

## Revision of MUFG Basic Policy for Fiduciary Duties

**Tokyo, May 2, 2017** --- Mitsubishi UFJ Financial Group, Inc. (Director, President & Group CEO: Nobuyuki Hirano; hereinafter MUFG) has established “MUFG Basic Policy for Fiduciary Duties” revising its former “MUFG Basic Policy for Fiduciary Duties in the Area of Asset Management” that was enacted in May 2016, to thoroughly implement and further enhance its customer-first undertakings. This revision is also in line with MUFG’s adoption of “Principles for Customer-Oriented Business Conduct,” which the Financial Services Agency published in March 2017.

### 1. Background

MUFG established “MUFG Basic Policy for Fiduciary Duties in the Area of Asset Management” that has served as a common guideline for the Group to enforce its customer-first undertakings as a comprehensive financial group equipped with all functions relevant to the area of asset management, including product development, investment, distribution and asset administration.

In response to the increasing importance of services for customers’ stable asset building, MUFG and its subsidiaries the Bank of Tokyo-Mitsubishi UFJ, Mitsubishi UFJ Trust and Banking, and Mitsubishi UFJ Securities Holdings recently set up their respective Fiduciary Duties Committees (hereinafter FD Committees). Having FD Committee meetings of these four companies held together, we seek to implement Group-based operations including further reinforcing customer-first service and operation structures and sharing best practices. Furthermore, FD Committees invite external experts listed below as advisors to their meetings to receive their suggestions and advice from diverse perspectives and to thereby further enhance our products and services. We also regularly review and disclose the implementation status of these undertakings.

<External experts> (In Japanese phonetic alphabetical order)	
Name	Position
Satoshi Inoue	Attorney-in-law, Nagashima Ohno & Tsunematsu
Kumi Fujisawa	Co-Founder, SophiaBank

Based on the FD Committees’ discussions and external experts’ suggestions, MUFG Group has revised its Basic Policy serving as its common guideline to further enforce customer-first undertakings in accordance with the “Customer Focus” notion set out in its Principles of Ethics and Conduct that, under its Corporate Vision, serve as criteria for judgement and behaviors of the Group’s directors and employees.

Furthermore, staying sharply conscious of the needed value creation process—where implementing customer-first undertakings and thereby obtaining our customers’ trust and confidence lead to, as a result,

developing long-term relations with our customers and realizing our stable and sustainable business growth—we will develop and disclose key performance indicators (KPIs) that can be objectively evaluated to further improve MUFG Group’s undertakings in each part of this process.

## 2. MUFG Basic Policy for Fiduciary Duties

### Formulation and Announcement of MUFG Basic Policy for Fiduciary Duties

- ✧ MUFG will formulate and announce “MUFG Basic Policy for Fiduciary Duties” as a common guideline of the Group so as to enforce its customer-first undertakings.
- ✧ Under this basic policy, the Group companies will share the customer-first undertakings and aspire to further improve their products and services and we will periodically announce status updates. In addition, MUFG, while monitoring these efforts, will periodically revise this policy in order to better realize customer-first business operations.

### **[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. Enforcement of customer-first undertakings**

- ✧ Each employee fully recognizes his or her heavy social responsibilities and will strive to undertake business putting customers first while always adopting a fair and sincere attitude and maintaining the highest professional ethical standards.

### **2. Developing and providing products that match customers’ needs**

- ✧ We will constantly consider customers’ best interests and develop and provide products that match their needs.

### **3. Implementing customer-first consulting and provision of information**

#### (1) Implementing customer-first consulting and provision of information

- ✧ We will propose appropriate products to customers that match their knowledge, experience, financial circumstances and transaction purposes;
- ✧ We will provide customers with timely and careful follow-up services based on the market trend, customers’ investment status, etc.

#### (2) Providing customers with detailed information commensurate with their level of understanding

- ✧ We will enhance the provision to customers of information including that on products, risks, fees and market trends and provide them with easy-to-understand and in-depth explanations;

- (3) Improvement of transparency of fees so as to contribute to customers' investment judgment
  - ✧ We will enhance transparency of fees and provide in-depth explanations so as to contribute to customers' investment judgment.
- (4) Development of a performance evaluation system that reflects customer-first undertakings
  - ✧ We will develop a performance evaluation system to evaluate comprehensive sales activities that contribute to customers' benefits and needs, and initiatives.
- (5) Initiatives of investment education
  - ✧ We will provide a variety of investment education opportunities to assist customers in considering their life plans and asset building as well as in taking actions by leveraging our asset management know-how.

#### **[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.

#### **4. Provision of line of products to meet diverse needs**

- (1) Provision of line of products to meet diverse needs
  - ✧ We will be equipped with diverse products that match diverse needs of our customers according to their investment periods and experiences, market trends etc.
- (2) Selection of products that contribute to customers' asset building and provision of sales procedures
  - ✧ We will select products that contribute to asset building from the customer's perspective and propose products that are appropriate for customers regardless of our business affiliation relationships and of fees paid by the company supplying the product to the sales company.

