



Important Issues Concerning Value Creation

How MUFG Addresses ESG Issues


Important Issues Concerning Value Creation

Initiatives for Addressing ESG Issues toward Sustainable Growth

MUFG aims to help create a sustainable society and realize United Nations Sustainable Development Goals (SDGs) through its business activities. To this end, we have identified a number of environmental and social issues of concern at home and abroad and determined priority issues to be addressed by MUFG.

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

Priority Issues MUFG Must Address

<p>1 Aging population & low birth rate</p> <p>3 GOOD HEALTH AND WELL-BEING</p> <p>4 QUALITY EDUCATION</p> <p>P.41 P.73</p>	<p>2 Business incubation & job creation</p> <p>8 DECENT WORK AND ECONOMIC GROWTH</p> <p>P.53 P.72-73</p>	<p>3 Social infrastructure & town planning</p> <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> <p>P.45 P.73</p>
<p>4 Global warming & climate change</p> <p>7 AFFORDABLE AND CLEAN ENERGY</p> <p>13 CLIMATE ACTION</p> <p>P.49 P.66-71</p>	<p>5 Financial innovation</p> <p>8 DECENT WORK AND ECONOMIC GROWTH</p> <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> <p>P.59 P.72</p>	<p>6 Workstyle reforms</p> <p>8 DECENT WORK AND ECONOMIC GROWTH</p> <p>P.76-77</p>
<p>7 Cross-sectoral environment and social issues</p> <p> P.49 P.57 P.61</p>		

Endorsement of International Sustainability Initiatives



*1 Endorsed by the Bank *2 Endorsed by the Trust Bank and Mitsubishi UFJ Kokusai Asset Management *3 Endorsed by the Trust Bank

Initiatives for Addressing ESG Issues toward Sustainable Growth

Aware of both opportunities and risks arising from ESG issues, MUFG is striving to help resolve environmental and social issues through its business activities.

As part of our mission as a financial institution, we have set Sustainable Finance Goals to contribute to the realization of international goals specified by the Paris Agreement* and those identified by United Nations SDGs. Moreover, we established the MUFG Environmental and Social Policy Framework aimed at providing guidance to our business activities.

*A multilateral international agreement on climate change that was adopted in December 2015 in Paris, where the 21st session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP21) was held

Setting a Sustainable Finance Goals

Aiming to facilitate the creation of a sustainable society and realization of SDGs via its financial services, MUFG has committed to extending a total of ¥20 trillion for sustainable finance over a period spanning from fiscal 2019 to fiscal 2030 (of this, ¥8 trillion will be used for environmental finance).

Primary business fields eligible for financing

Environmental	<ul style="list-style-type: none"> Businesses contributing to the popularization of renewable energy and the enhancement of energy efficiency Businesses contributing to the alleviation of climate change impact, such as green building projects
Social	<ul style="list-style-type: none"> Businesses contributing to the development of startups and job creation Businesses contributing to the alleviation of poverty Businesses contributing to the energizing of local communities and regional revitalization Fundamental service businesses, including those involved in basic infrastructure such as public transport, waterworks, and airports, and essential services such as hospitals, schools and police



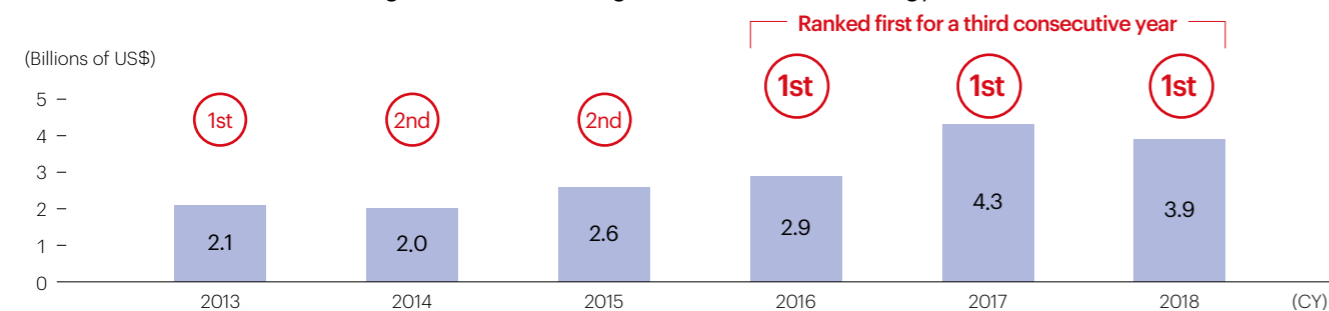
Promotion and Popularization of Renewable Energy

MUFG is acting as project finance arranger and lender for solar, hydroelectric, wind and geothermal power generation projects. In these ways, we serve as a driving force behind the dissemination of renewable energy around the world.

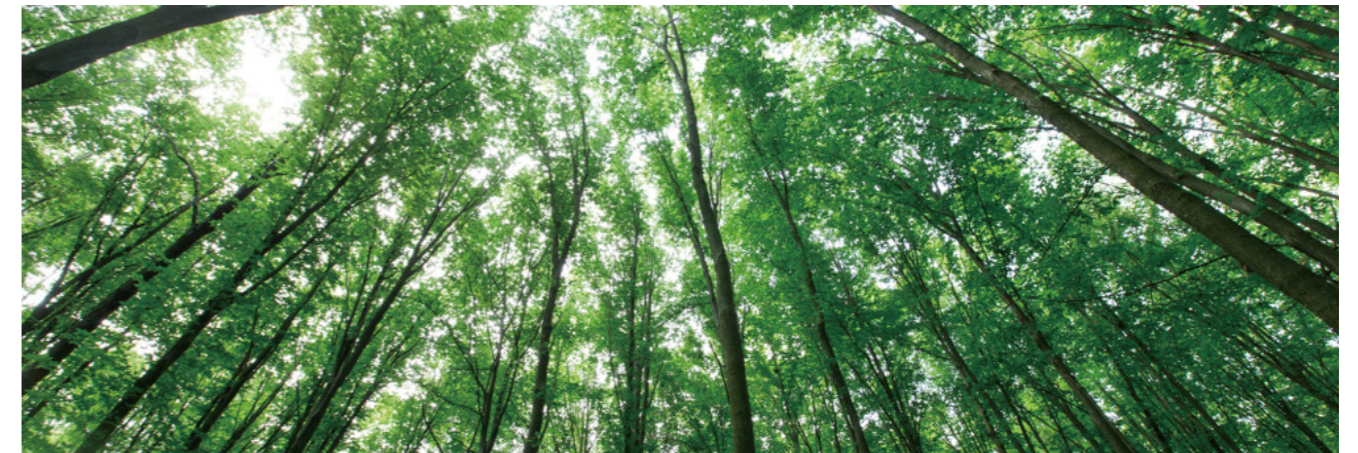
Thanks to these efforts, in 2018 we ranked first on the global private finance lead arrangers league table in the field of renewable energy project financing. We have held this position for three consecutive years.

We will achieve our Sustainable Finance Goals through these efforts.

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)



Applying the MUFG Environmental and Social Policy Framework

MUFG recognizes environmental and social risks arising from operations undertaken by its Group companies as important management issues requiring serious attention. Based on the "MUFG Environmental Policy Statement" and "MUFG Human Rights Policy Statement," the MUFG Environmental and Social Policy Framework is designed to ensure that due consideration is given to environmental and social issues in the course of its financing.*

In May 2019, we revised the policy framework, taking into account various external concerns, such as the

international community's call for more robust climate change countermeasures and stakeholders' feedback on environmental and social issues. The revised policy framework includes more stringent restrictions on financing for the coal fired power generation sector.

Going forward, we will regularly review this policy framework and upgrade it in a way that conforms with changes in business activities and the operating environment.

* Including the provision of credit and the underwriting of bonds and equities

Outline of the Revised Environmental and Social Policy Framework

Revised Coal-fired power generation sector	<p>MUFG will not provide financing for new coal-fired power generation projects once the revised framework takes effect.</p> <ul style="list-style-type: none"> Exceptions may be considered where we will take into consideration the energy policies and circumstances of the host countries, international standards and the use of other available technologies when deciding whether to provide financing. We also support the adoption of advanced technologies for high-efficiency power generation and Carbon Dioxide Capture and Storage (CCS) technologies that contribute to the reduction in the emission of greenhouse gases (GHGs).
Revised Restricted transactions	<p>In addition to the coal-fired power generation sector and the cluster munitions manufacturing sector, forestry, palm oil and mining (coal) will be newly added to "Restricted Transactions".</p> <ul style="list-style-type: none"> When financing is considered, we request our clients to certify the relevant operations according to internationally recognized certification organizations.
Newly included Asset management business	<p>In its asset management business, MUFG has established the MUFG AM Responsible Investment Policy concerning environmental and social initiatives.</p> <ul style="list-style-type: none"> The policy was prepared in accordance with the six principles of the Principles for Responsible Investment (PRI), based on our fiduciary duty to clients who entrust their capital to us.

Please also refer to a news release issued by MUFG on May 15, 2019 to see details regarding revisions to the MUFG Environmental and Social Policy Framework.

Environmental Initiatives

4 Global warming & climate change 

Initiatives to Counter Global Warming and Climate Change

Acutely aware of the importance of climate-related financial disclosure, MUFG has declared its support of relevant recommendations formulated by the Task Force on Climate-related Financial Disclosures (TCFD), a special taskforce established by the Financial Stability Board (FSB). In line with these recommendations, we are working to enhance the content of information disclosure.

Governance

MUFG's Governance Structure for Countering Climate Change

At MUFG, the Corporate Social Responsibility Committee operating under the Executive Committee regularly engages in the deliberation of the Company's policies on and the status of initiatives to manage opportunities and risks arising from environmental and social issues, including climate change. Furthermore, the Risk Management, Loan and Investment and Credit committees also discuss specific themes associated with climate change. Conclusions reached by these committees are reported to the Executive Committee and, on an as necessary basis, to the Board of Directors. In fiscal 2018, the Board of Directors received reports

Deliberation and Reporting on Environmental and Social Issues (fiscal 2018)



on the revisions to the MUFG Environmental and Social Policy Framework and the status of environmental financing initiatives.

