

Regarding “MUFG Basic Policy for Fiduciary Duties in the Area of Asset Management”

Tokyo, May 16, 2016 --- Mitsubishi UFJ Financial Group, Inc. (MUFG) has established “MUFG Basic Policy for Fiduciary Duties”^{*1} in the Area of Asset Management” as a common guideline of the Group so as to put in practice its customer-first undertakings in the area of asset management.

^{*1} A fiduciary duty refers to diverse functions and obligations that a person must assume in carrying out his/her duties by winning the trust of another.

1. Background

MUFG Group has formulated its Corporate Vision that serves as the basic policy in conducting its business activities with the aim to “be the world’s most trusted financial group.” Furthermore, under the Corporate Vision, it has established its Principles of Ethics and Conduct that set forth standards for the Group’s employees to guide decisions and actions, which consist of three chapters: “Customer Focus,” “Responsibility as a Corporate Citizen” and “Ethical and Dynamic Workplace.”

While Japan is pursuing the shift “from saving to investment,” MUFG, as a financial group equipped with comprehensive functions in the area of asset management including product development, distribution, investment and asset administration, has established “MUFG Basic Policy for Fiduciary Duties in the Area of Asset Management” as a common guideline of the Group so as to enforce its customer-first undertakings based on the “Customer Focus” notion set forth in the Principles of Ethics and Conduct.

Under this basic policy, the Group companies will share the customer-first undertakings and aspire to further improve their products and services while their holding company MUFG will closely monitor their undertakings, thereby implementing their undertakings based on fiduciary duties and contributing to customers’ stable asset building and to the realization of smooth fund flows which leads to sustainable economic growth.

[Group companies (in Japan) implementing undertakings based on this basic policy]

The Bank of Tokyo-Mitsubishi UFJ, Mitsubishi UFJ Trust and Banking, Mitsubishi UFJ Morgan Stanley Securities, Mitsubishi UFJ Morgan Stanley PB Securities, kabu.com Securities, Mitsubishi UFJ Kokusai Asset Management, The Master Trust Bank of Japan, and MU Investments

2. MUFG Basic Policy for Fiduciary Duties in the Area of Asset Management

[Principles of Ethics and Conduct: 1-1] Acting with Honesty and Integrity

We always place our diverse customers at the center of all activities and act with honesty and integrity in all of our dealings with them. We protect customer assets, including their personal information, and strive at all times not to damage their interests.

(1) Developing and providing products that match customers' needs

Product development and investment

- ✧ We strive to constantly consider customers' best interests and to develop and provide products that match their needs.

(2) Implementing customer-first consulting and provision of information

Sales

- ✧ We strive to propose appropriate products to customers that match their knowledge, experience, financial circumstances and transaction purposes;
- ✧ We strive to enhance the provision to customers of information including that on products, risks, fees and market trends and to provide them with easy-to-understand and in-depth explanations;
- ✧ We will improve transparency of fees so as to contribute to customers' investment judgment;
- ✧ We will develop a performance evaluation system that reflects customer-first undertakings;
- ✧ We strive to provide customers with timely and careful follow-up services based on the market trend, customers' investment status, etc.

[Principles of Ethics and Conduct: 1-2] Controlling Quality

In order to earn the lasting trust and confidence of our customers, we maintain thorough quality control of our products and services in all aspects from product design and development to delivery, and continually improve our processes to provide accurate and secure transactions.

(3) Provision of line of products to meet diverse needs

Product development and investment

Sales

- ✧ We will be equipped with diverse products that match diverse needs of our customers according to their investment periods and experiences, market trends etc.
- ✧ We strive to select products that contribute to customers' asset building regardless of our business affiliation relationships.

(4) Sophistication of investment for the improvement of customers' investment results

Product development and investment

- ✧ We strive to improve existing investment methods and pursue new investment opportunities and concurrently will sophisticate our investment and administration systems.
- ✧ We will build a governance structure that ensures independence from sales and other functions so as to fulfill roles of a responsible financial institution.

