

# Important Issues Concerning Value Creation

How MUFG Addresses ESG Issues

In line with its Corporate Vision, MUFG is striving to fulfill its mission as a financial institution, by building lasting relationships with customers and society as a whole and working hand in hand with these stakeholders to ensure sustainable mutual development. To this end, MUFG is addressing a variety of ESG issues society is now confronting.

In fiscal 2017, the Board of Directors unanimously reconfirmed its commitment to addressing ESG issues and engaging in value creation initiatives over the long term to fulfill stakeholder expectations. In addition, the Board of Directors and the Global Advisory Board met a total of four times for the express purpose of addressing ESG issues.



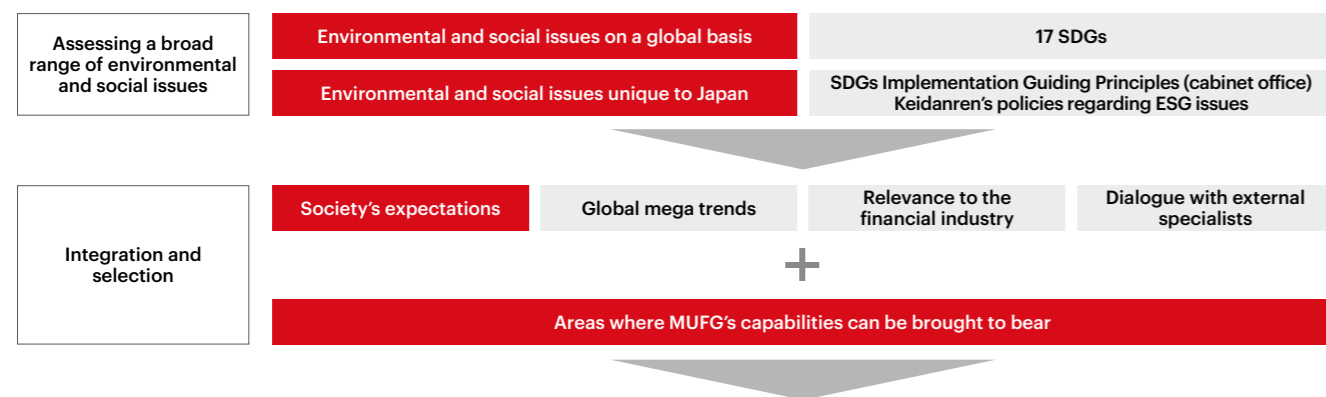
# Initiatives for Addressing ESG Issues toward Sustainable Growth

## How MUFG Determined Its Priority Environmental and Social Issues

MUFG aims to help resolve environmental and social issues through its business activities while securing sustainable growth. To this end, we have determined priority issues to be addressed by MUFG. This determination involved selecting issues relevant to MUFG's operations at home and abroad from among the environmental and social issues identified by United Nations Sustainable Development Goals

(SDGs) as well as prevailing industry standards. Furthermore, we have incorporated input from external specialists. The determination of the seven priority issues presented below has thus been made with an eye to better fulfilling society's expectations in areas where MUFG's capabilities can be brought to bear.

Currently, each business group has incorporated these priority issues into their business strategies and is pushing forward with initiatives to address these issues.



## Priority Issues MUFG Must Address

<p><b>1 Aging population &amp; low birth rate</b></p> <p>3 GOOD HEALTH AND WELL-BEING, 4 QUALITY EDUCATION</p> <p>Assist our customers achieve smooth business succession while helping enhance their financial literacy through the provision of investment education, thereby facilitating a shift from savings to stable asset building</p> <p>P. 41, 62 and 63</p>	<p><b>2 Business incubation &amp; job creation</b></p> <p>8 DECENT WORK AND ECONOMIC GROWTH</p> <p>Support companies with growth potential to incubate new industries and create employment</p> <p>P. 47, 60 and 61</p>
<p><b>3 Social infrastructure &amp; town planning</b></p> <p>9 INDUSTRY INNOVATION AND INFRASTRUCTURE, 11 SUSTAINABLE CITIES AND COMMUNITIES</p> <p>Offer corporate clients assistance in such projects as those aimed at developing infrastructure overseas, refreshing social capital and enhancing the operational efficiency of public facilities</p> <p>P. 43 and 61</p>	<p><b>4 Global warming &amp; climate change</b></p> <p>7 AFFORDABLE AND CLEAN ENERGY, 13 CLIMATE ACTION</p> <p>Curb the impact of climate change by, for example, facilitating the use of renewable energy on a global basis</p> <p>P. 56 to 59</p>
<p><b>5 Financial innovation</b></p> <p>8 DECENT WORK AND ECONOMIC GROWTH, 9 INDUSTRY INNOVATION AND INFRASTRUCTURE</p> <p>Provide a broader range of the general public with access to financial services by developing and offering cutting-edge financial services</p> <p>P. 28, 29 and 61</p>	<p><b>6 Workstyle reforms</b></p> <p>8 DECENT WORK AND ECONOMIC GROWTH</p> <p>Contribute to across-the-board efforts in Japan to improve productivity by, for example, helping employees adopt diverse workstyles to strike an optimal balance between their jobs and child rearing, nursing care and other family duties</p> <p>P. 84 and 85</p>
<p><b>7 Cross-sectoral environment and social issues</b></p> <p>Help realize environmental and social sustainability by, for example, encouraging investees to address ESG issues and assisting in the issuance of Green Bonds</p> <p>P. 45, 49, 51 and 63</p>	

## Establishing Our Environmental Policy Statement, Human Rights Policy Statement and Environmental and Social Policy Framework

In May 2018, MUFG established the "MUFG Environmental Policy Statement" and "MUFG Human Rights Policy Statement" with the aim of stepping up its initiatives that address ESG issues. As a framework for implementing these basic policies, we established the MUFG Environmental and Social Policy Framework. This framework aims to appropriately identify and manage the environmental and social risks arising from MUFG's business activities. The framework has been in force since July 2018.

The framework is applicable to MUFG's core subsidiaries the Bank, the Trust Bank and the Securities, and establishes "Prohibited Transactions" from the perspective of environmental and social

considerations, and "Restricted Transactions" which require confirmation of environmental and social considerations by clients with respect to extension of credit and underwriting of bonds and stocks with corporate clients.

In addition, the framework mandates the introduction of a due diligence process to identify and assess the environmental and social risks or impacts associated with transactions.

Transactions assessed as having the potential to have significant negative impacts on the corporate value of MUFG are evaluated with the involvement of executive management.

We will periodically review the content of this policy framework in accordance with changes in business activities and the business environment, and will work to improve and refine them.



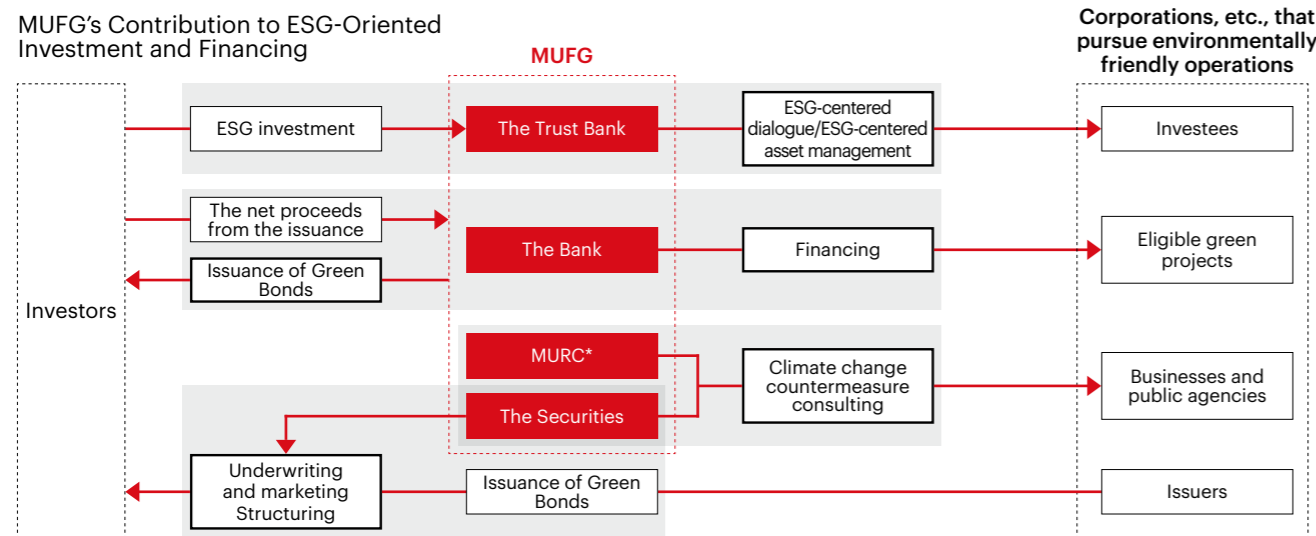
Environmental Initiatives

4 Global warming & climate change

# Initiatives to Counter Global Warming and Climate Change

MUFG has positioned countermeasures against global warming and climate change as one of the priority environmental and social issues that it must address. In line with this positioning, we are engaged in initiatives to reduce environmental burdens attributable to human activities and contribute to the realization of environmental and social sustainability.

## Leveraging Our Financing Functions



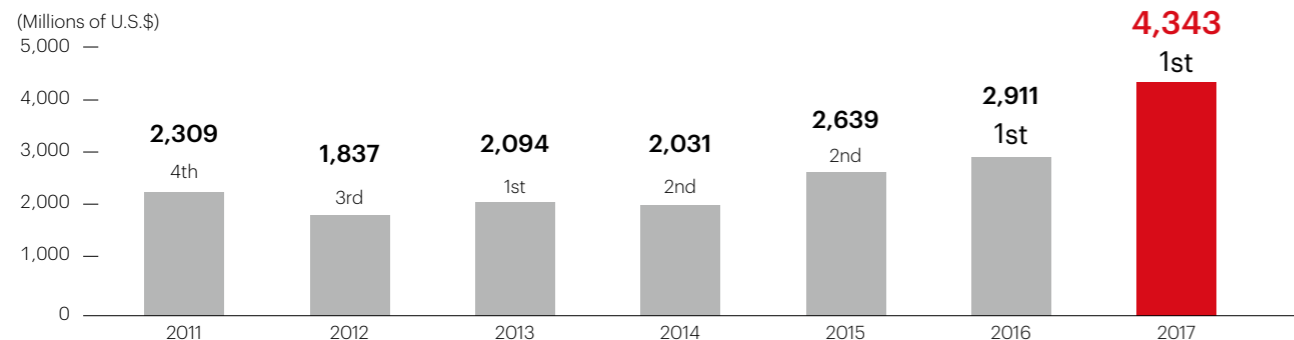
\* Mitsubishi UFJ Research and Consulting Co., Ltd.