Strategy

MUFG recognizes climate change countermeasures and other environmental initiatives as important management issues. In line with this recognition, we established the MUFG Environmental Policy Statement, which includes MUFG's policies on climate change. Moreover, we have positioned global warming & climate change among our environmental and social priorities. We are thus endeavoring to address these issues while giving due consideration to both opportunities and the risks arising from them.

Opportunities—Supporting the Transition to a Low-Carbon Society

We serve as a finance arranger and lender for renewable energy projects while actively providing consulting services aimed at assisting clients in their climate change countermeasures as well as assistance in the issuance of Green Bonds. By doing so, we support the transition to a low-carbon society from the aspect of finance.

Risks—Transition Risks and Physical Risks

Clients to whom MUFG has provided credits may be exposed to risks arising in the course of the transition to a low-carbon society, such as stricter regulation and the introduction of low-carbon technologies (transition risks). They can also be exposed to risks arising from physical damage due to the growing occurrences of climate change-induced natural disasters and abnormal weather (physical risks). If these risks were to impact the clients' businesses or financial conditions, MUFG's credit portfolio would also be exposed to substantial risks.

In response, MUFG aims to carry out the quantitative assessment of climate change-related risks and, to this end, is working to assess carbon-related assets associated with its lending portfolio based on the TCFD recommendations. Furthermore, we formulated the MUFG Environmental and Social Policy Framework to accurately evaluate and manage environmental and social risks arising from our business operations.

Status of Carbon-Related Assets (as of March 31, 2019)*

Sector	Proportion in overall portfolio value
Energy	3.0%
Utility	3.6%
Total	6.6%

Note: Total value of lending amounts to ¥96.5 trillion.
* Based on the TCFD recommendations, MUFG has categorized the value of lending for the energy and utility sectors other than lending for renewable energy projects as constituting carbon-related assets.

Scenario Analysis

MUFG has started scenario analysis with the objective of assessing the impact of climate change-related risks on its credit portfolio.

Based on the New Policies Scenario and the Sustainable Development Scenario (2°C Scenario) published by the International Energy Agency (IEA), we are working to quantitatively assess the financial impacts of transition risks. The scenario analysis methods used reference those applied in a pilot project led by the UNEP Finance Initiative in which 16 member banks participated with the aim of discussing and developing methods for climate change-related financial information disclosure for the banking industry.

In addition, MUFG is a participant in Phase II of a pilot project launched in 2019 by the UNEP Finance Initiative.

MUFG Bank's CO₂ Reduction Target

CO ₂ reduction target		
FY2020	Reduce energy intensity index by 10.5% from the fiscal 2009 level by the end of fiscal 2020	▶ Achieved
FY2030	Reduce energy intensity index by 19.0% from the fiscal 2009 level by the end of fiscal 2030	▶ Achieved

Risk Management

We implemented MUFG Environmental and Social Policy Framework to manage environmental and social risks associated with our financing.

In May 2019, we revised this policy framework to live up to the growing call for climate change countermeasures from the international community. Specifically, we strengthened the policy on financing for the coal-fired power generation sector while adding forestry, palm oil and mining (coal) sectors as restricted transactions. From July 2019 we will not provide financing for new coal-fired power generation projects. As a result, we expect our credit balance associated with coal-fired power generation projects to decrease over the medium to long term.

Metrics and Targets

Setting Sustainable Finance Goals

We have committed to extending a total of ¥20 trillion for sustainable finance by the end of fiscal 2030 (of this, ¥8 trillion will be used for environmental finance).

Reducing CO₂ Emissions Attributable to Our Business Activities

To reduce the environmental burden attributable to our business activities, we are working to assess and reduce the environmental footprints of our operations, such as GHG emissions. In addition, the Bank has succeeded in reducing CO₂ emissions beyond its reduction target (reduced energy intensity index* in fiscal 2017 to 26.0% below the fiscal 2009 level).

Please also visit MUFG's website to see its initiatives to reduce environmental burdens. URL: <https://www.mufg.jp/english/csr/environment/effort/>

*Energy intensity index = Energy consumption / Total floor space

GHG Emissions*

CO ₂ emissions/Measured items		(Unit: Thousand t-CO ₂)
Scope1	Direct emissions	11
Scope2	Indirect emissions	187
Scope3	Other indirect emissions	10
Emission volume offset by CDM credits		0
Total		208

* Domestic total for MUFG, the Bank, the Trust Bank, MUMSS, and NICOS

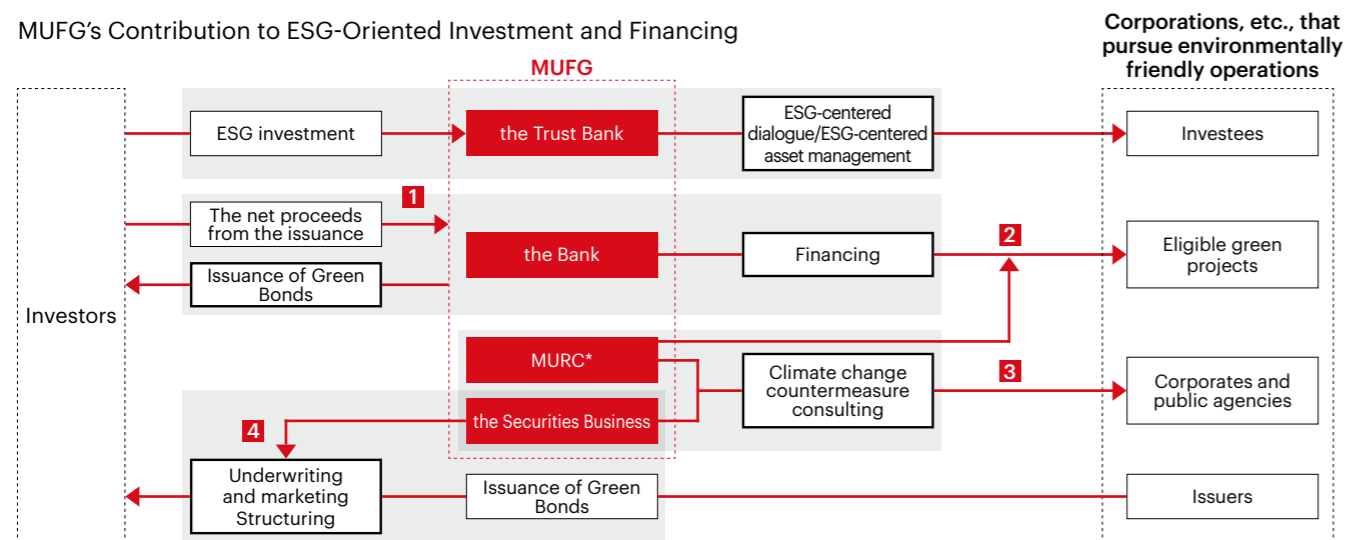
Environmental Initiatives

4 Global warming & climate change

Leveraging Our Financing Functions to Promote Environmental Initiatives

Drawing on its solid track record, abundant know-how and extensive global network, MUFG is acting as project finance arranger and lender in a way that helps curb the impact of climate change. Moreover, we provide consulting services while assisting clients with the issuance of Green Bonds.

MUFG's Contribution to ESG-Oriented Investment and Financing



* Mitsubishi UFJ Research and Consulting Co., Ltd.

1 2 4 Contributing to the Expansion of the Green Bond Market

Green Bonds refer to a type of bond that limits the use of proceeds from its issuance to funding for renewable energy and other projects deemed to be helping preserve the global environment. MUFG is contributing to the expansion of the Green Bond market as an investor, underwriter, issuer and lender.

In addition, the Trust Bank is a leading institutional investor in Asia as well as one of Japan's top Green Bond investors. Meanwhile, in fiscal 2018 MUMSS handled 18 domestic Green Bond public offerings as a lead manager and thereby commanded 29% of shares in terms of the underwriting amount. Among other domestic financial institutions, MUMSS thus boasts an unparalleled track record in this field.

As an issuer, MUFG has issued Green Bonds on a total of four occasions since the first issuance of U.S. dollar-denominated Green Bonds in 2016. Today, the cumulative total value of such bonds issued by

MUFG amounts to approximately US\$1.7 billion (as of March 31, 2019).

The net proceeds from MUFG Green Bonds have been allocated to Eligible Green Projects via the Bank (examples of such projects are described on the facing page). These efforts have contributed to both MUFG and MUMSS being chosen to receive awards from the Minister of the Environment at the Japan Green Bond Awards in the categories of Japan Green Impact and Japan Green Contributor respectively.

Allocation of Funds and Environmental Impact (As of March 31, 2019)

	Balance of Eligible Green Projects funded through the issuance of MUFG Green Bonds (The figure in parentheses represents the number of renewable energy projects)
	US\$2,191 million (43)
	Total annual energy generation
	13,650 million kWh
	Total annual CO ₂ emissions avoided
	6.9 million tons

2 Introducing an ESG Evaluation System for J-REITs*

MUFG has developed a system for evaluating the asset management companies of J-REITs and J-REIT properties from an ESG-centered viewpoint. Taking advantage of this system, we began striving to expand the J-REIT market. Specifically, Mitsubishi UFJ Research and Consulting carries out comprehensive assessments of ESG initiatives undertaken by J-REITs and the asset management companies, and rates them based on a five-grade scale. Loans to J-REITs that received sufficiently high ratings will be prioritized in the allocation of proceeds from MUFG Green Bonds. In fiscal 2018, MUFG has extended a total of ¥6.6 billion to J-REITs since the introduction of this system.

* Japanese-Real Estate Investment Trusts

2 Environmental and Social Risk Management Based on the Equator Principles

As a signatory to the Equator Principles (EP), MUFG Bank supports its clients' environmental and social risk management by identifying, assessing and managing environmental and social risks and impacts associated with large-scale projects by undertaking due diligence in accordance with EP. 46 transactions were subject to EP review and reached financial close in fiscal year 2018 (preliminary figure).