(5) Improvement of quality of comprehensive asset administration services to support customers' asset management

Asset administration

- ✧ We strive to develop new areas of and new technologies for asset administration services and thereby to provide the highest quality of comprehensive asset administration services.
- ✧ We will provide a broad range of information about asset administration on a timely basis to support customers' efficient asset management.

[Principles of Ethics and Conduct: 1-3] Exceeding Customer Expectations

We strive to satisfy the diverse needs of our customers worldwide and to exceed their expectations through the highest standards of professionalism and by effectively leveraging our global network and consolidated strength.

(6) Provision of financial services leveraging the Group's consolidated strength

Sales

- ✧ We strive to fulfill customers' diverse needs by leveraging the Group's consolidated strength, mobilizing each Group company's products, services, know-how and resources.
- ✧ We strive to provide not only investment products but comprehensive financial services based on customers' balance sheets while taking succession of assets to next generations into account.

(7) Establishment of a structure enabling comfortable, secure and safe transactions

Sales

Asset administration

- ✧ We seek to develop a variety of channels including over the counter, call centers and online trading to improve customers' convenience.
- ✧ We seek to develop services and consulting methods that leverage information and communication technologies (ICT) to provide customers with new added value.

(8) Enforcement of customer-first undertakings and exertion of professionalism

Product development and investment

Sales

Asset administration

- ✧ We will enforce the customer-first undertaking among the Group's employees and concurrently seek to foster professional human resources and further improve our expertise so as to respond to customers' sophisticated and diverse needs and earn lasting trust and confidence of our customers.

The following table describes initiatives to be taken by major Group companies (The Bank of Tokyo-Mitsubishi UFJ, Mitsubishi UFJ Trust and Banking, Mitsubishi UFJ Morgan Stanley Securities and Mitsubishi UFJ Kokusai Asset Management) based on this basic policy:

<The Bank of Tokyo-Mitsubishi UFJ> **Sales**

(2) Implementing customer-first consulting and provision of information
<ul style="list-style-type: none"> ➤ In proposing products, The Bank of Tokyo-Mitsubishi UFJ (BTMU) selects products based on customers' knowledge, experience, financial circumstances and transaction purposes. It also strives to propose products that match customers' needs based on their life stages and attributes. ➤ In proposing products, BTMU strives to explain the products' characteristics, risks and fees as well as market trends with easy-to-understand expressions and thereby to provide necessary and sufficient information. ➤ BTMU strives to enhance transparency of fees for each product and provide in-depth explanations so as to contribute to customers' investment judgment. ➤ BTMU strives to establish a performance evaluation system to evaluate sales activities that contribute to customers' benefits and needs. ➤ BTMU strives to provide timely and adequate follow-up services including providing customers with a market outlook, status of investments and other information needed for their investment judgment in such events where the market fluctuates significantly.
(3) Provision of line of products to meet diverse needs
<ul style="list-style-type: none"> ➤ BTMU strives to offer a diverse and high quality line of products that enables customers to select appropriate products according to their investment objectives and risk tolerances. ➤ BTMU strives to offer a product lineup including products with low risks or low fees so as to allow as many customers as possible including those with little investment experiences to utilize its services. It also seeks to improve convenience in the utilization of online transactions and periodic investment plans and thereby to allow customers of broad age groups to use its services. ➤ BTMU strives to select products and services that contribute to customers' benefits from among many product designs proposed by a variety of investment management firms, insurance companies etc. while utilizing evaluations by external assessment agencies where necessary. Furthermore, BTMU strives to improve its products and services based on sincerely receiving customer comments, complaints and concerns with respect to the sales of its products and services.