## Promotion and Popularization of Renewable Energy

Drawing on its solid track record, abundant know-how and extensive network at home and abroad, MUFG is acting as project finance arranger and lender for solar, wind and geothermal power generation projects. In these ways, we serve as a

driving force behind the dissemination of renewable energy around the world. Thanks to these efforts, in 2017 we were able to secure first place in the global ranking of financial institutions serving as lead arrangers in financing for renewable energy projects. We have seized this position for a second consecutive year.

## MUFG's Track Record and Ranking as a Finance Arranger in the Renewable Energy Sector



(Source: Bloomberg New Energy Finance ASSET FINANCE/Lead Arrangers LEAGUE TABLE)

## Issuance of MUFG Green Bonds

Green Bonds refer to a type of bond that limits the usage of proceeds from its issuance to funding for renewable energy and other projects deemed to be helping preserve the global environment.

In January 2018, MUFG issued MUFG Green Bonds in conformity with international TLAC regulations\*1 as part of an initiative to contribute to environmental and social sustainability. This follows a previous issuance of Green Bonds in September 2016.

Proceeds from these bonds are used for financing green projects\*2 through the Bank after an assessment of eligibility based on their conformity with the Equator Principles (EP).

\*1 Total Loss-Absorbing Capacity: A capital regulation applied to G-SIBs  
\*2 Renewable energy projects whose environmental and social impacts are reviewed in accordance with the EP before being certified as eligible to funding

## Allocation of Funds and Environmental Impact

(as of March 31, 2018)

Balance of Eligible Green Projects that were funded by the net proceeds from the issuance of MUFG Green Bonds	US\$1,256 million (total 29 projects)
Total annual power generation capacity	8,411 million kWh
Total annual estimated reduction volume (CO <sub>2</sub> equivalent)	4.3 million tons

Note: The sum of the net proceeds totaling US\$500 million from bonds issued on September 13, 2016 and the net proceeds totaling 500 million euro from bonds issued on January 26, 2018

For more details, please visit the following page of our website.  
<https://www.mufig.jp/english/csr/juten/sustainability/greenbond/reporting/>

## The Status of Credits Offered to Coal Fired Thermal Power Generation Operators

As of December 31, 2017, approximately half of MUFG's power-related project finance and asset portfolio was accounted for by renewable energy businesses. Financing for the coal fired power generation sector is accounted for less than 10% of this portfolio.

MUFG supports international initiatives that are aiming to reach the objectives set by the Paris Agreement and supports the adoption of advanced technologies for high efficiency power generation which contribute to reducing greenhouse gases emissions and carbon dioxide capture and storage technologies.

Furthermore, MUFG believes that providing assistance to those switching over to alternative energy sources with low CO<sub>2</sub> emissions is a responsibility of financial institutions.

The Bank and the Trust Bank refer to international guidelines such as OECD Arrangement on Officially Supported Export Credits, when considering the provision of financing for new coal fired power generation. Decisions on financing are made following recognition of both the local and the international circumstances surrounding coal fired power generation.

## Response to the Task Force on Climate-Related Financial Disclosures (TCFD)

MUFG recognizes that, as a global financial institution, we play an important role in the transition to a low-carbon society and other global actions aimed at combating climate change. In line with this recognition,

MUFG is putting into practice the TCFD's recommendations on governance, strategy and risk management as well as metrics and targets. Here, we outline our initiatives related to these four items.

<b>Governance</b>	<ul style="list-style-type: none"> <li>Established an MUFG Environmental Policy Statement that includes MUFG's policies on climate change while formulating the MUFG Environmental and Social Policy Framework, a framework designed to provide specific guidance on risk management</li> <li>The Corporate Social Responsibility Committee, operating under the Executive Committee, engages in regular discussions centered on countermeasures to address climate change and other environmental and social issues</li> </ul>
<b>Strategy</b>	<ul style="list-style-type: none"> <li>Identified priority environmental and social issues that MUFG must address</li> <li>Implementing employee training on ESG-related initiatives and conduct stakeholder dialogue</li> <li>Promoting and popularizing of renewable energy</li> <li>Assisting businesses with the issuance of Green Bonds while itself issuing MUFG Green Bonds</li> </ul>
<b>Risk Management</b>	<ul style="list-style-type: none"> <li>Announced an MUFG Environmental and Social Policy Framework that includes MUFG's policies on financing for the coal fired power generation sector</li> <li>Implementing due diligence based on the Equator Principles</li> <li>Upgrading our risk management by, for example, incorporating external opinions of experts</li> </ul>
<b>Metrics and Targets</b>	<ul style="list-style-type: none"> <li>Disclosed GHG emissions by five Group companies</li> </ul>

Environmental Initiatives

4 Global warming & climate change

**Environmental and Social Risk Management Based on the Equator Principles**

MUFG Bank adopted the Equator Principles (EP) in 2005 to ensure that the projects it finances and advises on are developed in a socially responsible manner and establish good environmental management practices to minimize, mitigate, and/or offset environmental and social risks and impacts. MUFG Bank supports its client's environmental and social risk management and contributes toward a sustainable world through implementation of the EP. MUFG Bank will not finance to projects where the client will not, or is unable to, comply with the EP.

At MUFG Bank, Social & Environmental Risk Assessment Office (SERAO) is responsible for environmental and social considerations and other relevant activities. SERAO will conduct site visits, as appropriate, to assess social and environmental aspects on the project sites over the world.

**Employing the Mega Solar Fund**

MUFG has instituted a mega solar fund in tandem with Mitsubishi Research Institute, Inc. (MRI). Utilizing robust consulting functions and know-how, MRI has developed in operating a think tank business, MUFG is delivering high-value-added solutions to customers who have rights to renewable energy through this fund.

The first eligible project was a mega solar business operated in Makinouchi, Kagoshima Prefecture, with an investment totaling approximately ¥10 billion appropriated for the project under the funding scheme.

Looking ahead, we intend to expand the scope of investment to encompass renewable energy generation facilities in general. By doing so, we will help resolve issues associated with regional vitalization as well as those the energy sector is confronting.

**Providing Consulting Services on Climate Change Countermeasures**

MUFG supports the Joint Crediting Mechanism (JCM), a carbon credit system designed to supplement the Clean Development Mechanism (CDM) formulated based on the Kyoto Protocol. With the Japanese government acting as an international advocate for this mechanism, MUFG provides consulting services

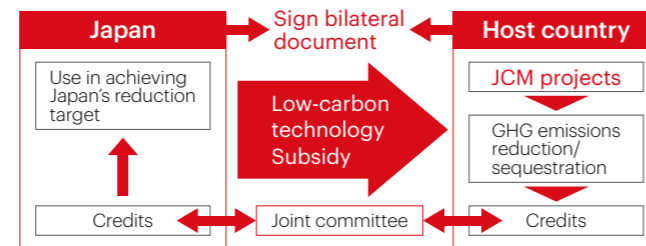
aimed at helping commercialize cutting-edge initiatives to curb global warming while developing schemes for financing such initiatives.

When it comes to global warming countermeasures, two factors are important: Mitigating climate change (e.g., curbing greenhouse gas (GHG) emissions); and Adapting to climate change (e.g., reducing the impact of climate change and preparing for the risks).

In this regard, Mitsubishi UFJ Morgan Stanley Securities (MUMSS) has been commissioned by the Ministry of Economy, Trade and Industry (METI) to conduct a study on climate change adaptation businesses. In fiscal 2017, MUMSS developed a guidebook on adaptation business also and helped upgrade METI's Climate Change Adaptation Good Practices by Japanese Private Sector, which showcases successful adaptation businesses overseas. MUMSS continues to contribute in promotion of adaptation businesses amongst Japanese private sector.

**Outline of the JCM**

The JCM is a bilateral credit creation scheme between Japan and developing countries that was proposed by the Japanese government to the international community as a new mechanism to complement the CDM. Benefits of the JCM include the mutual implementation of projects by Japan and any country that signed a bilateral document, a broader range of applicable projects compared to the CDM, shorter processing times, and the availability of Japanese government subsidies.



**Major Projects Supported by Mitsubishi UFJ Morgan Stanley Securities in Fiscal 2017 for JCM Procedures**

Country	Outline of JCM Projects	Estimated volume of reduction in GHG emissions (Unit: t-CO <sub>2</sub> /year)
Indonesia	Introduction of solar power generation systems at commercial facilities	1,277
	Introduction of solar power generation systems at factories	400
Thailand	Introduction of heat pumps at factories	1,056
Bangladesh	Introduction of high-efficiency weaving machines at factories	454
Vietnam	Introduction of high-efficiency lighting equipment in marine vessels	742
	Installation of environmentally friendly air conditioning systems at factories	4,681
	Introduction of high-efficiency transformers to power distribution networks	3,564
Mongolia	Supply of electricity via solar power generation	11,221
<b>Fiscal 2017 Total</b>		<b>23,395</b>

GHG: greenhouse gas

**Assisting Clients with the Formulation of Environmental Strategies**

Mitsubishi UFJ Research and Consulting Co., Ltd. is assisting public agencies and private corporations with the formulation of environmental strategies covering subjects ranging from climate change to energy and resources and the management of natural capital. In fiscal 2017, 37 projects were implemented.

For example, Mitsubishi UFJ Research and Consulting engages in research and analysis aiming for the operationalization of the Paris Agreement, which lays out an international framework to tackle climate change, provide assistance to international negotiations and support the development of a national system to manage greenhouse gas emissions and removals in developing countries.

As a research institute, Mitsubishi UFJ Research and Consulting also engages in policy proposal with regard to the concept of "green infrastructure" (infrastructure and land development plans that employ a variety of functions the natural environment lends to human society). In this way, this subsidiary is striving to help resolve issues our global society is now confronting via the utilization of the positive value of the environment. Currently, this subsidiary is acting as a part of industry-government-academia collaboration centered on green infrastructure, measuring the estimated effect of green infrastructure, formulating business development methodologies and promoting other cutting-edge research projects. In addition, Mitsubishi UFJ Research and Consulting formed a study group in tandem with external institutions and co-authored "GREEN INFRASTRUCTURE," a book showcasing pioneering examples of green infrastructure.

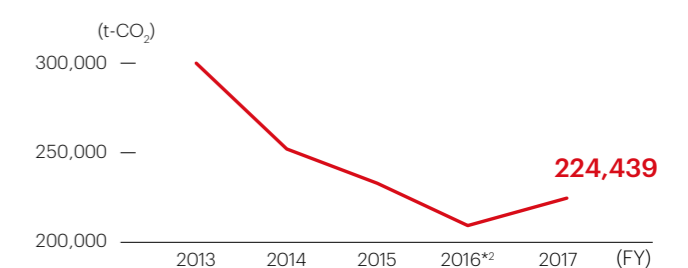
**Reducing Environmental Burdens Attributable to Our Business Activities**

**Curbing CO<sub>2</sub> Emissions**

MUFG is striving to reduce the environmental burdens imposed by its own operations and, to this end, is promoting the effective limitation of resource usage in various aspects of business activities. For example, we have installed energy-saving air conditioning and lighting systems at the Head Office building and each branch in an effort to curb total

CO<sub>2</sub> emissions. As a result, CO<sub>2</sub> emissions in fiscal 2017 were 25% below the level recorded in fiscal 2013.