Please visit MUFG's website for further information. <https://www.mufig.jp/english/csr/environment/equator>



2 ESG Management Support Loan

MUFG offers corporate loan products designed to evaluate and support clients' ESG initiatives. Specifically, Mitsubishi UFJ Research and Consulting evaluates clients' initiatives and scores them in tandem with Japan Credit Rating Agency, Ltd. (JCR), thereby providing clients with feedback on the challenges they must address.

Employing these products, the Bank collaborated with regional financial institutions in the development

of a syndicated loan totaling ¥14 billion for Nippon Yusen Kabushiki Kaisha and Nagoya Railroad Co., Ltd. This syndicated loan is certified by JCR as being in conformance with the Green Loan Principles.

3 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) based on the Kyoto Protocol. With the Japanese government acting as an international advocate for this mechanism, MUFG provides consulting services aimed at supporting the formulation and commercialization of financing schemes for initiatives undertaken in developing countries to curb global warming. Drawing on its leading track record and experience in the field of CDM consulting, MUFG assisted a total of 12 JCM projects in fiscal 2018. Going forward, we expect these initiatives to help realize a total reduction in GHG* emissions of approximately 55,000 t-CO₂/year.

In addition, MUMSS has been commissioned by the Ministry of Economy, Trade and Industry (METI) to conduct a study on and act as a secretariat for climate change adaptation businesses for the third consecutive year since 2016. MUMSS also helped upgrade METI's Climate Change Adaptation Good Practices by Japanese Private Sector while hosting a climate change adaptation forum. In this way, MUMSS is contributing to the promotion of adaptation businesses in the Japanese private sector.

Major Projects Supported by MUMSS in Fiscal 2018 for JCM Procedures

Country	Outline of JCM Projects	Estimated volume of reduction in GHG* emissions (Unit: t-CO ₂ /year)
Indonesia	Introduction of technologies aimed at optimizing power plant operations, etc.	23,509
Cambodia	Introduction of high-efficiency street lighting employing LEDs	4,190
The Philippines	Introduction of solar power generation systems at parts factories, etc.	2,821
Vietnam	Introduction of high-efficiency transformers to power distribution networks (two projects)	5,143
Laos	Introduction of high-efficiency data centers	567
Mongolia	Supply of electricity via solar power generation	18,438
Fiscal 2018 Total		54,668

* GHG: greenhouse gas

Social Contributions

Facilitating Social Development through Financing

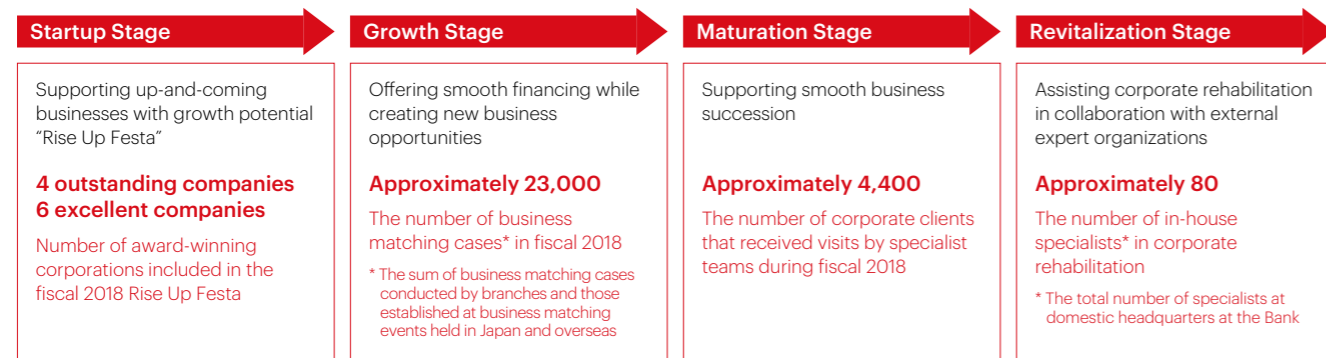
MUFG aims to contribute to social development through financing, the primary function representing its business operations.

In particular, we provide services unique to MUFG to address such issues as the “aging population & low birth rate,” “business incubation & job creation,” and “social infrastructure & town planning.”

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.



2 Business incubation & job creation

Rise Up Festa

Rise Up Festa is a business support program aimed at assisting SMEs and other 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, taking full advantage of its extensive business network and abundant know-how in management support.

In April 2019, MUFG conducted a final screening for the sixth round of this program, with four outstanding companies and six excellent companies being chosen from among the many candidates. Award-winning companies may benefit from various support programs aimed at helping them achieve growth.

2 Business incubation & job creation

5 Financial innovation

Assisting Startups in Their Pursuit of Growth Strategies

MUFG is rallying the Group’s entire strength to provide promising startups with various assistance ranging from business advisory and lending to IPO-related financing.

As part of these efforts, Mitsubishi UFJ Capital launched Mitsubishi UFJ Capital VII, Limited Partnership and Mitsubishi UFJ Life Science II, Limited Partnership in February 2019. These limited liability partnerships boast robust funds totaling ¥15 billion and ¥10 billion, respectively. While the former is aimed at financing promising companies in a range of sectors, including digital and FinTech firms, the latter is expected to finance up-and-coming players in the life science field.

We also provide assistance for the launch of new businesses in FinTech and other cutting-edge technological fields through the MUFG Digital Accelerator Program.

3 Social infrastructure & town planning

Promoting Regional Vitalization

The Bank launched “MUFG Regional Revitalization Fund” aimed at providing customers with smooth financing for facility procurement and working capital as well as advice to help them get their projects on track. Our efforts focus on helping customers meet four basic targets under Japan’s plan for the Dynamic Engagement of All Citizens,* covering community, people and employment. Every year, this fund provides finance for a number of customers, with a total of ¥35.7 billion being extended in fiscal 2018.

The Bank also engages in financing that draws on the government’s subsidized interest payment program for regional revitalization, extending a total of ¥6.8 billion in fiscal 2018 under this program.

* A comprehensive strategic plan formulated by the Headquarters for Overcoming Population Decline and Vitalizing Local Economy in Japan (established by the Cabinet Secretariat in September 2014). In response to the rapid decline in and aging of the country’s population, this plan aims to help create an autonomous and sustainable regional society in a way that takes advantage of characteristics of each region.

2 Business incubation & job creation

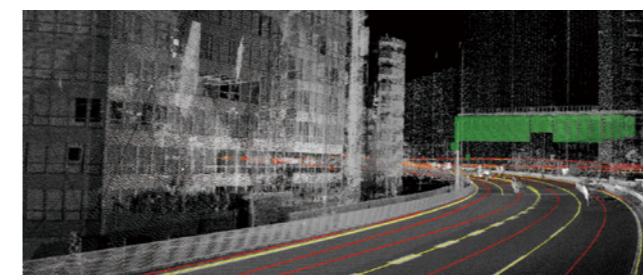
3 Social infrastructure & town planning

Investment in 3D-Mapping Technology for Autonomous Driving

In April 2019, Japan Infrastructure Initiative (JII)* invested ¥2.0 billion in Dynamic Map Platform Co., Ltd. (DMP), a company aimed at providing high-definition (HD) 3D roadmaps, an essential component supporting autonomous driving and other cutting-edge driving assistance technologies. DMP is expected to expand into North America while rolling out its technology to applications other than autonomous driving, with the aim of contributing to the realization of a safe and secure society with higher living standards.

Looking ahead, JII will continue to assist in the development of infrastructure businesses via investment in promising Japanese companies.

* JII was 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.



An example of a high-definition map

1 Aging population & low birth rate

Financial and Economic Education

Given a graying society accompanied by a declining birthrate, a growing number of people are expected to face the need for solutions that ensure the stable accumulation of assets. With this in mind, MUFG is providing various educational programs and seminars tailored to meet the interests of audiences from different age groups, helping them better understand what it takes to begin investing.

In August 2018, the Trust Bank established MUFG Financial Education Institute, a body charged with undertaking a study on bottleneck factors hindering young people from initiating asset building, preparing various educational content and providing advice to financial institutions with regard to product development. Via a website, the institute is publicizing its paper and reports survey and research results. In addition, it hosts symposia, delivering a broad range of information aimed at helping people lead an affluent life after their retirement.

Educational Initiatives by Age Group

- Elementary, junior high and high school students**
 - Domestic and overseas branches welcome local elementary, junior high and high school students, offering them workplace experience programs. We also provide on-demand lectures at local schools.
 - 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 through hands-on experience of banking operations.
 - We have been running an educational program aimed at helping junior high and high school students learn about stock investment. To date, a total of 4,000 students from 50 schools have completed this program.
- University students**
 - We present lectures aimed at enhancing basic financial literacy with regard to managing loans, credit cards and household budgets.
- Businesspersons**
 - For our corporate clients’ employees, we provide seminars dealing with such topics as life planning and asset management. In addition, our website provides a broad range of articles aimed at encouraging viewers to develop their interest in asset building in addition to quizzes and cartoons.



An educational program themed on stock investment

Social Contributions

Nurturing Professionals Who Pursue Innovation in Challenging Environments

As we aim to deliver greater value to customers and society as a whole, we are striving to nurture professionals equipped with distinctive strengths in their areas of specialty as well as human relations skills to ensure that they are capable of succeeding on the global stage. In doing so, we encourage them to take on the challenge of driving innovation.

With this in mind, under the Medium-Term Business Plan (MTBP) we will step up the integrated management of our Group’s human resources around the world.

MUFG Human Resources Principles

The MUFG Human Resources Principles provide the basis on which the Group has built a human resources management platform that aligns with its Corporate Vision. These principles are:

- Shared Values
- HR Mission
- HR Vision
- HR Philosophy

For the full text of the MUFG Human Resources Principles, please also visit our corporate website.
URL: <https://www.mufg.jp/english/csr/policy/>

Human Resources Strategy under the MTBP

To overcome the harsh environment, we will engage in human resources management aimed at supporting groupwide integrated efforts to achieve the objectives of the MUFG Re-Imagining Strategy.