(6) Provision of financial services leveraging the Group's consolidated strength
<ul style="list-style-type: none"> ➤ BTMU strives to leverage the consolidated strength of Group companies including Mitsubishi UFJ Trust & Banking and Mitsubishi UFJ Morgan Stanley Securities to meet customers' diverse needs-, and to make proposals based on the act of constantly confirming customers' intentions to satisfy their changing needs. ➤ BTMU makes comprehensive proposals not only on investment products but on lending and support for inheritance and succession according to customers' life cycles and needs.
(7) Establishment of a structure enabling comfortable, secure and safe transactions
<ul style="list-style-type: none"> ➤ BTMU seeks to improve customers' convenience based on the notion of "open innovation" by proactively utilizing technologies and ideas that it acquires from Japan and other countries in cooperation with external companies and research institutions, including the introduction of new additional services and functions provided through digital channels. ➤ BTMU strives to improve customers' convenience as well as its proposals by utilizing tablet terminals, which to simplify procedure and accelerate responses. ➤ BTMU, day by day, improves the security of its online banking system to enable customers to complete transactions through the internet with a sense of security.
(8) Enforcement of customer-first undertakings and exertion of professionalism
<ul style="list-style-type: none"> ➤ BTMU seeks to enforce, through training etc., judgment and behaviors among its employees based on the Principles of Ethics and Conduct and the MUFG Basic Policy for Fiduciary Duties in the Area of Asset Management. ➤ BTMU seeks to strengthen its employees' knowledge and skills relating to products and investment environment and to enhance their professional expertise by providing them with training, encouraging them to obtain external professional qualifications and other means.

<Mitsubishi UFJ Trust and Banking>

Product development and investment

Sales

Asset administration

(1) Developing and providing products that match customers' needs

[Product development and investment]

- Mitsubishi UFJ Trust and Banking (MUTB) develops and provides products based on market trends and customers' investment needs.

(2) Implementing customer-first consulting and provision of information

[Sales]

- In proposing products, MUTB selects products based on customers' knowledge, experience, financial circumstances and transaction purposes. It also strives to propose products that match customers' needs based on their life stages and attributes.
- In proposing products, MUTB strives to explain the products' characteristics, risks and fees as well as market trends with easy-to-understand expressions and thereby to provide necessary and sufficient information.
- MUTB strives to enhance transparency of fees for each product and provide in-depth explanations so as to contribute to customers' investment judgment.
- MUTB strives to establish a performance evaluation system to evaluate sales activities that contribute to customers' benefits and needs.
- MUTB strives to provide timely and adequate follow-up services including providing customers with a market outlook, status of investments and other information needed for their investment judgment in such events where the market fluctuates significantly.

(3) Provision of line of products to meet diverse needs

[Product development and investment]

- MUTB strives to enhance its line of products and improve their quality by having respective expertise strengthened in departments in charge of developing and investing in the company's in-house products and of developing and investing in products in partnership with external firms.
- MUTB enhances its line of overseas investment products by partnering with overseas investment firms to match customers' diverse and global investment needs.
- MUTB leverages its asset management know-how in providing a variety of investment education programs to assist customers in considering their life plans and asset building as well as in taking actions.

[Sales]

- MUTB strives to offer a diverse and high quality line of products that enables customers to select appropriate products according to their investment objectives and risk tolerances.

- MUTB strives to offer a product lineup including products with low risks or low fees so as to allow as many customers as possible including those with little investment experiences to utilize its services. It also seeks to improve convenience in the utilization of online transactions and periodic investment plans and thereby to allow customers of broad age groups to use its services.
- MUTB strives to select products and services that contribute to customers' benefits from among many product designs proposed by a variety of investment management firms, insurance companies, etc. while utilizing evaluations by external assessment agencies where necessary. Furthermore, MUTB strives to improve its products and services based on sincerely receiving customer comments, complaints and concerns with respect to the sales of its products and services.

(4) Sophistication of investment for the improvement of customers' investment results

[Product development and investment]

- MUTB seeks to fulfill its stewardship responsibilities^{*2} with respect to all investment instruments for the purpose of increasing not only returns from active investment but index-linked returns from passive investment.
- MUTB develops a disciplined process of “Plan (investment planning) → Do (investment execution) → See (investment evaluation),” where professionals of respective fields participate in each process to ensure organizational investment and to secure the consistency of investment.
- MUTB strives to ensure the best executions with respect to assets entrusted for administration and investment based on its fiduciary responsibilities.