**Carbon Dioxide (CO<sub>2</sub>) Emissions\*1**



\*1 Total for MUFG, MUFG Bank, Mitsubishi UFJ Trust and Banking, Mitsubishi UFJ Morgan Stanley Securities and Mitsubishi UFJ NICOS  
 \*2 The figure for fiscal 2016 includes the impact of a CO<sub>2</sub> offset scheme employing emission credits. This scheme resulted in a total reduction of 25,500t-CO<sub>2</sub>.

**Initiatives to Promote Environmental Education**

**Endowment to Promote Climate Change Studies at Universities**

Since 1994, The Mitsubishi UFJ Environment Foundation has established a number of endowed courses at universities, aiming to encourage students, the leaders of future generations, to learn about environmental issues. To date, the foundation has established such endowed courses at Sophia University, Kobe University and Hitotsubashi University, among others. In fiscal 2018, the foundation created an endowed course at Tsukuba University, that encompasses an annual series of 25 lectures including one titled "Scientific Theory of Global Environmental Changes and Other Relevant Global Issues" as well as field work, for a three-year period leading up to the end of the fiscal 2020 academic year. In addition to students, citizens are being welcomed to participate in open symposiums to be held as part of this course.



A lecture at Tsukuba University

Social Contributions

# Helping Corporate Customers Achieve Growth through Financing

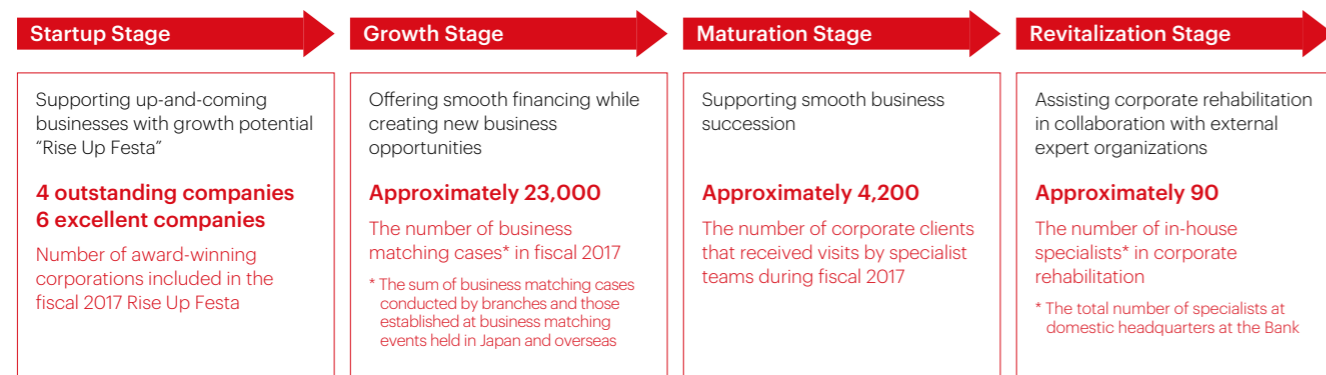
MUFG aims to contribute to social development through financing, the primary function representing its business operations.

In particular, we provide services unique to MUFG in such fields as “business incubation & job creation,” “social infrastructure & town planning” and “financial innovation.”

**2 Business incubation & job creation**  
**Supporting Corporate Growth**

Acting as a partner for its corporate customers, MUFG is well aware of the fact that their needs may

vary widely due to differing levels of development. Accordingly, MUFG optimizes its services to fit their individual needs, whether they are startups, growing corporations, mature companies or companies undergoing corporate rehabilitation.



**Supporting Promising Startups “Rise Up Festa”**

Rise Up Festa is a business support program aimed at assisting growing companies engaged in novel and creative segments as well as those trying to extend the boundaries of existing businesses. Through this program, MUFG engages with them as business partners over the medium- to long-term backed by its extensive business network and abundant know-how in management support.

In April 2018, MUFG conducted final screening for the fifth round of this program, with four outstanding companies and six excellent companies being chosen from among the many candidates. Award-winning companies may take advantage of various support programs aimed at helping them achieve growth.

**Business Matching Events**

MUFG hosts periodic large-scale business matching events, aimed at helping corporate clients seeking solutions, such as a need for a wider variety of suppliers, to increase their customer base or to upgrade marketing and logistics operations. Employing MUFG’s extensive network, MUFG introduces them to potential business partners that may help them resolve these challenges, thereby assisting them in their pursuit of business expansion. In February 2018, one such event was held in Osaka, and attendees included representatives from overseas investment promotion agencies as well as a number from MUFG Union Bank, N.A. and Krungsri.

**2 Business incubation & job creation**  
**5 Financial innovation**

**MUFG Digital Accelerator Program**

MUFG provides assistance for the launch of new businesses in FinTech and other cutting-edge technological fields through the MUFG Digital Accelerator program, which it hosts. Participating companies are offered advice from mentors boasting extensive expertise and given access to dedicated working spaces. They may also take advantage of a network comprising the participant companies and the MUFG Group entities.

In February 2016, MUFG entered a partnership with Plug and Play, LLC, a tech company based in Silicon Valley, to jointly operate the program. Having thus accelerated our business incubation efforts, we will strive to create a number of revolutionary businesses through open innovation in tandem with venture startups.

**2 Business incubation & job creation**

**Emerging Industrial Technology Support Program**

The Emerging Industrial Technology Support Program is a program run by MUFG Bank with the aim of assisting corporate clients taking on the challenge of commercializing new technologies. Typically, the program finances pioneering projects in business fields where the potential for growth is

considerable but the certainty of future commercialization is weak. Under the program, headquarters departments and commercial banking offices act in collaboration to conduct interviews and plant tours to assess whether applicants are eligible for non-collateral, non-guaranteed financing based on careful analyses of their strengths and the management challenges they face.

The first recipient of financing under the program was Japan Environment PLANning, INC. (JEPLAN), a startup that has taken on the challenge of commercializing recycled polyester fiber.

**3 Social infrastructure & town planning**

**Supporting Infrastructure Businesses Overseas**

**Investment in U.K. Rail Infrastructure**

Japan Infrastructure Initiative (JII), established in January 2017 via a business alliance between MUFG, Mitsubishi UFJ Lease & Finance Company Limited, MUFG Bank, Hitachi, Ltd. and Hitachi Capital Corporation to serve as an open financial platform, executed its first investment in September 2017, targeting High Speed 1 (HS1), a component of the U.K. rail infrastructure, with total investment amounting to £75 million. Going forward, JII will strive to support Japanese corporations engaged in infrastructure businesses overseas.

**Interview with a Client**

**How Finances under the Emerging Industrial Technology Support Program Are Utilized**

**Michihiko Iwamoto**  
 CO-FOUNDER, JEPLAN, INC.

We run “BRING,” a recycling project that aims to create clothing out of clothing.

Under this project, we encourage consumers to bring in used fabric items that would otherwise be discarded. We also utilize textile waste from factories. Then, we apply our chemical-based fiber recycling technologies to process the items, thereby manufacturing pellets that are the raw materials of recycled polyester fiber. I am grateful to the staff at MUFG Bank for their understanding and support of our project’s objectives and our technologies. Looking ahead, we will strive to help create a recycling-oriented society.



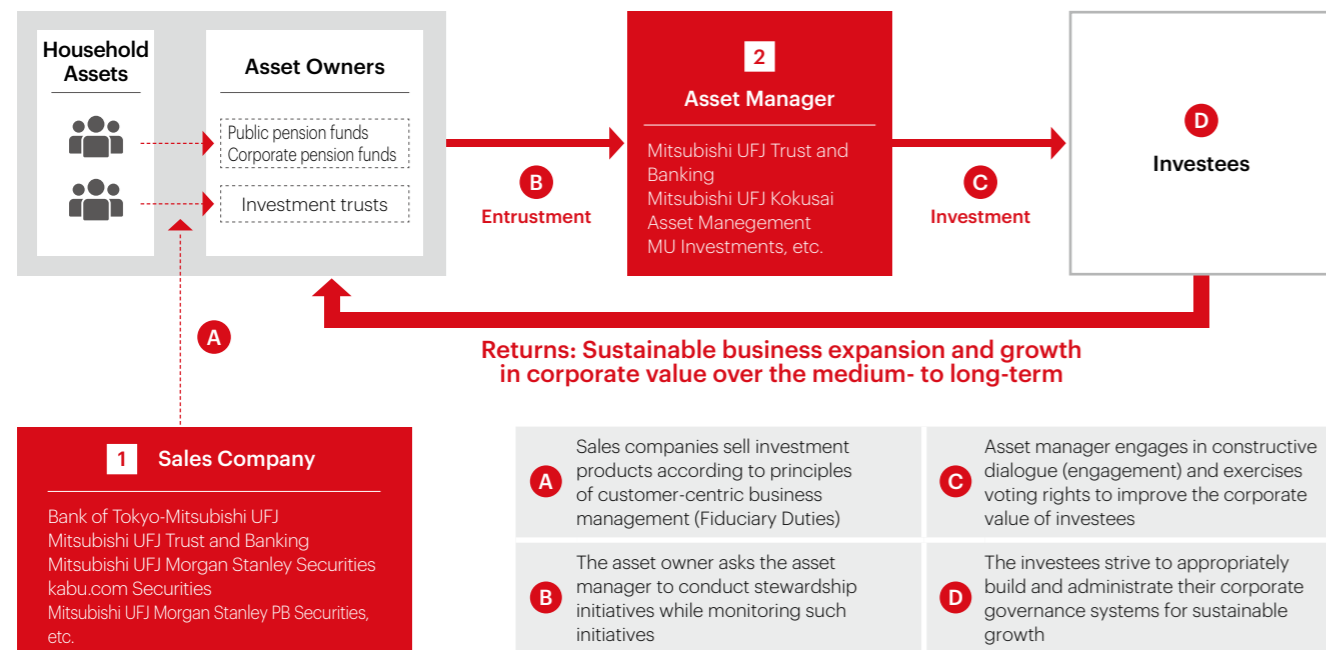
Staff at the Shibuya Commercial Banking Office engaging interview with CO-FOUNDER Iwamoto (right)

Social Contributions

# Building Sophisticated Investment Chains

The development of sophisticated investment chains plays an essential supporting role in assuring the stable accumulation of household assets and sustainable growth for the economy. To help develop such investment chains, MUFG plays the dual role of sales company and asset manager.