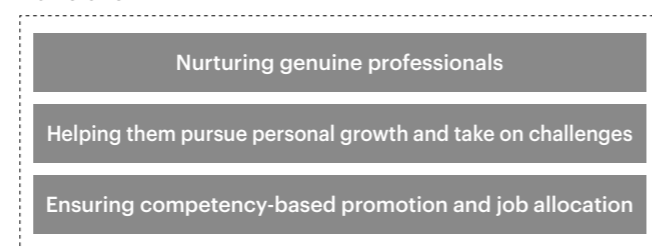
Specifically, we are focusing on ensuring optimal staffing in order to match the competencies of our workforce to jobs while promoting staff exchanges that transcend the boundaries of Group entities, thereby assisting in the execution of business strategies under the MTBP. Furthermore, we are managing employees in Japan and overseas in an integrated manner, practicing more sophisticated human resources management on a global basis.

Taking advantage of the great breadth of operations handled by the MUFG Group, we introduced the Groupwide Posting System, which offers employees opportunities to take on their desired duties in a way that transcends the boundaries of Group entities. The holding company also instituted a new recruiting

framework for securing candidates from a broader range of sources. With the purpose of helping highly skilled individuals pursue greater career success, this framework is designed to provide them with salaries in line with labor market benchmarks unconnected to our conventional pay systems.

Currently, revisions of human resources system are under way at key Group subsidiaries in Japan. This move is intended to nurture a greater number of professionals and ensure human resources management with performance-based assignment. For example, the Bank overhauled its human resources system in April 2019, introducing evaluation and training frameworks designed to support growth and employees’ ability to overcome challenges. Also, the Bank’s new human resources system is thoroughly focused on ensuring performance-based appointment and position-based pay. This is expected to achieve more transparent and fair human resources management that is acceptable to

Objectives of MUFG Bank’s Human Resources System Revisions



Overhaul training policies, conventional human resources management practices and the entire human resources platform to support autonomous career development

employees, encourages their self-development, and creates an environment where employees are satisfied with their daily work and able to continually challenge themselves in pursuit of innovation.

Securing Future Top Management Candidates

MUFG aims to practice a group-based, integrated management approach in regions around the globe and, to this end, seeks future candidates for top management who can lead its businesses accordingly. Having positioned securing such human resources as an important management issue, in fiscal 2018 we established MUFG University to provide special training programs for those in managerial positions or above.

MUFG University offers two different courses, namely, the “Next-Generation Leader Course,” which aims to secure the future leaders of MUFG, and the “Management Course,” which aims to help managers enhance their skills. The former welcomes candidates from among general managers and branch managers and instills practical viewpoints for corporate management while nurturing concept-building capabilities for developing novel financial businesses. This course also provides hands-on

Programs Offered by MUFG University

Next-Generation Leader Course Eligible attendees: General managers and branch managers Number of attendees (fiscal 2018): 133	
Program name	Objective
New Corporate Executive Training	Acquire practical viewpoints for corporate management
Executive Candidate Training	Acquire concept building capabilities to develop financial businesses for the future
Assessment & Coaching	Embrace a new mode of action in daily operations
Management Course Eligible attendees: Managing Directors, deputy general managers and deputy branch managers Number of attendees (fiscal 2018): 72	
Program name	Objective
Global Leaders Forum	Develop leadership for global operations
Liberal Arts Session	Enhance prediction capabilities necessary for making policy judgments through increased exposure to liberal arts concepts
Design & Digital Thinking	Enhance concept building capabilities via exposure to digital thinking methods
Coaching Capability Improvement	Acquire coaching skills to help staff members realize their potential

training based on an “assessment & coaching” approach aimed at helping candidates embrace a new mode of behavior and acquire other traits necessary for corporate management. Meanwhile, the latter course takes on personnel holding the position of Managing Directors, deputy general manager or branch manager, providing a liberal arts education aimed at enriching comprehensive ability and widening perspectives while implementing global leadership training.

Going forward, we will enhance the content of training programs aimed at helping participants acquire coaching and organizational management skills as we aim to nurture managers capable of aiding their staff members in realizing their full potential. Moreover, we will incorporate training for instilling digital literacy, which has become essential to today’s corporate management. In these ways, we will secure future top management candidates capable of leading MUFG’s corporate development.

Nurturing Human Resources Leading in Enacting Reforms

Securing Human Resources Who Drive Digital Transformation

We will recruit and nurture tech specialists who can spearhead digital transformation.

Specifically, we will expand the lineup of job-level based training programs aimed at helping employees acquire practical experience and enhance their digital literacy while proactively hiring digital experts equipped with sophisticated skills.

Enhancing Managers’ Coaching Skills

Today, MUFG is striving to create a sustainable and open minded organizational culture that encourages employees to take on the challenge of realizing innovation and renovation. To this end, MUFG’s managers must be good at drawing out the creativity of their team members and helping them realize their potential so that they can proactively take on higher goals. With this in mind, we will initiate a special program for general or branch managers to help them enhance their coaching skills. Looking ahead, we will roll out coaching education to existing training systems for coverage of an even broader range of job levels.

Social Contributions

Nurturing Global Human Resources

Today, the MUFG Group has expanded into more than 50 countries around the globe, with approximately 53% of its entire workforce being accounted for by overseas employees (as of May 31, 2019).

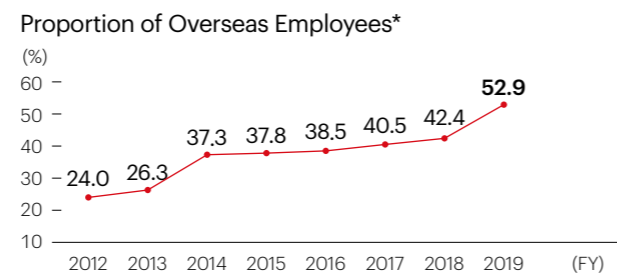
With this in mind, we are employing a globally unified human resources platform to nurture professionals with diverse backgrounds and offer them greater career opportunities. This approach is expected to enhance our organizational strength. In taking this approach, we promoted a growing number of those hired overseas to managerial posts while preparing a multinational list of key managerial candidates, that is being periodically reviewed to preclude any biases.

In addition, we regularly hold the Global LEAD Program, mainly for those in department head positions. Hosting diverse participants coming from the Bank, the Securities Business, Krungsri, MUFG Union Bank and other Group entities serving various regions, the forum provides training aimed at helping them acquire essential leadership knowledge, embrace global perspectives and develop other fundamental global leadership traits.

Also, the Bank and the Securities HD have taken advantage of the globally unified human resources management platform to appoint managing director candidates from among those hired overseas. Regardless of the place of their hiring, promising candidates are assigned leading roles in the execution

of global business strategies. By doing so, we also help them develop career track records encompassing a broad range of fields.

As a result of the aforementioned initiatives, we have seen improved motivation among individuals hired overseas, and their drive is helping to facilitate positive competition among employees while expanding the pool of candidates. In short, our approach is creating a positive feedback loop, boosting our organizational strength. Today, a growing number of individuals hired overseas have been promoted to managerial posts. For example, 13 of these individuals, including four women, have assumed executive officer positions at the Bank (as of March 31, 2019).



* Proportion of overseas employees in the number of employees (consolidated basis), including part-time and temporary employees, presented in the financial reports. However, the number of employees at Bank Danamon is as of December 31, 2018.

Note: Total headcount is as of May 31, 2019, reflecting the inclusion of Bank Danamon into the scope of consolidation.

6 Workstyle reforms

Promoting Workstyle Reforms

MUFG is striving to develop a working environment that allows employees to thoroughly focus on assessing customer needs and deliver greater value. To this end, we are promoting workstyle reforms on various fronts.

To help realize more flexible workstyles, we encouraged location-free operations via, for example, the utilization of satellite offices while allowing a greater number of employees to work from home. In fiscal 2018, approximately 1,000 more Group employees began working from home (sum of figures for the Bank, the Trust Bank and MUMSS).

In order for the MUFG Group to realize innovation, the Group must create a workplace in which each

employee can find his/her job rewarding. To this end, we implement annual Awareness Surveys encompassing all Group members and assess challenges they are now confronting. Findings from these surveys are widely utilized in the formulation and execution of human resources management policies.

Reducing Overtime Working Hours

In Japan, efforts are steadily under way to reduce overtime working hours. The Bank, for example, succeeded in reducing the ratio of employees who worked overtime of more than 60 hours per month from 4.3% in fiscal 2014 to 2.9% in fiscal 2018 by, for example, encouraging employees to stagger their working hours.

Promoting Inclusion & Diversity

MUFG aims to ensure that all its employees, who boast a diverse range of backgrounds, work as one team and are allowed to maximize their individual potential and fulfill their career goals. To that end, we are helping raise their awareness while developing various programs to support them.

These efforts are focused on facilitating an appreciation of each other's uniqueness and creating an inclusive workplace in which everyone can work in confidence regardless of religion, disability, sexual orientation or gender identity.

MUFG Union Bank was selected by Diversity Inc. as one of the Top 50 U.S. Companies for Diversity in 2018, and for the sixth consecutive year, MUFG earned a 100 percent score on the Human Rights Campaign Corporate Equality Index. Inclusion & Diversity will remain important principles at MUFG, as we continue to embrace the unique perspectives of our colleagues, communities, and clients.

In Japan, the Bank's Marunouchi Head Office has in place a prayer room that accommodates various religious needs. Also, the Bank has distributed tablet terminals equipped with voice recognition software for employees with hearing disabilities.

Assisting Women with Career Development

In Japan, the Bank, the Trust Bank and MUMSS identified a mutual goal: raising their ratios of female employees in managerial positions to 24% by March 31, 2021. Moreover, we aim to identify top management candidates from among this employee group. Our measures to this end include training sessions designed to help candidates inspire one another, round-table meetings with executives and the provision of a mentoring system. We are thus striving to raise their awareness of corporate management.

Overseas, we set a goal of raising the ratio of female managers in the Group's workforce in the United Kingdom by 10% by 2022 as part of our ongoing efforts to ensure gender equality and support women's career development.

