance toward Tax

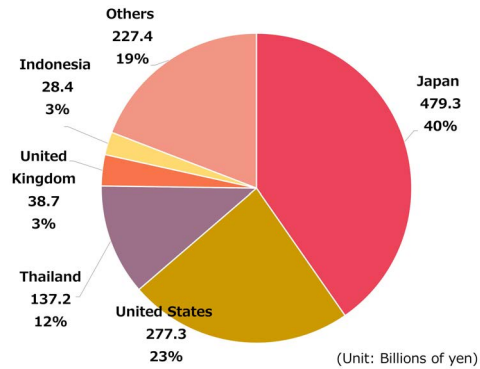
### MUFG Tax Policy

MUFG Group (Mitsubishi UFJ Financial Group, Inc. and its consolidated subsidiaries) recognizes that as a corporate citizen, putting its best efforts into making appropriate tax payments is an important duty. As stated below, we are committed to complying with laws and regulations enforced in countries and regions in which we operate and fulfilling our tax obligations in a fair and appropriate manner.

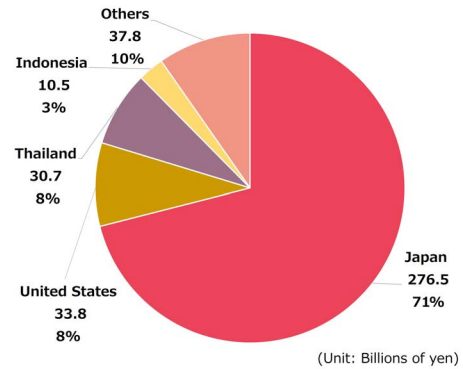
1. MUFG Group, in performing their duties, abides by all tax laws and regulations in each country and region where we operate.
2. MUFG Group does not engage in any business activities, transactions, corporate formations, etc. deemed to be Tax Evasion or Aggressive Tax Avoidance.
3. MUFG Group shall not provide financial products or services that may assist or enable MUFG customers to engage in behavior deemed to be Tax Evasion or Aggressive Tax Avoidance.
4. MUFG Group cooperates with sincerity and transparency with the Tax Authorities to maintain a trustful relationship.
5. MUFG Group strives to enhance corporate governance regarding tax compliance and to increase the awareness of tax compliance by providing education and training opportunities to our employees.
6. MUFG Group is committed to complying with the BEPS Action Plan, OECD Transfer Pricing Guidelines, and other international tax rules.

## Profit before Income Tax and Corporate Income Tax per Country

**Profit before Income Tax  
(FY2021)**



**Income Tax Accrued  
(FY2021)**



(note1) The figures shown above are based on the Country-by-Country Report (CbCR) submitted to the Japanese tax authorities and are those for the top five countries in terms of revenue.

(note2) The figure of Income Tax Accrued in the United Kingdom is negative 800 Million yen due to tax refunds, and it is included into "Others".



# Protection of Personal Information

## Initiatives related to protection of personal information

- In accordance with the MUFG Way, MUFG Group recognizes its social responsibility to handle customers' personal information, Individual Numbers and specific personal information (hereafter, "specific personal information, etc.") appropriately, and has established the MUFG Group Personal Information Protection Policy. We do our utmost to ensure the protection of our customers' personal information and specified personal information, etc., by having all executives and employees comply with this policy.
- The MUFG Group Personal Information Protection Policy applies to all MUFG Group operations that handle personal information and specified personal information, etc. Any handling of personal information and specified personal information, etc., that is outsourced to an external contractor is done so under a contract, etc., based on the MUFG Group Personal Information Protection Policy.
- MUFG Group has incorporated the MUFG Group Personal Information Protection Policy into the compliance management of each Group company and clarified various safety control measures and management methods related to personal information, as well as corrective measures in the event of an information leakage, etc.
- The MUFG Global Compliance Division, as the department responsible for the management of personal information protection at MUFG Group, handles the integrated management of personal information protection within MUFG Group.
- Based on the MUFG Group Personal Information Protection Policy, each Group company has established regulations for the protection and management of personal information, and has designated people and departments in charge, their roles, etc., to integrate the management of personal information protection.
- The department that oversees the management of personal information protection at each Group company is responsible for the integrated management of personal information protection, including the consolidation of internal regulations, reporting to the Board of Directors, etc. In addition to developing a system for the protection of personal information, the department provides guidance to relevant departments and provides training, etc., to ensure that customers' personal information and specified personal information, etc., is handled appropriately. Training sessions for all executives and employees (including contract/temporary employees) are held regularly as part of efforts to enhance our personal information protection management system.
- At MUFG Group, we conduct internal audits to ensure appropriate management of personal information protection.
- MUFG Group was not subject to any administrative punishment related to protection of personal information in fiscal year 2022.

### Personal Information Protection Policy