Conceptual Diagram for the Investment Chains



**1 Aging population & low birth rate**

**1 MUFG's Role as a Sales Company**

MUFG announced the MUFG Basic Policy for Fiduciary Duties to provide unified guiding principles aimed at ensuring that a customer-centric approach is thoroughly embraced by all Group entities. Also, each Group entity has identified key performance indicators (KPIs) for objectively assessing and evaluating their own practice of a customer-centric approach while periodically publicizing the status of such practice. In addition, these KPIs were formulated by focusing on assessing the status of business activities (e.g., conducting long-term asset

management and facilitating periodic investment and diversified investment) aimed at assisting customers in stable asset building as well as at evaluating the outcomes of these activities in terms of customer satisfaction.

In addition, MUFG provides educational programs and informational materials for customers in a variety of age groups so that they can better understand what it takes to start investing.

For details on the MUFG Basic Policy for Fiduciary Duties and initiatives undertaken by each Group company, please also visit the following page of our website. <https://www.muftg.jp/english/profile/governance/fid/>

<b>Elementary, junior high and high school students</b>	<ul style="list-style-type: none"> <li>Mitsubishi UFJ Morgan Stanley Securities has been running an educational program aimed at helping junior high and high school students learn about stock investment.</li> <li>MUFG Union Bank helps students at public high schools establish and run "High School Branches," providing them with opportunities to learn about finance and economics via actual banking operations.</li> </ul>
<b>University students</b>	<ul style="list-style-type: none"> <li>We give lectures aimed at enhancing basic financial literacy with regard to properly managing loans, credit cards and household budgets while providing knowledge about various asset building methods based on personal life plans.</li> </ul>

**7 Cross-sectoral environment and social issues**

**2 MUFG's Role as an Asset Manager**

MUFG is maintaining engagement with its investees to facilitate their sustainable growth. In doing so, MUFG is striving to make the best use of its capabilities and expertise as an asset manager entrusted with valuable customer assets. We believe that such engagement is key to enhancing returns to beneficiaries in the long run. For example, the Trust Bank engages in ongoing dialogue with its investees to ensure a shared understanding of the issues they are facing, such as a need to update their governance structure. This understanding helps the Trust Bank facilitate changes that enhance clients' corporate value.

**As a Member of Local Community**

MUFG encourages its employees to engage in a variety of volunteer activities that contribute to the sound development of communities in which it operates.

Moreover, MUFG supports organizations aimed at creating a better society through sports activities.

**Global Volunteer Month MUFG Gives Back**

"MUFG Gives Back" is an annual Global Volunteer Month campaign aimed at encouraging employees worldwide to simultaneously engage in community contribution activities. Since 2013, we have held this campaign to communicate our gratitude to the people all around the world who generously supported Japan's reconstruction efforts after the Great East Japan Earthquake.

Fiscal 2017  
 Total hours spent on volunteer activities  
**Approximately 340,000 hours\***

November 2017  
 MUFG Gives Back  
**A total of more than 9,800 employees in 40 countries and regions participated in the campaign**

\* The total of employees at the MUFG Bank, MUFG Union Bank, N.A. and Krungsri

**Supporting the Sound Upbringing of Future Generations through Sports**

Guided by our aspiration to support the sound upbringing of children, who will lead our future, we host the MUFG Junior Tennis Tournament while sponsoring the MUFG Cup, a football game for sixth graders to celebrate their graduation from elementary school. In these ways, we are supporting human resource development through sports activities.

In addition, MUFG is the first company in Japan to become a Global Partner of Laureus, a global sporting organization that engages in social contribution initiatives to counter such issues as violence and discrimination via sports activities and encourages the general public to understand how sports can positively impact society. Going forward, MUFG will act in collaboration with Laureus to promote various initiatives.



Group employees engaging in volunteer activities in Karachi, Pakistan



A Laureus ambassador interacting with children at a football event

Upgrading the Governance Framework

# Ensuring Sustainable Growth in Our Corporate Value

## Fundamental Concepts

MUFG will aim for sustainable growth and the increase of corporate value over the medium- to long-term, in consideration of the perspectives of its stakeholders, including shareholders as well as customers, employees and local communities. MUFG will aim to realize effective corporate governance through fair and highly transparent management based on the guidance provided by MUFG Corporate Governance Policies established in May 2015.

## Steps to Improve Our Governance Structure

Since its establishment, MUFG has worked to build a stable and effective corporate governance structure, putting emphasis on ensuring external oversight. In June 2015, MUFG transitioned to the “company with

three committees” governance structure. The functions of oversight and execution in the holding company are separated, thereby strengthening the oversight function of the Board of Directors and the committee system has also been reorganized for more effective governance. We are aiming for a governance framework that will be more familiar and transparent to overseas stakeholders, in line with our status as a G-SIB (Global Systemically Important Bank). In June 2017, two foreign nationals were appointed as directors to further diversify the Board of Directors.

In June 2018, the number of directors was decreased from 18 to 15, with outside directors accounting for the majority of the Board of Director membership. This move is intended to boost our efforts to enhance the quality of discussions at the Board while

strengthening its supervisory functions.

Meanwhile, the Nominating and Governance Committee engages in the nomination of multiple director candidates from individuals inside and outside the MUFG Group. In fiscal 2017, the committee nominated two new director candidates after examining a number of potential candidates in terms of their backgrounds and expertise from multilateral perspectives.

In addition, we have overhauled senior advisor systems operated by the Bank, the Trust Bank and the Securities. These systems have been transitioned to the new senior advisor system now in place at these entities.

## Evaluation Framework of the Working Practices of the Board of Directors’ Operation

Since 2013, MUFG has employed external consultants to evaluate the working practices of its Board of Directors. Each director is asked to fill in a questionnaire and is interviewed on such subjects as the composition of key committees, the quality of the preparatory materials assembled prior to each meeting, the content of discussions, the operations of the Board, the Board’s contributions, and the

performance of executive members. The results of these questionnaires and interviews are reported to and discussed at the Nominating and Governance Committee and the Board of Directors.

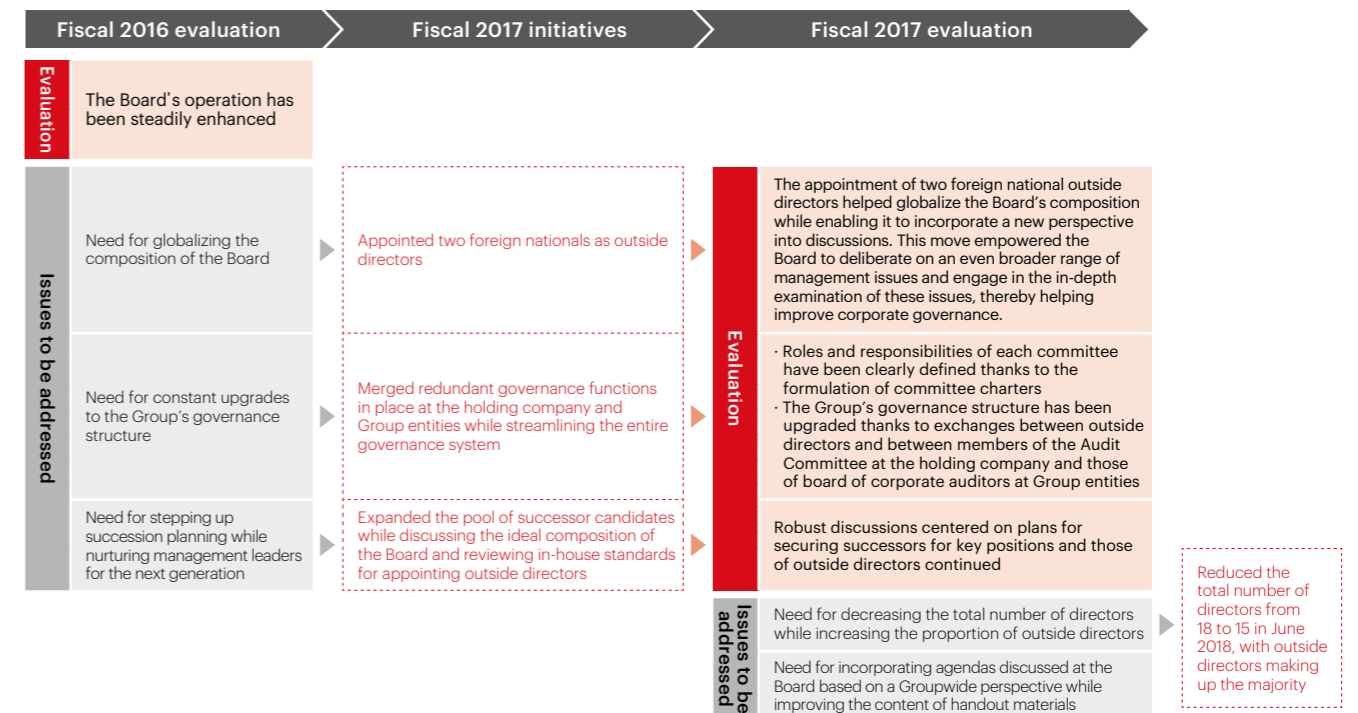
In fiscal 2017, MUFG appointed two foreign nationals as outside directors, based on the results of the fiscal 2016 evaluation. This move effectively globalized its composition, enabling the Board of Directors to embrace a new perspective when discussing overseas operations, risk management and governance issues and empowering it to deliberate on an even broader range of management issues as well as to engage in the in-depth examination of these issues. Thanks to this, the fiscal 2017 evaluation concluded that the appointment of these directors helped MUFG improve its corporate governance. On the other hand, the fiscal 2017 evaluation also identified a need for increasing the proportion of outside directors. Therefore, in June 2018, MUFG reduced the total number of directors as described above while securing the outside directors that account for the majority.

We are continuously upgrading the functions of the Board of Directors via the implementation of a PDCA cycle.

## Corporate Governance Development

	October 2005 Establishment of MUFG	June 2013	June 2014	June 2015	June 2016	June 2017	June 2018				
<b>Governance Structure</b>	Company with a Board of Corporate Auditors			Company with Three Committees							
<b>Outside Directors</b>	2005 Four	2006 Three	2012 Two	Three	Five	Six	Seven	Eight (Two foreign nationals)	Eight (To make up the majority)		
<b>Committees under the Board of Directors</b>				Governance Committee	Nominating and Governance Committee (Statutory Nominating Committee)						
	2005 Nomination Committee	2008 Nomination and Compensation Committee			Compensation Committee (Statutory)						
	2005 Compensation Committee					Audit Committee (Statutory)					
	2005 Internal Audit and Compliance Committee							Risk Committee			
								U.S. Risk Committee			
<b>Advisory Board</b>	2005 Advisory Board				Integrated into the Global Advisory Board						
				Global Advisory Board							
<b>Board of Directors Operations</b>				Evaluation of Board of Directors				Independent Outside Directors Meeting/ Appointment of Lead Independent Outside Director			
<b>Policy</b>				MUFG Corporate Governance Policies							

## Evaluation of the Working Practices of the Board of Directors’ Operation



Upgrading the Governance Framework

**Utilizing Insights Offered by Outside Directors**

We believe that insights offered by outside directors are essential to enhancing the content of discussions at the Board of Directors Meetings. MUFU is striving to ensure that outside directors are given sufficient information about agenda items prior to Board meetings. For example, we provide materials before meetings and give presentations. In addition, we hold meetings to help them understand MUFU's business and management environment immediately upon their appointment and on a regular basis during their terms of service.