Support for Balancing Work and Life Events

MUFG is working to create environments that enable both men and women to continue career development regardless of whether they are on prenatal leave, parenting, or providing nursing care. In Europe, for example, we hold seminars through our employee network to help employees balance life events. The number of employees taking childcare leave is increasing year on year, and we hope that all employees will become more aware of efficiency and productivity. In this way, we support the participation of men in childcare. For example, in the Bank and the Securities Business, the percentage of men taking childcare leave is high, 84% for the Bank and 100% for the Securities Business. However, since men tend to take only short periods of childcare leave, we strongly recommend that men take childcare leave for about one month. In addition, the ratio of male employees among MUAH employees who took childcare leave stood at 36%.*

* As of fiscal 2017

MUFG also believes that raising managers' awareness is key to effectively facilitating the creation of an inclusive working environment and provides special training to achieve this end. We are therefore endeavoring to increase the number of managers who place sufficient focus on staff training, strive to ensure that their staff members feel their job rewarding and extend generous support to help them enhance performance.

Please also refer to the Diversity Report for the detail of these initiatives. URL: https://www.mufg.jp/english/csr/employee/diversity_report/

Upgrading the Governance Framework

Enhance Our Corporate Governance Structure

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.

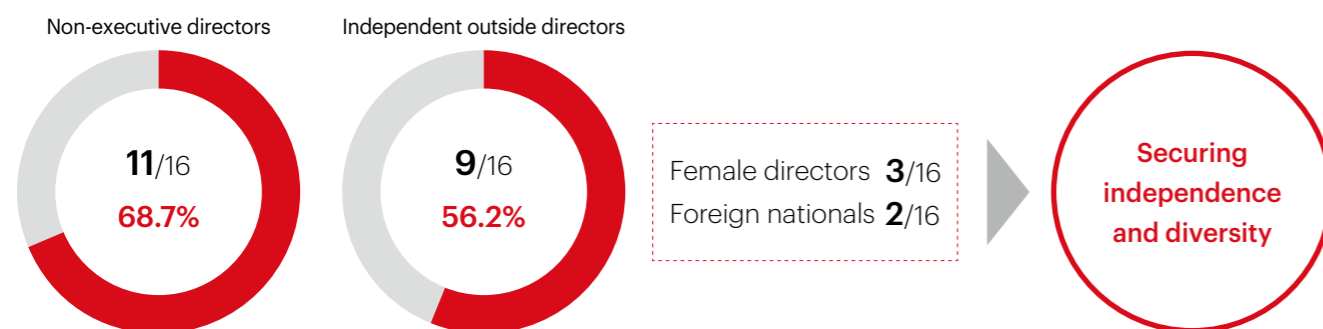
Steps to Improve Our Governance Structure

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

Corporate Governance Development

	October 2005~	June 2015	June 2016	June 2017	June 2018	June 2019
Governance Structure	Company with a Board of Corporate Auditors	2015 Company with Three Committees				
Committees under the Board of Directors	2005 Nomination Committee 2005 Compensation Committee 2005 Internal Audit and Compliance Committee	2008 Nomination and Compensation Committee	2013 Risk Committee	2015 Nominating and Governance Committee (Statutory Nominating Committee)	2015 Compensation Committee (Statutory)	2015 Audit Committee (Statutory) 2015 Risk Committee
Board of Directors Operations		2013 Evaluation of Board of Directors		2015 Independent Outside Directors Meeting/ Appointment of Lead Independent Outside Director		2016 U.S. Risk Committee
Policy				2015 MUFG Corporate Governance Policies		
Outside Directors		Six	Seven	Eight (Two foreign nationals)	Eight (To make up the majority)	Nine

Independence and Diversity of Directors

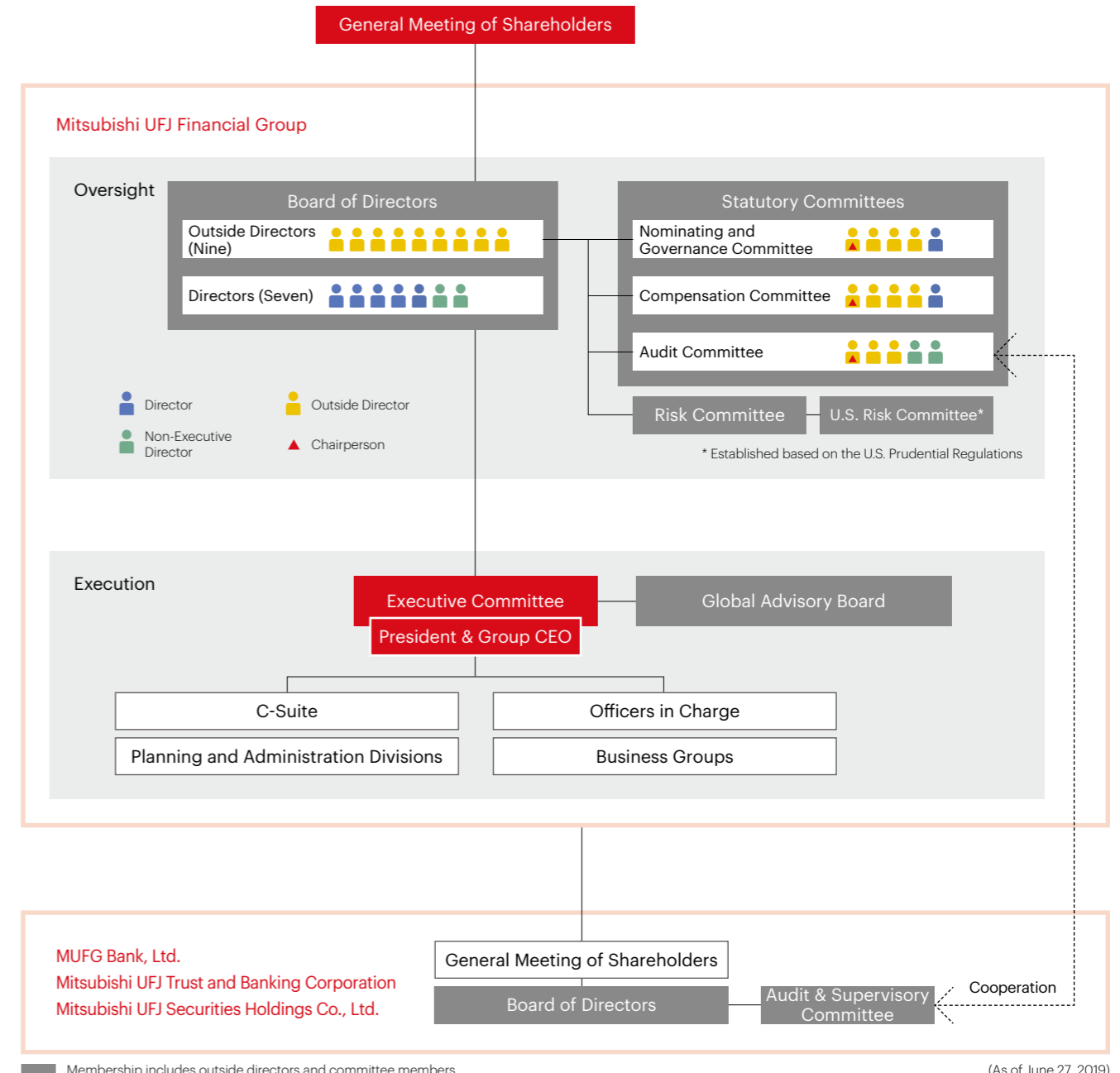


more effective governance. In June 2017, two foreign nationals were appointed as directors. In June 2018, the total number of directors was decreased, with outside directors accounting for the majority of the Board of Director membership.

Due to these appointments, nine out of the current 16 members of the Board of Directors are independent outside directors and include three women as well as two foreign nationals (from the United States and Thailand). With their backgrounds ranging from corporate managers, financial experts and lawyers to CPAs, the composition of outside directors are well-balanced in terms of specialty, region and gender.

In line with the succession plan formulated by the Nominating and Governance Committee, in April 2019, MUFG appointed a Group CEO and, in June 2019, three outside directors and one director.

Management Structure



Upgrading the Governance Framework

Fiscal 2018 Initiatives

Following the transition to the “company with three committees” governance structure in June 2015, there was a significant decrease in the number of agenda items and the volume of materials for Board of Directors meetings. This was thanks to a review of agenda items and the Board of Directors’ operations as a whole, including meeting frequency.

Specifically, over the course of a period spanning fiscal 2015 through fiscal 2018 the number of agenda items was cut approximately 36%. Over the same period, the total page count with regard to materials provided to members was reduced by 282. Thus, the time allocated for discussing single agenda items has increased. As a result, the average length of regularly scheduled Board of Directors meetings has almost doubled from three hours 16 minutes in fiscal 2015 to six hours 19 minutes in fiscal 2018. In addition, more than half the time spent in Board of Directors meetings held in fiscal 2018 was allocated to the

deliberation of specific subjects, allowing for more vigorous debate in the Board room. Also, since the June 2017 inclusion of foreign national outside directors, all meeting materials have been translated into English, while all Board of Directors meetings are attended by simultaneous interpreters.

Main agenda items discussed by the Board of Directors in fiscal 2018 are listed at the bottom of this page. At one meeting with the theme “acquisition of the CFSGAM Group,” the Board of Directors benefited from input from outside directors with regard to post-acquisition management focused on identifying extant decision making processes at the acquired company and how to assess other key management information. They also contributed opinions on how to identify significant issues based on business-specific due diligence findings and suggested how to resolve them. Thanks to outside directors who contributed their specialist expertise, discussions by the Board of Directors were quite active.

Outline of Committees and Their Fiscal 2018 Initiatives

Nominating and Governance Committee

The Committee is composed of outside directors and the CEO, with an outside director as Chairperson. The Committee discusses matters related to the Chairman, Deputy Chairman, President, and other major management positions in the holding company or major subsidiaries, as well as corporate governance policies and frameworks in place at these entities, and makes recommendations to the Board of Directors. Of these, the Committee met seven times to discuss the appointment of the Group CEO candidate.