(5) Improvement of quality of comprehensive asset administration services to support customers' asset management

[Asset administration]

- Making it a principle to prioritize trust and confidence of customers, MUTB strives to adequately and swiftly match customers' diverse needs not only in Japan but across the globe.
- MUTB proactively seeks to develop new areas of and new technologies for asset administration services and thereby to efficiently provide customers with the highest quality of comprehensive asset administration services.
- MUTB provides comprehensive asset administration services to match customers' diverse and global investment needs, utilizing MUFG Group's overseas network as well as a variety of overseas custodians.
- MUTB researches and monitors relevant countries' laws and regulations (including tax systems) relating to asset administration and provides customers with such market information in an extensive and timely manner including its impacts on customers to support their efficient asset management.

(6) Provision of financial services leveraging the Group's consolidated strength

[Sales]

- MUTB strives to leverage the consolidated strength of Group companies including the Bank of Tokyo-Mitsubishi UFJ and Mitsubishi UFJ Morgan Stanley Securities to meet customers' diverse needs, and to make proposals based on the act of constantly confirming customers' intentions to satisfy their changing needs.
- MUTB makes comprehensive proposals not only on investment products but on inheritance, succession and trading of real estate properties according to customers' life cycles and needs.

(7) Establishment of a structure enabling comfortable, secure and safe transactions

[Sales]

- MUTB seeks to improve customers' convenience based on the notion of "open innovation" by proactively utilizing technologies and ideas that it acquires from Japan and other countries in cooperation with external companies and research institutions, including the introduction of new additional services and functions provided through digital channels.
- MUTB strives to improve customers' convenience as well as its proposals by utilizing tablet terminals, which to simplify procedure and accelerate responses.
- MUTB, day by day, improves the security of its online banking system to enable customers to complete transactions through the internet with a sense of security.

[Asset administration]

- MUTB has introduced a globally-renowned state-of-the art system and strives to provide comprehensive asset administration services utilizing cutting-edge technologies in various derivative transactions, mark to market valuations, provision of risk management information and on-demand information disclosure.

(8) Enforcement of customer-first undertakings and exertion of professionalism

[Product development and investment]

- MUTB fosters professional human resources by formulating and implementing capacity building programs for the purpose of strengthening investment capabilities to provide products and services that are truly chosen by customers.

[Sales]

- MUTB seeks to enforce, through training etc., judgment and behaviors among its employees based on the Principles of Ethics and Conduct and the MUFG Basic Policy for Fiduciary Duties in the Area of Asset Management.
- MUTB seeks to strengthen its employees' knowledge and skills relating to products and investment environment and to enhance their professional expertise by providing them with training,

encouraging them to obtain external professional qualifications and other means.

[Asset administration]

- MUTB seeks to provide comprehensive asset administration services that are truly chosen by customers by providing its directors and employees with opportunities and workplaces where they enhance their expertise and unleash their capabilities and by having each of them grow as a professional recognized in the market.

*2 “Stewardship responsibilities” refers to the responsibilities of institutional investors to enhance the medium-to long-term investment return for their clients and beneficiaries (including ultimate beneficiaries) by improving and fostering the investee companies' corporate value and sustainable growth through constructive engagement, or purposeful dialogue, based on in-depth knowledge of the companies and their business environment.

(2) Implementing customer-first consulting and provision of information

- In proposing products, Mitsubishi UFJ Morgan Stanley Securities (MUMSS) select products based on customers' knowledge, experience, financial circumstances and transaction purposes. It also strives to propose products that match customers' needs based on their life stages and attributes.
- In proposing products, MUMSS strives to explain the products' characteristics, risks and fees as well as market trends with easy-to-understand expressions and thereby to provide necessary and sufficient information.
- MUMSS strives to enhance transparency of fees for each product and provide in-depth explanations so as to contribute to customers' investment judgment.
- MUMSS strives to establish a performance evaluation system to evaluate sales activities that contribute to customers' benefits and needs.
- MUMSS strives to provide timely and adequate follow-up services including providing customers with a market outlook, status of investments and other information needed for their investment judgment in such events where the market fluctuates significantly.