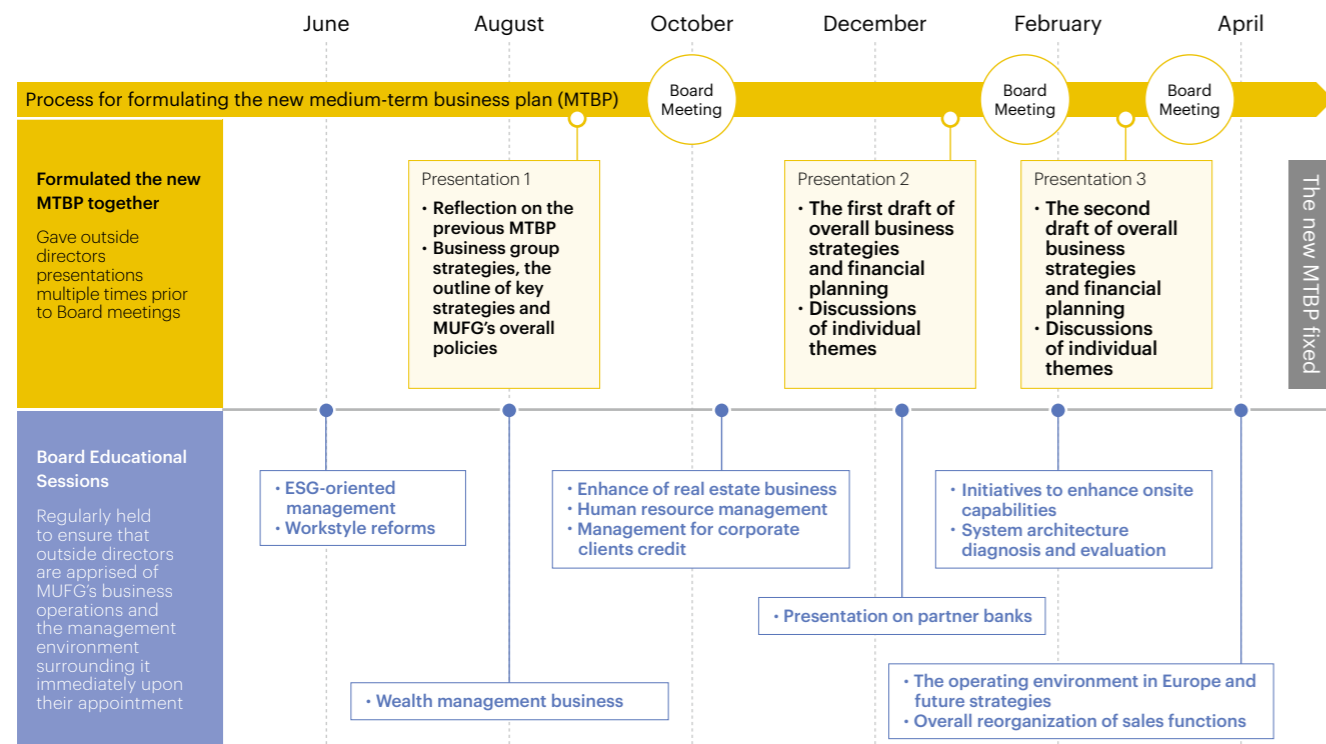
In fiscal 2017, formulating the new medium-term business plan, we gave presentations to outside directors multiple times prior to Board meetings. These presentations encompassed strategies formulated by each business group and MUFU's digital transformation initiatives as well as MUFU's overseas business operations, human resource strategies and financial planning. Valuable feedback provided by outside directors included the following statements: "MUFU should formulate concrete initiatives at the earliest possible time to increase the

feasibility of the planned targets," "It is important to ensure that MUFU's management strategies are understood and supported by those on the sales frontlines" and "The long-term policies need a PDCA-based management approach employing process KPIs."

In addition, outside directors have opportunities outside the Board and committee meetings to intensively deliberate on the MUFU Group's business strategies and issues. Moreover, we strive to secure robust communication between outside directors and MUFU's managerial positions by holding special meetings on multiple occasions. A series of such meetings held in fiscal 2017 helped attendees engage in active discussion of and exchange their insights into such topics as ESG-oriented management—one of the key management issues—and workstyle reforms in addition to addressing issues associated with our human resources management strategies and reviewing operations undertaken by overseas investees acting as partner banks.

These initiatives, in turn, helped enhance the quality of discussions at the Board meetings and our corporate governance as a whole.

**Incorporating Outside Directors' Perspectives Into Key Management Themes**



**Compensation System**

MUFU has adopted a performance-based stock compensation plan for all directors, corporate executives and executive officers (hereinafter referred to collectively as "recipients") who serve at the holding company, MUFU Bank and Mitsubishi UFJ Trust and Banking as well as the Securities. The introduction of this plan is intended to provide greater incentives for those individuals to maintain an awareness of the Group's overall corporate performance, stock price and capital efficiency over the medium- to long-term when pursuing their duties.

In May 2018, MUFU carried out a partial revision of this plan, incorporating ROE and the expense ratio into evaluation indices for determining stock compensation and bonuses for directors while increasing the proportion of performance-based compensation. This move is expected to better harmonize our compensation system with shareholders' interests.

**Outline of Compensation System**

**Underlying Concepts and Objectives**

MUFU's stance on the determination of compensation is focused on ensuring the steady implementation of its management policies and securing sustainable corporate expansion and medium- to long-term growth in corporate value. Accordingly, MUFU aims to better motivate recipients to contribute to growth in business performance not only in the short term but also over the medium to long term while discouraging an excessively risk-taking approach. MUFU also determines compensation by giving due consideration to its operating results, financial soundness and domestic and overseas regulatory requirements associated with compensation paid for these recipients.

**Content of Compensation**

- Compensation consists of three components, namely, basic compensation (fixed); stock compensation (linked to stock prices and medium- to long-term corporate performance); and bonuses

**Compensation System Overview**

Ratio*1	Type	Evaluation method	Payment
5.5	Basic Compensation (fixed)	Determined by the position and place of residence of individual officers, etc.	Monthly in cash
1	Stock Compensation (non-performance-based)	Corresponding to the base amount determined depending on position	At the time of retirement*7
3	Stock Compensation (performance-based*2)	Base amount determined depending on the position Performance factor*3 [medium/long-term evaluation] 1) Consolidated ROE 2) Consolidated expense ratio	Upon the termination of MTBP*7
1.5	Officers' Bonuses (short-term performance-based*2)	Base amount determined depending on the position Performance factor*5 1) Consolidated NOP 2) Profits attributable to owners of parent 3) Consolidated ROE 4) Consolidated expense ratio Status of the execution of the duties of the Officers, etc.*6	Annually in cash

\*1 As for the case of the president of MUFU \*2 Range: 0-150% \*3 Rate of attainment of targets of the indicators in the MTBP \*4 Comparison of the rate of increase in the indicators from the previous fiscal year with that of competitors \*5 Rate of increase/decrease of the indicators from the previous fiscal year and the rate of attainment of targets of these indicators \*6 Determined exclusively by independent outside directors at the Compensation Committee \*7 Subject to claw-back clause, etc.



## Upgrading the Governance Framework

(linked to short-term corporate performance). The proportion of each component is appropriately determined by giving due consideration to the concepts and objectives described above as well as duties carried out by each recipient

- Stock compensation plan utilizes a trust scheme and provides recipients with MUFG shares.
- As for compensation for the MUFG president's service for fiscal 2018 and later, the proportion of all three components is set equally (provided that stock compensation and bonuses have been paid in standard amounts.)

### Outline of Board of Directors and Committees

The Board of Directors is composed of 15 members,

of whom eight (the majority) are outside directors with a high degree of independence. Of the 15 directors, three (20%) are female, and two are foreign nationals appointed as outside directors from the United States and Thailand, respectively. The outside directors include a corporate manager, a financial specialist, a lawyer and a certified public accountant, and are a balanced group in terms of each constituent's area of specialty, country of origin and gender.

### Nominating and Governance Committee

The Committee is composed of outside directors and the President & CEO, with an outside director as Chairperson. The Committee decides on proposals for the appointment or dismissal of directors that are submitted to the General Meetings of Shareholders.

It also discusses matters related to the Chairman, Vice-Chairman, President, and other major management positions in the holding company or major subsidiaries and makes recommendations to the Board of Directors. It examines the corporate governance policy and framework and makes recommendations to the Board of Directors.

### Compensation Committee

The Committee is composed of outside directors and the President & CEO, with an outside director as Chairperson. The Committee decides the compensation policy for directors and corporate executive officers and also decides the details of individual compensation. It examines the compensation systems for senior management at the holding company and major subsidiaries and makes recommendations on establishment and reform to the Board of Directors.

### Audit Committee

The Committee is composed of outside directors and non-executive directors, with an outside director as Chairperson. The Committee examines the execution of business by directors and corporate executive officers and prepares auditing reports. It also examines the business and financial situation of the holding company and subsidiaries, conducting fieldwork where necessary.