Compensation Committee

The Committee is composed of outside directors and the CEO, with an outside director as Chairperson. The Committee decides on matters associated with the compensation of directors and corporate executives at the holding company and its subsidiaries and makes recommendations to the Board of Directors.

Audit Committee

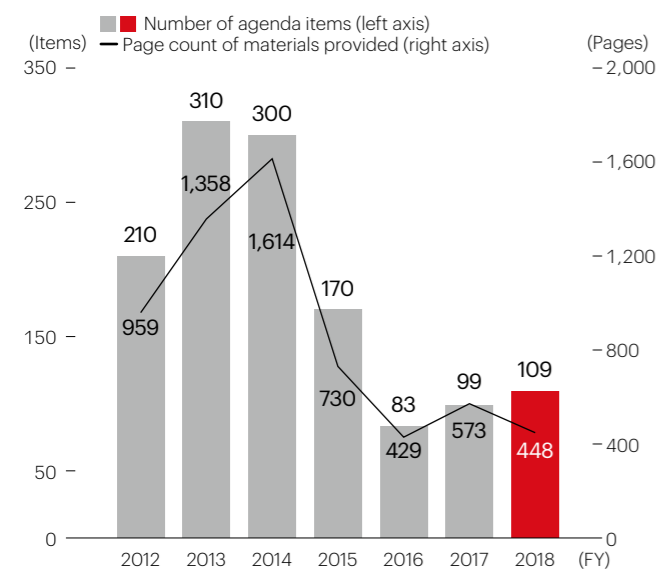
The Committee is composed of outside directors and non-executive directors, with an outside director as Chairperson. The Committee examines the execution of business by directors and corporate executives and prepares auditing reports. It also examines the business and financial situation of the holding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

Risk Committee

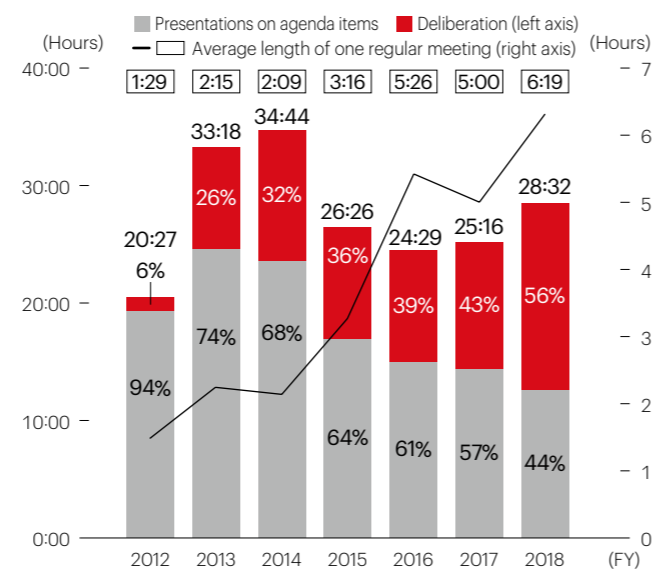
The Committee is composed of corporate executives, outside directors and outside expert members, with an outside director as Chairperson. It mainly examines important risk factors, such as foreign currency liquidity risk, that may impact on business operations while paying close attention to cyber attacks and other significant IT risks in anticipation of Tokyo Olympic games, and submits its recommendations to the Board of Directors.

In addition, the U.S. Risk Committee has been in place from 2016 and operates under the Risk Committee.

Number of Agenda Items/Page Counts of Materials Provided



Length of Board of Directors Meetings (hours)



Examples of Agenda Items Discussed by the Board of Directors in Fiscal 2018

- Business planning for fiscal 2019
- Reporting from C-Suite constituents
- Review of fiscal 2018 MUFG Group employee awareness survey results (including reporting on corporate culture-related initiatives)
- Reporting on progress of strategic investment in Bank Danamon
- The acquisition of the CFSGAM Group
- Revisions of MUFG Corporate Governance Policies and Committee Charters and Rules
- Revisions of Roles for the Board of Directors and Rules on Staffing
- Measures for enhancing shareholder returns and financial performance targets

Fiscal 2018 Status of the Board of Directors and Committee Meetings

	Board of Directors	Nominating and Governance	Compensation	Audit	Risk
Number of meetings	9	13	7	17	4
Attendance ratio (all members)	100%	98%	97%	99%	87.5%
Attendance ratio (outside directors)	100%	98%	97%	100%	87.5%

Committee Membership*

		Nominating and Governance	Compensation	Audit	Risk
Mariko Fujii	Outside director	○	○		◎
Kaoru Kato	Outside director			○	
Haruka Matsuyama	Outside director	○	◎		
Toby S. Myerson	Outside director				○
Hirofumi Nomoto	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			○	
Kanetsugu Mike	Director, President & Group CEO	○	○		
Naomi Hayashi	Managing corporate executive, Group CSO				○
Naoko Nemoto	Outside expert				○
Kenzo Yamamoto	Outside expert				○

* ◎ represents Chair of each committee

(As of June 27, 2019)

Upgrading the Governance Framework

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.

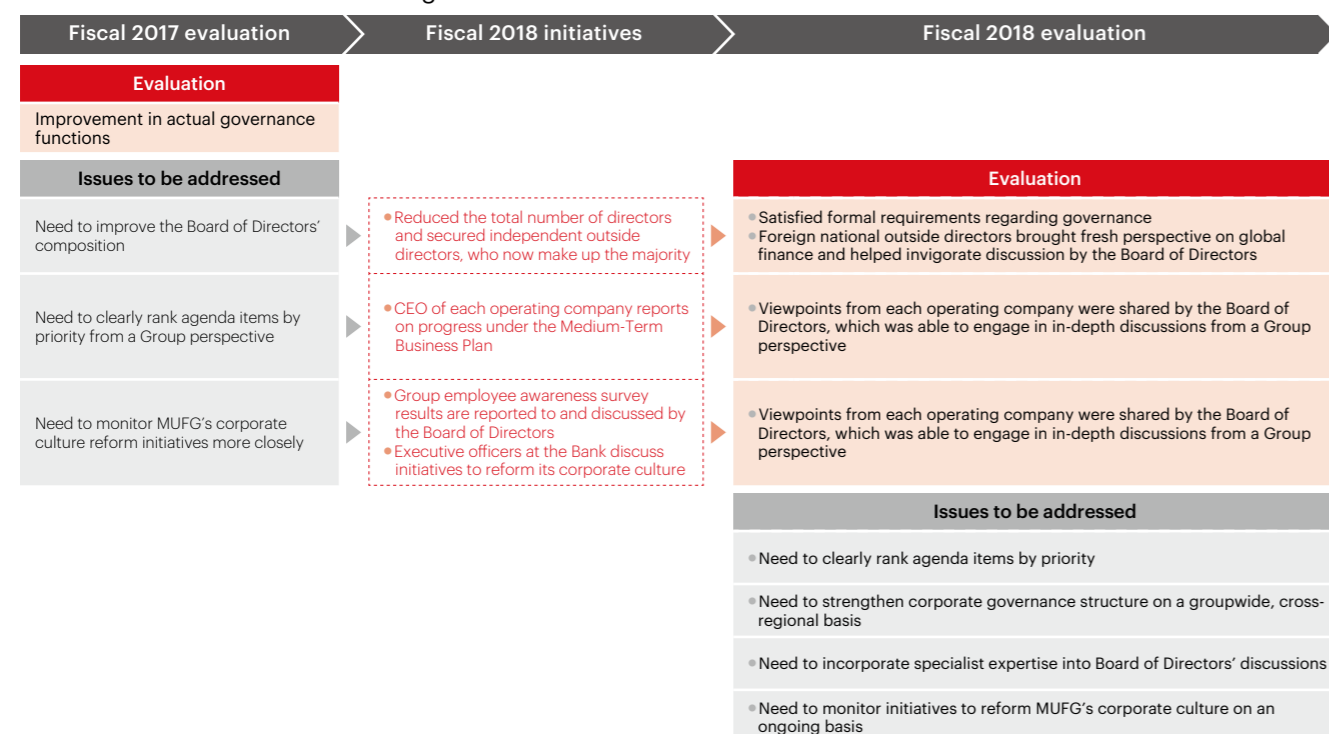
In the course of the fiscal 2018 evaluation, interviews were undertaken in January and February 2019 and completed questionnaires collected. According to the evaluation, MUFG was successful in steadily upgrading its corporate governance structure, making ongoing progress despite the major challenges it is confronting as a global financial institutions. In addition, the execution of the process leading up to the appointment of the Group CEO was evaluated as a best practice demonstrating how

to handle a pivotal issue with thoughtful discussion that employs a broad perspective and exemplifying good governance in terms of how governance systems should actually function.

On the other hand, the evaluation also identified following issues needing to be addressed to improve the effectiveness of the Board of Directors' operations: (1) agenda items must be clearly ranked by priority, (2) the corporate governance structure must be strengthened on a groupwide, cross-regional basis, for example, by stepping up the coordination of governance functions in place at Group companies at home and abroad, (3) the Board of Directors must incorporate external input from specialists in its discussions of strategic areas, and (4) corporate culture reform initiatives currently under way must be monitored more closely.

Facing a business environment and management challenges that are ever more complex, MUFG is formulating measures to address the aforementioned issues. By doing so, MUFG will enhance the Board of Directors' quality of discussion, enabling it to speedup decision making and thereby resolve these challenges.

Fiscal 2018 Evaluation of the Working Practices of the Board of Directors



Roles Outside Directors Are Expected to Fulfill

At MUFG, outside directors are expected to fulfill the following six roles.