(3) Provision of line of products to meet diverse needs

- MUMSS strives to offer a diverse and high quality line of products that enables customers to select appropriate products according to their investment objectives and risk tolerances.
- MUMSS strives to offer a product lineup including products with low risks or low fees so as to allow as many customers as possible including those with little investment experiences to utilize its services. It also seeks to improve convenience in the utilization of online transactions and periodic investment plans and thereby to allow customers of broad age groups to use its services.
- MUMSS strives to select products and services that contribute to customers' benefits from among many product designs proposed by a variety of investment management firms, insurance companies, etc. while utilizing evaluations by external assessment agencies where necessary. Furthermore, MUMSS strives to improve its products and services based on sincerely receiving customer comments, complaints and concern with respect to the sales of its products and services.

(6) Provision of financial services leveraging the Group's consolidated strength

- MUMSS strives to leverage the consolidated strength of MUFG Group and Morgan Stanley to meet customers' diverse needs, and to make proposals based on the act of constantly confirming customers' intentions to satisfy their changing needs.
- MUMSS makes comprehensive proposals not only on investment products but on support for inheritance and succession according to customers' life cycles and needs.

(7) Establishment of a structure enabling comfortable, secure and safe transactions

- MUMSS seeks to improve customers' convenience based on the notion of "open innovation" by proactively utilizing technologies and ideas that it acquires from Japan and other countries in cooperation with external companies and research institutions, including the introduction of new additional services and functions provided through digital channels.
- MUMSS strives to improve customers' convenience, including its utilization of tablet terminals to provide investment information.
- MUMSS, day by day, improves the security of its online trading and other systems to enable customers to conduct transactions with a sense of security.

(8) Enforcement of customer-first undertakings and exertion of professionalism

- MUMSS seeks to enforce, through training etc., judgment and behaviors among its employees based on the Principles of Ethics and Conduct and the MUFG Basic Policy for Fiduciary Duties in the Area of Asset Management.
- MUMSS seeks to strengthen its employees' knowledge and skills relating to products and investment environment and to enhance their professional expertise by providing them with training, encouraging them to obtain external professional qualifications and other means.

< Mitsubishi UFJ Kokusai Asset Management > **Product development and investment**

(1) Developing and providing products that match customers' needs
<ul style="list-style-type: none"> ➤ Mitsubishi UFJ Kokusai Asset Management (MUKAM) develops and provides products based on market trend and customers' investment needs.
(3) Provision of line of products to meet diverse needs
<ul style="list-style-type: none"> ➤ MUKAM strive to develop and provide products that adequately match customers' investment objectives and risk tolerance. ➤ MUKAM seeks to enhance its product lineup based on product development leveraging its own investment know-how as well as utilizing its extensive network with overseas investment management firms.
(4) Sophistication of investment for the improvement of customers' investment results
<ul style="list-style-type: none"> ➤ MUKAM, as a professional investment manager, seeks to provide customers with the best possible investment results by creating added values based on thorough research and analyses and appropriate investment judgment as well as by leveraging MUFG's network. ➤ MUKAM strives to increase shareholders' benefits and sustainable corporate value and seeks to maximize customers' benefits while fulfilling its stewardship responsibilities based on "MUKAM Principles on Corporate Governance Sought from Invested Companies." ➤ MUKAM strives to strengthen its investment capability by developing a solid investment structure through fostering and enhancing human resources for investment and by accumulating investment know-how utilizing not only in-house resources but overseas offices' resources and overseas investment management firms. ➤ MUKAM strives to perform the best executions with respect to assets entrusted for investment based on its fiduciary responsibilities.
(8) Enforcement of customer-first undertakings and exertion of professionalism
<ul style="list-style-type: none"> ➤ MUKAM reflects customers' perspectives and opinions in the execution and improvement of its operations based on a structure established to incorporate external opinions. ➤ Each and every employee of MUKAM seeks, as a professional, to enhance his/her knowledge and skills through training etc. so as to earn further trust from customers.

* * *