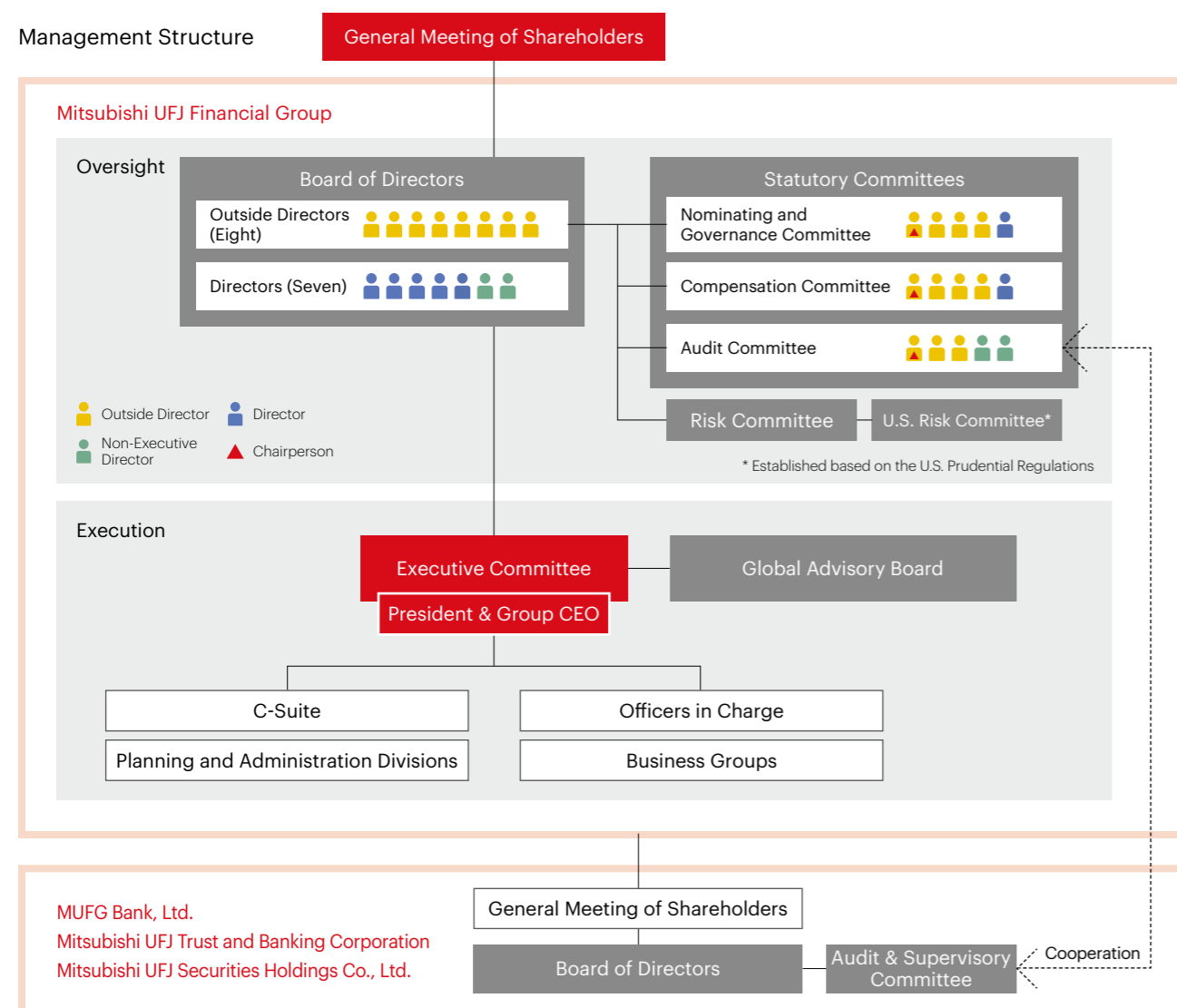
### Risk Committee

The Committee is composed of corporate executive officers, outside directors and outside expert members, with an outside director as Chairperson. The Committee examines matters related to groupwide risk management and reports to the Board of Directors. It examines important issues of the overall risk management matters and issues relating to the top risk matters, as well as other issues that need to be examined by the Risk Committee and makes recommendations to the Board of Directors.

### U.S. Risk Committee

The U.S. Risk Committee is composed of the members of MUFG Americas Holdings Corporation (the Americas HD) Risk Committee, (a) delegate(s) from MUFG, a Regional Executive for the Americas and the CEO of the Americas HD. Chaired by the head of the Americas HD Risk Committee, the U.S. Risk Committee deliberates on all types of risk in the United States, reports and makes recommendations to the MUFG Risk Committee in addition to overseeing the status, control and management of the material risks to which MUFG's operations in the country may be exposed and overall risk management framework with respect to MUFG's operations in the U.S.

### Management Structure



Membership includes outside directors and committee members

(As of June 28, 2018)

### Committee Membership

		Nominating and Governance Committee	Compensation Committee	Audit Committee	Risk Committee
Hiroshi Kawakami	Outside director	○	○	○	
Yuko Kawamoto	Outside director	○	○		◎
Haruka Matsuyama	Outside director	○	◎		
Toby S. Myerson	Outside director				○
Tsutomu Okuda	Outside director	◎	○		
Yasushi Shingai	Outside director			○	○
Tarisa Watanagase	Outside director				○
Akira Yamate	Outside director			◎	
Tadashi Kuroda	Non-executive director			○	
Junichi Okamoto	Non-executive director			○	
Nobuyuki Hirano	Director President & Group CEO	○	○		
Naomi Hayashi	Managing corporate executive Group CSO				○
Akira Ariyoshi	Outside expert, graduate school professor				○
Kenzo Yamamoto	Outside expert				○

(As of June 28, 2018)

## Upgrading the Governance Framework

# Pursuing the Best Long-Term Interests of Our Shareholders

Toby S. Myerson

Chairman & CEO, Longsight Strategic Advisors LLC  
An attorney at law in the States of New York and California, Mr. Myerson practiced corporate law in New York for four decades. In January of 2017, he founded a strategic advisory firm, where he serves as Chairman & CEO, to give business and strategy advice to global companies. He also serves as Lead Outside Director of both MUFG Union Bank, N.A. and MUFG Americas Holdings Corporation. He was appointed Outside Director of MUFG in 2017.



**Q: In your opinion, we would like to know if you think MUFG has the corporate governance framework it needs to succeed as a global company?**

The answer is certainly yes, for reasons I will explain. At the same time, it's important to recognize that good governance is not a destination, it's an ongoing journey.

Corporate governance is really a process that requires continuous improvement. In terms of where MUFG is today, let's start with the Board of Directors: We have eight outside directors, with individuals representing three nationalities. Three of the eight outside directors are female. The directors have experience in industry and finance, the professions like law and accounting, and the bank regulatory community, so we have a diversity of experience and a diversity of human beings. Importantly, following this year's annual shareholder meeting, outside directors will represent a majority of the Board of Directors. That's an extremely important development.

As a result, the dialogue at the Board level is very engaged and proactive. We present a credible challenge to management with regard to business strategies, risk appetite, corporate culture and other aspects of MUFG's business – with an eye on global standards.

Having said all this, there are always ways to improve and we are hard at work on it. I think we're in a good place and we are headed in the right direction in terms

of the internationalization of our business and governance and the diversity of Board members.

**Q: MUFG launched a new medium-term business plan in April 2018. Could you tell us about your participation as an outside director in the formulation of long-term strategy plans?**

The role of the Board is oversight. We are not members of management. What we bring to the table is a keen desire to understand what the plans and strategies are and to understand analytics that underpin them – both the upside and the downside. It's important for us to understand the goals and objectives, the costs of achieving them, in both financial and human terms, and the execution risks. It's vital that we receive high-quality information and that we receive from management thoughtful and detailed analyses and support for their strategies.

In the Boardroom we engage in lively and detailed discussions so we can understand what sort of returns the Bank is intending to achieve and what kinds of business risks are inherent in each strategy. Here's where the credible challenge comes in. We also consider the environmental, societal and governance ("ESG") components of each new strategy. ESG is a new and evolving discipline that the Bank is using with new business strategies in order to enhance the positive aspects of the way the Bank does business as a global financial institution.

In short, the directors are seeking to be well-informed and to engage very proactively with management, so that in our oversight role we can be sure that management is implementing plans and strategies that are in the best long-term interests of its shareholders and other constituents.

**Q: What are your views on MUFG's Re-Imagining Strategy, which was announced in May 2017?**

The Re-Imagining Strategy is breathtaking in scope. It's also very necessary. The kind of change contemplated by the Strategy is essential for MUFG's future, and it's critically important that it be executed well.

The Re-Imagining Strategy has three basic components: focus on our customers and determine how we can serve them best; realign our businesses without regard to historical legal entities, so executives in a given business are working together in a cooperative and streamlined fashion; and introduce digital technologies to promote efficiency, speed and transparency. It is completely logical, appropriate, and absolutely necessary for MUFG retain its position of leadership and to achieve its financial and societal goals for the future.

The most challenging part over the next few years—during the course of this new medium-term business plan and the one that follows—is implementation. The pace of change in Japan is generally slow. One of the things that we as directors are trying to encourage management to do is to execute on and implement the Re-Imagining Strategy as quickly as they can, consistent with maintaining the safety and soundness of the institution and careful risk management.

**Q: What do you think are MUFG's main strengths?**

When I think about MUFG compared to other large global banks, I believe MUFG's excellent reputation, strong culture, integrity and the commitment of its people are tremendous assets. Starting with the tone at the top, MUFG employees are truly outstanding in the integrity they bring to their jobs, to the business challenges they confront and in the way they serve customers.

Let me say a word about the conduct of the business.

MUFG's approach to planning and business execution is very thoughtful, strategic and customer centric, and these are significant strengths. As a result of this approach, MUFG avoided many of the serious problems other institutions encountered during the recent global financial crisis because it "did the right thing" in serving its customers and by not taking on excessive risk.

Sometimes, people say MUFG is a bit too cautious. While MUFG is now making transformational investments in technology, there are other large financial institutions, particularly non-Japanese banks, that are technologically more advanced and that have greater product diversity. But MUFG is very focused on what needs to be done, and the Re-Imagining Strategy is a carefully thought out and ambitious plan.

As mentioned, MUFG came through the financial crisis extremely strong financially and culturally, whereas other institutions were weakened and destabilized. MUFG's financial strength and stability have made the organization a very attractive place for people to work, and, as a result, MUFG was able to hire some extremely talented, world class individuals. I think the people component of the Bank has been significantly enhanced in recent years.

**Q: Please tell us how MUFG is benefiting by having you concurrently serve as a director at MUFG and MUFG Americas Holdings Corporation.**

One of the things we are working on is more direct connectivity between MUFG in Tokyo and the Bank's operations in North America, with more and better information flowing in both directions. I am very pleased to be a part of that. I am able to talk to the members of the Board of MUFG about governance practices, risk strategies, technology issues and other things that we are grappling with in North America, which not only helps the MUFG Board be better informed about our operations in the United States, but also helps provoke thought and discussion about the Japanese and other aspects of MUFG's businesses. Conversely, I think it's very helpful to management and the boards in the U.S. to understand more about what the parent Board is thinking about the U.S. operations. So the information flow is enhanced in both directions, generating better communication and the cross-pollination of ideas.

Upgrading the Governance Framework



Board of Directors

As of July 1, 2018

Member of the Board of Directors (Outside Director)

**Hiroshi Kawakami** 1

Advisor, Central Japan International Airport  
Mr. Kawakami joined TOYOTA in 1972. He became a managing executive officer of TOYOTA in 2003 and a senior managing director in 2007. In 2008, he became vice president of Toyota Tsusho Corp. and in 2009, he was appointed as president of the Central Japan International Airport Co., Ltd. In June 2015, he became a senior advisor of Central Japan International Airport as well as an outside director of MUFG (incumbent). In 2016, he became an outside director of AT-Group Co., Ltd. (incumbent) and, in 2017, he was appointed as advisor for the Central Japan International Airport (incumbent).