Supervise executives' duties from an independent and objective standpoint	Exercise the oversight of conflicts of interest that may occur between MUFG and top management executives or MUFG and controlling shareholders
Provide advice and other assistance to top management executives based on their experience and expertise	Contribute to sustainable corporate development and medium- to long-term growth in MUFG's corporate value
Engage in timely and appropriate decision making in the course of deliberating investment and other management judgments via the careful examination of the reasoning behind the proposals and other information presented to them	Sufficiently discuss matters reported or proposed by top management executives by requesting supplementary explanation where necessary and by contributing their opinions

Name	Current position at MUFG and committee-related duties	Specialty	Reasons for appointment
Mariko Fujii	Member of the Board of Directors Chair of the Risk Committee Member of the Nominating and Governance Committee and the Compensation Committee	Finance	Having worked for the Ministry of Finance, Ms. Fujii has been serving as a professor at the University of Tokyo's Research Center for Advanced Science and Technology and ambassador extraordinary and plenipotentiary of Japan. She has thus accumulated specialist expertise in finance and economics while boasting extensive experience in these fields.
Kaoru Kato	Member of the Board of Directors Member of the Audit Committee	Corporate management	Mr. Kato has fulfilled a number of key management positions, including President & CEO of NTT DOCOMO, Inc. and is equipped with extensive experience as a corporate manager and invaluable expertise.
Haruka Matsuyama	Member of the Board of Directors Chair of the Compensation Committee Member of the Nominating and Governance Committee	Legal affairs	Ms. Matsuyama boasts extensive experience as a lawyer and is equipped with specialist expertise in a broad range of legal affairs.
Toby S. Myerson	Member of the Board of Directors Member of the Risk Committee	Legal affairs	Mr. Myerson boasts extensive experience as a lawyer and is equipped with specialist expertise in corporate legal affairs and M&A.
Hirofumi Nomoto	Member of the Board of Directors Member of the Nominating and Governance Committee and the Compensation Committee	Corporate management	Having fulfilled a number of key management positions, including that of President & Representative Director of Tokyu Corporation, Inc., Mr. Nomoto is currently serving as Chairman & Representative Director of this firm and boasts extensive experience and invaluable expertise as a corporate manager.
Tsutomu Okuda	Member of the Board of Directors Chair of the Nominating and Governance Committee Member of the Compensation Committee	Corporate management	Mr. Okuda has fulfilled a number of key management positions, including President and CEO and Chairman & CEO of J. Front Retailing Co., Ltd., boasting extensive experience and invaluable expertise as a corporate manager.
Yasushi Shingai	Member of the Board of Directors Member of the Audit Committee and the Risk Committee	Corporate management/ Finance & accounting	Mr. Shingai has fulfilled a number of key management positions, including Senior Vice President & CFO of Japan Tobacco Inc., Executive Vice President and Deputy CEO of JT International S.A., and Representative Director and Executive Vice President of Japan Tobacco Inc., boasting extensive experience as a corporate manager as well as specialist expertise in corporate finance and accounting systems and M&A.
Tarisa Watanagase	Member of the Board of Directors Member of the Risk Committee	Finance	Having served as Governor of the Bank of Thailand, Ms. Watanagase boasts extensive experience as an economist and is equipped with specialist expertise in finance and economy.
Akira Yamate	Member of the Board of Directors Chair of the Audit Committee	Finance & accounting	Mr. Yamate boasts extensive experience as a CPA and is equipped with specialist expertise in accounting and auditing.

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. MUFG is striving to ensure that outside directors are given sufficient information about agenda items by providing them with materials and giving presentations before meetings. In addition, outside directors have opportunities outside the Board and committee meetings to intensively deliberate on the MUFG

Group's business strategies and issues. Moreover, we strive to secure robust communication between outside directors and MUFG's managerial positions by holding special meetings on multiple occasions. Our efforts to increase opportunities for outside directors to understand MUFG's business operations resulted in the enhancement of the quality of discussions at Board meetings, leading to a number of improvements in actual corporate governance functions. In fiscal 2018, we held Board Educational Sessions themed on subjects listed in the chart below.

Subjects Addressed at Board Educational Sessions Held in Fiscal 2018

Digital	<ul style="list-style-type: none"> Digital transformation strategies MUFG Payment Network MUFG's settlement strategies (domestic) 	Internal Control	<ul style="list-style-type: none"> Cyber security threats and countermeasures against such threats
Global	<ul style="list-style-type: none"> Human resources exchange and development on a global basis Overview of MUFG's businesses in Asia Status of inorganic strategies being considered Overview of MUFG's businesses in Europe Exchanges of opinions to which MUAH and MUFG Union Bank directors are invited 	Business	<ul style="list-style-type: none"> Development of an asset management value chain aimed at promoting the wealth management business Strategies for GCIB Business planning for fiscal 2019 (presentations by heads of six business groups) Upgrading methods for subsidiary management
		Other	<ul style="list-style-type: none"> Revisions of the human resources management system

Conference Regarding U.S. Operations

MUFG maintains key subsidiaries in the United States. Thus, it is quite important to ensure that we share the same understanding of the managerial challenges across entities. In order to achieve this, the company emphasizes multi-directional communications and mutual understanding.

In fiscal 2018, these meetings addressed global issues faced by MUFG. Attendees engaged in lively discussion over topics such as compliance with anti-financial crime regulations and other regulations.

To further this goal, MUFG convenes periodic meetings attended by MUAH and MUFG Union Bank independent directors, outside directors from MUFG and the Bank, C-Suite of MUFG Group Companies, and other domestic officers.

Going forward, in an effort to facilitate mutual understanding and develop an even stronger governance structure, we pledge to maintain robust communications.

Session 1	MUAH Risk Committee Chair presentation on financial crime-related issues and various risks associated with operations in the Americas
Session 2	Joint presentation session with independent directors, risk committee members, and audit committee members from MUFG and MUAH
Session 3	Theme-specific discussions led by MUFG executive members Exchanging opinions with regard to Group strategies, IT and digitalization, human resources management, compliance, audits and other key issues that must be addressed by MUFG



Compensation System

MUFG 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, the Bank and the Trust Bank as well as the Securities HD. 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.

Outline of Compensation System

Underlying Concepts and Objectives
MUFG's stance on the determination of compensation is focused on ensuring the steady implementation of its management policies as well as securing sustainable corporate expansion and medium- to long-term growth in corporate value. Accordingly, MUFG 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. MUFG also determines compensation by giving due consideration to the operating results, financial soundness and domestic and overseas regulatory requirements associated with these recipients. In addition, MUFG mandates that a highly objective and transparent system must be in place for the determination of compensation. The level of compensation may be adjusted in light of prevailing economic, social and industrial trends, the business environment surrounding the MUFG Group, its consolidated business performance and the status of employment markets in the place where hiring is taking place. In the course of determining compensation, MUFG also refers to data gleaned via objective research undertaken by external specialists with the intention of setting it at a level appropriate to maintaining competitiveness.

In May 2018, MUFG 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. This revision was intended to increase the proportion of performance-based compensation and is expected to better harmonize our compensation system with shareholders' interests while incentivizing recipients to contribute to medium- to long-term improvement in corporate performance.

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
	Stock Compensation (non-performance-based)	Corresponding to the base amount determined depending on position	At the time of retirement*7
3	Stock Compensation (mid-to-long-term performance-based**)	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**)	Base amount determined depending on the position Performance factor*5 [single FY evaluation] 1) Consolidated net business profits 2) Profits attributable to owners of parent 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 MUFG *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

Board of Directors


As of July 1, 2019

● Type and Number of MUFG Shares Owned as of March 31, 2019
(Dilutive Shares: The number of corresponding vested points in the stock compensation system using a trust structure.)
■ Attendance at Board of Directors Meetings (FY2018)




Member of the Board of Directors (Outside Director)
Mariko Fujii
● Ordinary Shares: 0 ■ —
Former Ambassador Extraordinary and Plenipotentiary of Japan to the Republic of Latvia
Emeritus Professor of The University of Tokyo

April 1977 Joined Ministry of Finance of Japan
July 1997 Director, International Affairs and Research Division, Customs and Tariff Bureau, Ministry of Finance
April 1999 Associate Professor, Research Center for Advanced Science and Technology, the University of Tokyo
March 2001 Professor, Research Center for Advanced Economic Engineering, the University of Tokyo
April 2004 Professor, Research Center for Advanced Science and Technology, National University Corporation, the University of Tokyo
June 2014 Outside Director of Electric Power Development Co., Ltd.
October 2015 Retired from the University of Tokyo
Retired from Outside Director of Electric Power Development Co., Ltd.
Ambassador Extraordinary and Plenipotentiary of Japan to the Republic of Latvia
June 2016 Emeritus Professor of The University of Tokyo (current)
January 2019 Retired from Ambassador of Japan to the Republic of Latvia
June 2019 Outside Director of NTT DATA Corporation (current)
Member of the Board of Directors (Outside Director), MUFG (current)




Member of the Board of Directors (Outside Director)
Kaoru Kato
● Ordinary Shares: 0 ■ —
Corporate Advisor, NTT DOCOMO, INC.

April 1977 Joined Nippon Telegraph and Telephone Corporation (NTT)
July 1999 General Manager of Plant Department of NTT Kansai Mobile Communications Network, Inc.
April 2000 General Manager of Plant Department of NTT DoCoMo Kansai, Inc.
June 2002 General Manager of Corporate Strategy and Planning Department, Member of the Board of Directors of NTT DoCoMo Kansai, Inc.
July 2005 Representative Director and Senior Corporate Executive Officer of Sumitomo Mitsui Card Co., Ltd.
July 2007 Executive Vice President, General Manager of Corporate Strategy and Planning Department, Member of the Board of Directors of NTT DoCoMo Kansai, Inc.
June 2008 Executive Vice President, General Manager of Corporate Strategy and Planning Department, Member of the Board of Directors of NTT DOCOMO, Inc.
June 2012 President and Chief Executive Officer, Member of the Board of Directors of NTT DOCOMO, Inc.
June 2016 Corporate Advisor, Member of the Board of Directors of NTT DOCOMO, Inc.
June 2018 Corporate Advisor of NTT DOCOMO, Inc. (current)
June 2019 Member of the Board of Directors (Outside Director), MUFG (current)




Member of the Board of Directors (Outside Director)
Haruka Matsuyama
● Ordinary Shares: 3,300 ■ 9/9
Partner, Hibiya Park Law Offices