Member of the Board of Directors (Outside Director)

**Yuko Kawamoto** 2

Professor, Waseda Graduate School of Business and Finance

After working at Bank of Tokyo from 1982 to 1986, Ms. Kawamoto joined McKinsey & Company in 1988. At McKinsey, she was promoted to senior expert of the Tokyo branch in 2001. After leaving McKinsey, she took up a professorship at the Waseda Graduate School of Finance, Accounting and Law (current name: Business and Finance) in 2004 (incumbent). From 2006, she has served as an outside audit and supervisory board member of Tokio Marine Holdings, Inc. (Retired in June 2018). She became a director of MUFG in 2013, and, a member of the National Public Safety Commission in 2014 (incumbent). In 2016, Ms. Kawamoto was appointed as an outside director of MUFG (incumbent).

Member of the Board of Directors (Outside Director)

**Haruka Matsuyama** 3

Lawyer, Partner, Hibiya Park Law Offices  
Ms. Matsuyama became an assistant judge to the Tokyo District Court in 1995. Upon becoming an attorney-at-law and joining the Daini Tokyo Bar Association in 2000, she joined Hibiya Park Law Offices, where she was promoted to partner in 2002. She also became an outside corporate auditor of Vitec Co., Ltd. in 2012, an outside director of T&D Holdings, Inc. in 2013 (incumbent), and an external corporate auditor of Mitsui & Co., Ltd. in 2014. In 2014, she became an outside director of MUFG (incumbent) and in 2015, became an outside director of VITEC HOLDINGS CO., LTD (incumbent).

Member of the Board of Directors (Outside Director)

**Toby S. Myerson** 4

Lawyer, Chairman & CEO, Longsight Strategic Advisors LLC

Mr. Myerson has been registered as attorney at law of California and New York, U.S., since 1977. He has held top management positions in a career spanning four decades, most recently as Partner and as a Co-Chair of Global Mergers and Acquisitions at Paul, Weiss, Rifkind, Wharton & Garrison LLP. He left the firm in December 2016 and founded a strategic advisory firm in January, 2017 where he serves as Chairman & CEO (incumbent). He also serves as an outside director of both MUFG Union Bank, N.A. and MUFG Americas Holdings Corporation. He was appointed as an outside director of MUFG (incumbent) in 2017.

Member of the Board of Directors (Lead Independent Outside Director)

**Tsutomu Okuda** 5

Special Advisor, J. Front Retailing

Mr. Okuda joined The Daimaru, Inc. in 1964. In 1997, he was named president of Daimaru and in 2003 chairman and chief executive officer. In 2007, he assumed the office of president and chief executive officer of J. Front Retailing Co., Ltd., where he became chairman and chief executive officer in 2010. Since 2014, he has served as a senior advisor of the company and became a special advisor in 2018 (incumbent). In 2014, He was appointed as an outside director of MUFG (incumbent).

Member of the Board of Directors (Outside Director)

**Yasushi Shingai** 6

Former Representative Director and Executive Vice President of Japan Tobacco Inc.

Mr. Shingai joined Japan and Salt Public Corporation (now Japan Tobacco Inc., hereafter "JT") in 1980. In July 2001, he was appointed as general manager of the Financial Planning Department of JT, and as an executive officer and a Finance Group Leader in June 2004. At the same firm, he became a chief financial officer in 2004, then a director and chief financial officer in 2005. In June 2006, he assumed the office of executive vice president of JT International S. A. while serving as a director of JT. In June 2011, he took office as representative director and executive vice president of JT. In June 2014, he was appointed as an outside director of Recruit Holdings Co., Ltd. (retired in June 2018). In January 2018, he became a director of JT. In March 2018, he was appointed as an outside director of Asahi Group Holdings, Ltd. (incumbent) and in June 2018, he was appointed an outside director of MUFG (incumbent).

Member of the Board of Directors (Outside Director)

**Tarisa Watanagase** 7

Former Governor of the Bank of Thailand

Ms. Watanagase first joined the Bank of Thailand in 1975. During her career as a central banker, she was seconded to the International Monetary Fund (IMF) in 1988 and served as an economist. In 2002, she assumed the position of deputy governor of the bank. From 2006 to 2010, she served as governor of the central bank of the country. Since 2013, she has served as an outside director of The Siam Cement Public Company Limited (incumbent). She was appointed as an outside director of MUFG in 2017 (incumbent).

Member of the Board of Directors (Outside Director)

**Akira Yamate** 8

Certified Public Accountant

Mr. Yamate joined Price Waterhouse in 1977, becoming a certified public accountant in 1983. In 1991, he became a representative partner of Aoyama Audit Corporation and a Partner of Price Waterhouse. In 2000, he became a representative partner of Chuo Aoyama Audit Corporation and a partner of Pricewaterhouse Coopers. From 2006 to 2013, he served as a representative partner of Pricewaterhouse Coopers Aarata. In 2013, he was appointed as a corporate auditor of Nomura Real Estate Holdings and Nomura Real Estate. In June 2015, he was appointed as an outside director of MUFG (incumbent) and in the same year appointed as an external director of Nomura Real Estate Holdings (incumbent) and an external corporate auditor of Prudential Holdings of Japan (incumbent).

Member of the Board of Directors Audit Committee Member

**Tadashi Kuroda** 9

Mr. Kuroda joined Sanwa Bank in 1981. In 2014, he was appointed as member of the board of directors, managing executive officer of MUFG and in the same year as a director of Mitsubishi UFJ Trust and Banking. In June 2015, he was appointed as a member of the board of directors, senior managing corporate executive of MUFG, as well as a member of the board of directors, senior managing executive officer of Bank of Tokyo-Mitsubishi UFJ. In June 2018, he was appointed member of the board of directors and member of the Audit Committee of MUFG (incumbent).

Member of the Board of Directors Audit Committee Member

**Junichi Okamoto** 10

Mr. Okamoto joined Toyo Trust and Banking in 1980. In 2010, he was appointed as managing executive officer of Mitsubishi UFJ Trust and Banking (hereafter "the Trust Bank") and executive officer of MUFG. In 2013, he became a director, deputy president and executive officer of the Trust Bank and a member of the board of directors of MUFG in 2013. He was appointed as a senior managing corporate executive of MUFG in 2015. In June 2017, he was appointed as a member of the board of directors and member of the Audit Committee of MUFG (incumbent).

Member of the Board of Directors, Chairman

**Kiyoshi Sono** 11

Deputy Chairman of the Board of Directors, MUFG Bank, Ltd.

Mr. Sono joined Sanwa Bank in 1976. In 2012, he was appointed member of the board of directors, deputy President of Bank of Tokyo-Mitsubishi UFJ (now MUFG Bank, Ltd., hereafter "the Bank") and managing executive officer of MUFG. In 2014, he became chairman of the board of directors of MUFG as well as deputy chairman of the board of directors of the Bank (incumbent). In June 2015, he was appointed as member of the board of directors and chairman of MUFG (incumbent).

Member of the Board of Directors Deputy Chairman

**Mikio Ikegaya** 12

President & CEO, Mitsubishi UFJ Trust and Banking Corporation  
Mr. Ikegaya joined Mitsubishi Trust and Banking in 1981. In June 2015, he became senior managing director of Mitsubishi UFJ Trust and Banking (hereafter "the Trust Bank"), and managing executive officer of MUFG. In April 2016, he was appointed as president & CEO of the Trust Bank (incumbent). In June 2016, he became a member of the board of directors and deputy chairman of MUFG (incumbent).

Member of the Board of Directors Deputy Chairman

**Kanetsugu Mike** 13

President & CEO, MUFG Bank, Ltd.

Mr. Mike joined Mitsubishi Bank in 1979. He was appointed as a regional executive for the Americas at MUFG and Bank of Tokyo-Mitsubishi UFJ (now MUFG Bank, Ltd., hereafter "the Bank"), and executive chairman of the board at MUFG Americas Holdings Corporation and MUFG Union Bank, N.A., in 2015. He was appointed as a senior managing corporate executive of MUFG and as a member of the board of directors, deputy president of the Bank in 2016. He became president & CEO of the Bank (incumbent) and member of the board of directors and deputy chairman of MUFG (incumbent) in June 2017.

Member of the Board of Directors Deputy Chairman

**Saburo Araki** 14

President & CEO, Mitsubishi UFJ Securities Holdings Co., Ltd. President & CEO, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. Mr. Araki joined Mitsubishi Bank in 1981. In 2012, he was appointed as member of the board of directors of MUFG and member of the board of directors, managing executive officer of Bank of Tokyo-Mitsubishi UFJ. In April 2018, he was appointed as president & CEO of Mitsubishi UFJ Securities Holdings Co., Ltd. (incumbent) and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. (incumbent). In June 2018, he became member of the board of directors and deputy chairman of MUFG (incumbent).

Member of the Board of Directors President & Group CEO

**Nobuyuki Hirano** 15

Chairman of the Board of Directors, MUFG Bank, Ltd.

Mr. Hirano joined Mitsubishi Bank in 1974. In 2009, he was appointed as member of the board of directors, deputy president of Bank of Tokyo-Mitsubishi UFJ (now MUFG Bank, Ltd., hereafter "the Bank") and managing executive officer of MUFG. In 2010, he became member of the board of directors, deputy president of MUFG. In 2012, he became president & CEO of the Bank, and a year later, in 2013, he became president of MUFG. In June 2015, he was appointed as member of the board of directors and president & group CEO of MUFG (incumbent). In April 2016, he became chairman of the board of directors of the Bank (incumbent).

(Note) Mr. Hiroshi Kawakami, Ms. Yuko Kawamoto, Ms. Haruka Matsuyama, Mr. Toby S. Myerson, Mr. Tsutomu Okuda, Mr. Yasushi Shingai, Ms. Tarisa Watanagase and Mr. Akira Yamate are outside directors as defined in Article 2, Item 15 of the Companies Act.

Upgrading the Governance Framework

As of July 1, 2018

Board of Directors

Name	Position in MUFG*1	Main Business Experience	Attendance at Board Meetings	Type and Number of MUFG Shares Owned*2	Area of Specialty
 Hiroshi Kawakami	Member of the Board of Directors*3 Nominating Member Compensation Member Audit Member	Former Senior Managing Director of TOYOTA MOTOR CORPORATION	11/11	—	Corporate management
 Yuko Kawamoto	Member of the Board of Directors*3 Nominating Member Compensation Member Risk Member (Chairperson)	Professor, Waseda Graduate School of Business and Finance	11/11	Ordinary Shares: 25,600	Finance
 Haruka Matsuyama	Member of the Board of Directors*3 Nominating Member Compensation Member (Chairperson)	Lawyer Partner, Hibiya Park Law Offices	11/11	Ordinary Shares: 2,400	Legal affairs
 Toby S. Myerson	Member of the Board of Directors*3 Risk Member	Lawyer Former Partner of Paul, Weiss, Rifkind, Wharton & Garrison LLP	9/9*4	—	Legal affairs
 Tsutomu Okuda	Member of the Board of Directors*3 (Lead Independent Outside Director) Nominating Member (Chairperson) Compensation Member	Former President and Chief Executive Officer of J. Front Retailing Co., Ltd.	11/11	Ordinary Shares: 16,800	Corporate management
 Yasushi Shingai	Member of the Board of Directors*3 Audit Member Risk Member	Former Representative Director and Executive Vice President of Japan Tobacco Inc.	—	—	Corporate management, Financial accounting
 Tarisa Watanagase	Member of the Board of Directors*3 Risk Member	Former Governor of the Bank of Thailand	9/9*4	—	Finance
 Akira Yamate	Member of the Board of Directors*3 Audit Member (Chairperson)	Certified Public Accountant	11/11	—	Financial accounting

Name	Position in MUFG*1	Concurrent Positions	Attendance at Board Meetings	Type and Number of MUFG Shares Owned*2
 Tadashi Kuroda	Member of the Board of Directors Audit Member		11/11	Ordinary Shares: 94,900 Dilutive Shares: 87,303
 Junichi Okamoto	Member of the Board of Directors Audit Member		9/9*4	Ordinary Shares: 172,300
 Kiyoshi Sono	Member of the Board of Directors Chairman	Deputy Chairman of the Board of Directors, MUFG Bank Director, Mitsubishi UFJ NICOS	11/11	Ordinary Shares: 57,920 Dilutive Shares: 500,423
 Mikio Ikegaya	Member of the Board of Directors Deputy Chairman	President & CEO, Mitsubishi UFJ Trust and Banking	9/11	Ordinary Shares: 42,630 Dilutive Shares: 286,490
 Kanetsugu Mike	Member of the Board of Directors Deputy Chairman	President & CEO, MUFG Bank	9/9*4	Ordinary Shares: 31,455 Dilutive Shares: 330,031
 Saburo Araki	Member of the Board of Directors Deputy Chairman	President & CEO, Mitsubishi UFJ Securities Holdings President & CEO, Mitsubishi UFJ Morgan Stanley Securities	—	Ordinary Shares: 32,680 Dilutive Shares: 355,536
 Nobuyuki Hirano	Member of the Board of Directors President & Group CEO Nominating Member Compensation Member	Chairman of the Board of Directors, MUFG Bank Director, Morgan Stanley	11/11	Ordinary Shares: 42,400 Dilutive Shares: 599,468

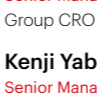
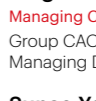
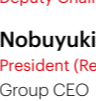

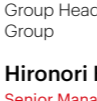


\*1 Nominating Member: Member of the Nominating and Governance Committee Audit Member: Member of the Audit Committee  
Compensation Member: Member of the Compensation Committee Risk Member: Member of the Risk Committee

\*2 As of March 31, 2018

\*3 Mr. Hiroshi Kawakami, Ms. Yuko Kawamoto, Ms. Haruka Matsuyama, Mr. Toby S. Myerson, Mr. Tsutomu Okuda, Mr. Yasushi Shingai, Ms. Tarisa Watanagase and Mr. Akira Yamate are outside directors as defined in Article 2, Item 15 of the Companies Act.

\*4 Attendance at meeting of the board of directors, etc. for Mr. Toby S. Myerson, Ms. Tarisa Watanagase, Mr. Junichi Okamoto and Mr. Kanetsugu Mike refers to the meetings held after they assumed the post of Member of the Board of directors in June 2017.

Corporate Executives

 Kiyoshi Sono Chairman (Representative Corporate Executive)	 Akira Hamamoto Senior Managing Corporate Executive Group CCO & Group CLO	 Masato Miyachi Senior Managing Corporate Executive Group Head, Global Corporate & Investment Banking Business Group
 Mikio Ikegaya Deputy Chairman (Representative Corporate Executive)	 Masamichi Yasuda Senior Managing Corporate Executive Group CRO	 Shigeru Yoshifuji Managing Corporate Executive Group CAO Managing Director, Head of Internal Audit Division
 Kanetsugu Mike Deputy Chairman (Representative Corporate Executive)	 Kenji Yabuta Senior Managing Corporate Executive Group Head, Japanese Corporate & Investment Banking Business Group	 Sunao Yokokawa Managing Corporate Executive Group Head, Asset Management & Investor Services Business Group
 Saburo Araki Deputy Chairman (Representative Corporate Executive)	 Naoki Hori Senior Managing Corporate Executive Group Head, Retail & Commercial Banking Business Group	 Naomi Hayashi Managing Corporate Executive Group CSO
 Nobuyuki Hirano President (Representative Corporate Executive) Group CEO	 Hironori Kamezawa Senior Managing Corporate Executive Group CIO & Group CDTO	
 Eiichi Yoshikawa Senior Managing Corporate Executive Group Head, Global Commercial Banking Business Group and Group COO-I	 Hiroshi Naruse Senior Managing Corporate Executive Group CHRO & Group Deputy CIO	
 Shigeru Asai Senior Managing Corporate Executive Group Head, Global Markets Business Group		

Executive Officers

Managing Executive Officers	Executive Officers	
 Atsushi Murakami	 Randall Chafetz	 Denise DeMaio
 Iwao Nagashima	 Yasushi Itagaki	 Takemasa Niki
 Akio Ninomiya	 Naoki Isetani	 Shinjiro Yamamoto
 Toshihiko Mori	 Hiroki Kameda	 Katsunori Yokomaku
 Takayoshi Futae	 Takanori Sazaki	 Masahiro Kameda
 Masahiro Kuwahara	 Kazunori Yamagata	 Junichi Narikawa
 Tetsuro Shinohara	 Minoru Soutome	 Eiji Ihori
 Satoshi Takizawa	 Hiroyuki Ogata	 Kazuji Tanikawa
 Hitoshi Usui	 Masaki Enomoto	 Johannes Worsoe
 Tetsuya Yonehana	 Yutaka Miyashita	 Michael Coyne
 Stephen Cummings	 Shigeharu Sanada	 Jiro Omori
 Ritsuo Ogura	 Jun Togawa	 Kevin Cronin
 Kazuto Uchida	 Takayuki Yasuda	 Yushi Ando
 Kenichi Miyanaga	 Shuichi Yokoyama	 Yoshihisa Harata
 Mitsugu Enjoji	 Shinichi Arai	 Yukinori Shimoguchi
 Tsutomu Sambai	 Tomohiro Kimura	 Hiroshi Ikebe
 Takenobu Inaba	 Tai Nishida	 Hiroshi Takimoto
 Hisashi Kanamori	 Donna Delloso	 Takafumi Ihara
 Masakazu Ikeda	 Toru Fujita	 Hiroyuki Seki
 Masahiko Kato	 Masashi Kanematsu	 Yoshitake Manabe
 Akihiro Sugimura	 Masatoshi Komoriya	 Tetsuya Niimi
 Hiroyuki Hayashi	 Masashi Onodera	 Hideyuki Toriumi
 Makoto Kobayashi	 Masakazu Osawa	 Keitaro Tsukiyama
 Motoi Mitsuishi	 Hideaki Takase	 Hirochika Iwadare
 Atsushi Miyata	 Takuya Tanaka	 Hiroshi Kasugai
 Kiyoshi Sato	 Hiroshi Kanae	 Noriyuki Miyata
 Kazuo Koshi	 Fumitaka Nakahama	 Koji Nakayama
	Saiko Nanri	Koichiro Oshima
	Toshiki Ochi	Youichi Orikasa
	Tadashi Yamamoto	Hiroyuki Tomita
	Masayuki Tanaka	

Global Advisory Board

MUFG has established the Global Advisory Board to function as an advisory body to the Executive Committee, and the Board holds regular meetings. The Global Advisory Board is made up of members from Japan, Europe, Asia, and the Americas who are external experts in areas such as corporate management, financial regulation, and government policy. They provide advice and recommendations on groupwide management, global governance, business strategy and other management issues from an independent standpoint.



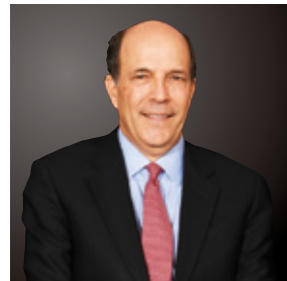
**Dr. Victor K Fung**

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



**Dr. Gertrude Tumpel-Gugerell**

Member of Supervisory Board, Österreichische Bundesbahnen-Holding AG  
Former Member of Executive Board, European Central Bank



**Ambassador John V. Roos**

Former United States Ambassador to Japan



**Mr. Toshio Iwamoto**

Principal Executive Advisor  
NTT DATA Corporation



**Lord (James) Sassoon, Kt**

Director, Jardine Matheson Holdings Limited  
Former Commercial Secretary to the Treasury, United Kingdom



**Mr. Akio Mimura**

Honorary Chairman,  
Nippon Steel & Sumitomo Metal Corporation



**Associate Professor Simon S.C. Tay**

Chairman of the Singapore Institute of International Affairs  
Former Member of Parliament, Singapore



**Outline of Annual Meeting**

In December 2017, MUFG held an annual meeting of its Global Advisory Board in Tokyo. In addition to Global Advisory Board members, attendees included MUFG officers, directors, outside directors and representatives from overseas partner banks. They engaged in active discussion on a broad range of themes, including MUFG's business portfolio, the new medium-term business plan and latest developments in global politics.



Here, we showcase the content of these discussions.

**CEO Session**

At the beginning of the meeting, the Group CEO gave a presentation on the future outlook of the economic environment in Japan and abroad as well as issues MUFG is now confronting, overall policies under the new medium-term business plan and the MUFG Re-Imagining Strategy. In response, a number of attendees, including Global Advisory Board members, provided valuable advice. Some attendees recommended that quick action should be taken with a sense of urgency to address immediate issues, while others shared successful examples of business model reforms undertaken by overseas corporations.



**Policies Implemented by and Implications of the Trump Administration**

Members from the United States gave a presentation on the current status of the Trump administration and shared their outlook on foreign affairs and other key issues surrounding it. This was followed by an active exchange of opinions with regard to such topics as future U.S. monetary policies.

**Breakout Sessions**

In addition to the foregoing, breakout sessions were held to discuss such issues as operational reforms driven by digital technologies as well as a broad range of ESG-related topics. In particular, the session focused on digital technologies included a presentation given by the CDTO\* with regard to open innovation initiatives aimed at realizing MUFG's future vision. This presentation was followed by the exchange of insights and observations among attendees.

\* Chief Digital Transformation Officer