April 1995 Assistant Judge, the Tokyo District Court
July 2000 Registered as an attorney at law, Member of the Daini Tokyo Bar Association
Joined Hibiya Park Law Offices
January 2002 Partner of Hibiya Park Law Offices (current)
June 2012 Outside Corporate Auditor of Vitec Co., Ltd.
June 2013 Outside Director of T&D Holdings, Inc. (current)
June 2014 External Audit & Supervisory Board member of MITSUI & CO., LTD. (current)
Member of the Board of Directors (Outside Director), MUFG (current)
June 2015 Outside Director of Vitec Co., Ltd. (currently Restar Holdings Corporation) (current)




Member of the Board of Directors (Outside Director)
Toby S. Myerson
● Ordinary Shares: 368*1 ■ 9/9
Chairman & CEO, Longsight Strategic Advisors LLC

September 1977 Registered as an attorney at law, admitted in States of California and New York in the United States
October 1981 Joined Paul, Weiss, Rifkind, Wharton & Garrison LLP
June 1983 Partner of Paul, Weiss, Rifkind, Wharton & Garrison LLP
April 1989 Managing Director of Wesserstein Perella & Co. Inc
November 1990 Partner of Paul, Weiss, Rifkind, Wharton & Garrison LLP
June 2014 Outside Director of MUFG Union Bank, N.A. (current)
December 2016 Retired from Paul, Weiss, Rifkind, Wharton & Garrison LLP
January 2017 Chairman & CEO of Longsight Strategic Advisors LLC (current)
February 2017 Outside Director of MUFG Americas Holdings Corporation (current)
June 2017 Member of the Board of Directors (Outside Director), MUFG (current)
January 2019 Independent Director, TRU (UK) Asia Limited (current)



Member of the Board of Directors (Outside Director)
Hirofumi Nomoto
● Ordinary Shares: 25,000 ■ —
Chairman & Representative Director, Tokyu Corporation

April 1971 Joined Tokyu Corporation
April 2003 Executive General Manager of Media Business Headquarters of Tokyu Corporation
April 2004 President & Representative Director of its communications Inc.
June 2007 Director of Tokyu Corporation
Executive Officer of Real Estate Development Business Unit of Tokyu Corporation
January 2008 Managing Director of Tokyu Corporation
June 2008 Senior Managing Director of Tokyu Corporation
April 2010 Executive Officer & Senior Executive General Manager of Urban Life Produce Business Unit of Tokyu Corporation
June 2010 Senior Managing Director & Representative Director of Tokyu Corporation
April 2011 President & Representative Director, Tokyu Corporation
April 2018 Chairman & Representative Director, Tokyu Corporation (current)
June 2019 Member of the Board of Directors (Outside Director), MUFG (current)



Member of the Board of Directors (Lead Independent Outside Director)
Tsutomu Okuda
● Ordinary Shares: 26,100 ■ 9/9
Special Advisor, J. Front Retailing Co., Ltd.


April 1964 Joined The Daimaru, Inc.
September 1991 Managing Director of Daimaru Australia Pty. Ltd.
May 1995 Director of The Daimaru, Inc.
May 1996 Managing Director of The Daimaru, Inc.
March 1997 President of The Daimaru, Inc.
May 2003 Chairman and chief executive officer of The Daimaru, Inc.
September 2007 Chairman of The Daimaru, Inc.
President and Chief Executive Officer of J. Front Retailing Co., Ltd.
Chairman and Chief Executive Officer of J. Front Retailing Co., Ltd.
Director and Senior Advisor of J. Front Retailing Co., Ltd.
March 2010 Senior Advisor of J. Front Retailing Co., Ltd.
April 2013 Member of the Board of Directors (Outside Director), MUFG (current)
May 2014 Special Advisor of J. Front Retailing Co., Ltd. (current)
June 2014
May 2018

*1 Ownership substantially in the form of American Depositary Receipts (ADRs)
*2 For Mr. Yasushi Shingai and Mr. Saburo Araki, their "attendance at Board of Directors Meetings" represents the number of meetings attended/the number of meetings held following their assumption of the office as director at MUFG in June 2018.




Member of the Board of Directors (Outside Director)
Yasushi Shingai
● Ordinary Shares: 0 ■ 8/8*2
Former Executive Deputy President and Representative Director of Japan Tobacco Inc.

April 1980 Joined Japan Tobacco and Salt Public Corporation (current Japan Tobacco Inc.)
July 2001 Vice President of Finance Planning Division of Japan Tobacco Inc.
June 2004 Senior Vice President, Head of Finance Group of Japan Tobacco Inc.
July 2004 Senior Vice President, Chief Financial Officer of Japan Tobacco Inc.
June 2005 Member of the Board, Senior Vice President, and Chief Financial Officer of Japan Tobacco Inc.
June 2006 Member of the Board of Japan Tobacco Inc., Executive Vice President and Deputy CEO of JT International S.A.
June 2011 Representative Director and Executive Vice President of Japan Tobacco Inc.
June 2014 External Board Director of Recruit Holdings Co., Ltd.
January 2018 Member of the Board of Japan Tobacco Inc.
March 2018 Outside Director of Asahi Group Holdings, Ltd. (current)
June 2018 Member of the Board of Directors (Outside Director), MUFG (current)
June 2019 Outside Director of Dai-ichi Life Holdings, Inc. (current)




Member of the Board of Directors (Outside Director)
Tarisa Watanagase
● Ordinary Shares: 0 ■ 9/9
Former Governor, the Bank of Thailand

June 1975 Joined the Bank of Thailand
January 1988 Economist, International Monetary Fund (On the Secondment)
October 2002 Deputy Governor of the Bank of Thailand
November 2006 Governor of the Bank of Thailand
September 2010 Retired from the Bank of Thailand
March 2013 Outside Director of the Siam Cement Public Company Limited (current)
June 2017 Member of the Board of Directors (Outside Director), MUFG (current)




Member of the Board of Directors (Outside Director)
Akira Yamate
● Ordinary Shares: 0 ■ 9/9
Certified Public Accountant


November 1977 Joined Price Waterhouse Japan
March 1983 Registered as Certified Public Accountant in Japan
July 1991 Representative Partner of Aoyama Audit Corporation
Partner of Price Waterhouse
April 2000 Representative Partner of Chuo Aoyama Audit Corporation
Partner of PricewaterhouseCoopers
September 2006 Representative Partner of PricewaterhouseCoopers Aarata
June 2013 Resigned from PricewaterhouseCoopers Aarata
External Audit & Supervisory Board Member of Nomura Real Estate Holdings, Inc.
External Audit & Supervisory Board Member of Nomura Real Estate Development, Co., Ltd.
June 2015 Retired from External Audit & Supervisory Board Member of Nomura Real Estate Development, Co., Ltd.
Member of the Board of Directors (Outside Director), MUFG (current)
External Director of Nomura Real Estate Holdings, Inc.
External Member of Board of Statutory Auditors, Prudential Holdings of Japan, Inc. (current)
June 2019 External Director of Nomura Real Estate Development, Co., Ltd. (current)



Member of the Board of Directors Audit Committee Member
Tadashi Kuroda
● Ordinary Shares: 124,600 Dilutive Shares: 69,981 ■ 9/9



Member of the Board of Directors Audit Committee Member
Junichi Okamoto
● Ordinary Shares: 182,800 ■ 9/9



Member of the Board of Directors Chairman (Corporate Executive)
Nobuyuki Hirano
● Ordinary Shares: 80,400 Dilutive Shares: 625,577 ■ 9/9
Member of the Board of Directors, MUFG Bank, Ltd.



Member of the Board of Directors Deputy Chairman (Representative Corporate Executive)
Mikio Ikegaya
● Ordinary Shares: 75,630 Dilutive Shares: 304,796 ■ 9/9
President and CEO, Mitsubishi UFJ Trust & Banking Corporation



Member of the Board of Directors Deputy Chairman (Representative Corporate Executive)
Saburo Araki
● Ordinary Shares: 210,980 Dilutive Shares: 61,520 ■ 8/8*2
President & CEO, Mitsubishi UFJ Securities Holdings Co., Ltd.
President & CEO, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.



Member of the Board of Directors President & Group CEO (Representative Corporate Executive)
Kanetsugu Mike
● Ordinary Shares: 49,055 Dilutive Shares: 356,140 ■ 9/9
President & CEO, MUFG Bank, Ltd.



Member of the Board of Directors Deputy President (Representative Corporate Executive) Group COO & Group CDTO
Hironori Kamezawa
● Ordinary Shares: 25,500 Dilutive Shares: 251,725 ■ —
Member of the Board of Directors, Deputy President, MUFG Bank, Ltd.

Upgrading the Governance Framework

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
Former Honorary Chairman, the International Chamber of Commerce



Professor Merit E. Janow

Dean, School of International and Public Affairs, Columbia University
Former Member of Appellate Body, World Trade Organization



Ambassador John V. Roos

Former United States Ambassador to Japan



Lord (James) Sassoon, Kt

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



Mr. George Yeo

Former Singapore Minister for Foreign Affairs, Trade & Industry, Health, Information and the arts



Mr. Toshio Iwamoto

Principal Executive Advisor, NTT DATA Corporation



Mr. Akio Mimura

Honorary Chairman, NIPPON STEEL CORPORATION



Outline of Annual Meetings

In December 2018, MUFG held its sixth annual Global Advisory Board meeting. In addition to Global Advisory Board members, attendees included MUFG officers, directors, outside directors and representatives from overseas partner banks. Participants engaged in active discussion on a broad range of themes. Topics included risk factors that may impact MUFG's business strategies and portfolio, U.S.-China trade tensions, the growth potential of and risks associated with emerging nations, European politics such as Brexit and the EU's future, digitalization and the data business.



MUFG Global Partnership Conference

We held the third round of the MUFG Global Partnership Conference to facilitate the sharing of expertise and collaboration among partner banks and MUFG. Attendees included chairpersons, CEOs and other executives from partner banks. The conference focused on four themes, namely, "channel strategy," "data-driven marketing," "consumer finance risk" and "cybersecurity." Attendees were able to discuss issues each is now confronting while exchanging insights.

In addition, a digital-themed breakout session was held with representatives from each partner bank. They discussed the priority measures they've taken and shared their know-how and case studies.