#### **5. Sophistication of investment for the improvement of customers' investment results**

- (1) Sophistication of investment for the improvement of customers' investment results
  - ✧ We strive to improve existing investment methods and pursue new investment opportunities and concurrently will sophisticate our investment and administration systems.
- (2) Ensuring independence and transparency of investment management
  - ✧ We will fulfill our duties faithfully for the benefit of our customers while further strengthening our governance structure as a investment management firm so as to ensure management independence and transparency.
  - ✧ In addition to rigorous management of conflicts of interest undertaken thus far through Chinese wall and other means, we will further enhance the effectiveness of stewardship activities as a investment management firm.

## **6. Improvement of quality of comprehensive asset administration services to support customers' asset management**

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

- ✧ 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.

(2) Providing a broad range of information about asset administration

- ✧ 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.

## **7. Provision of financial services leveraging the Group's consolidated strength**

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

## **8. Establishment of a structure enabling comfortable, secure and safe transactions**

- ✧ 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.

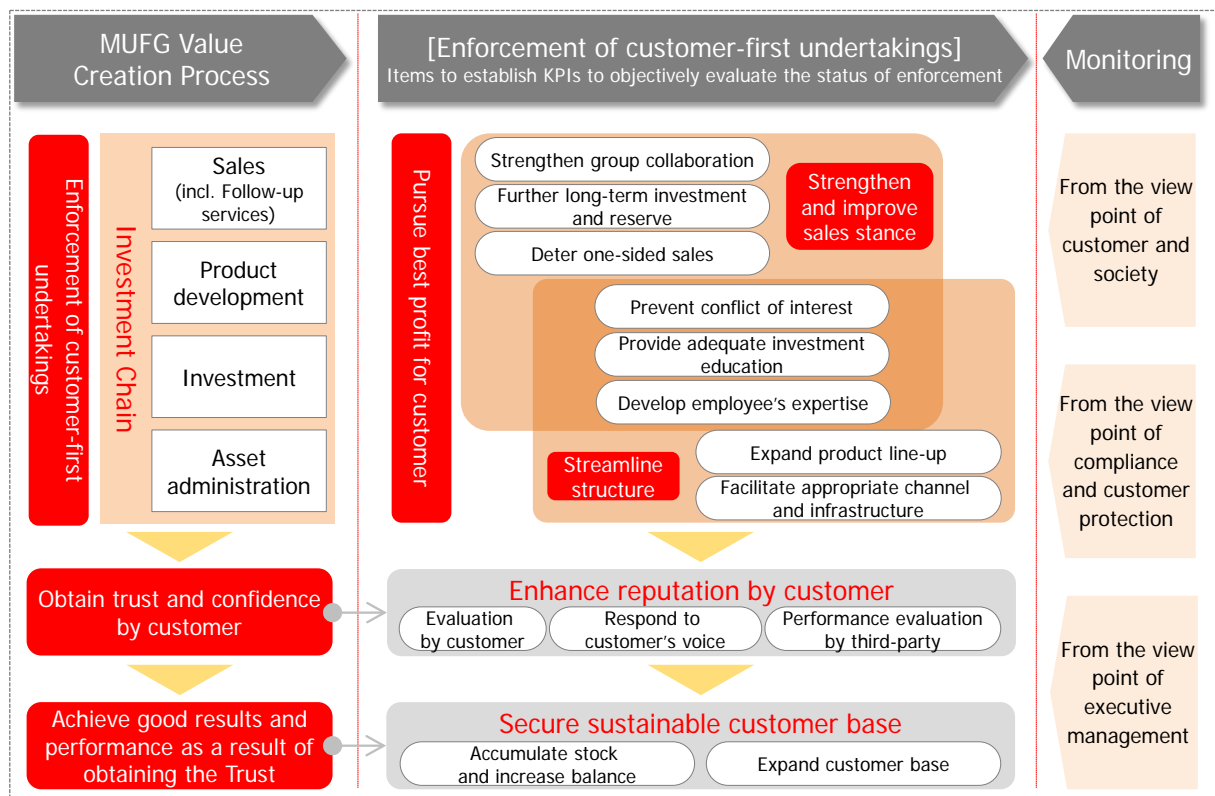
## **9. Exertion of professionalism**

- ✧ We will 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.

[Group companies (in Japan) implementing undertakings based on this basic policy, and adopted of "Principles for Customer-Oriented Business Conduct,"]

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

**【Reference】The process to establish KPIs with which the enforcement of customer-first undertakings can be objectively evaluated**



The following table describes initiatives to be taken by major Group companies based on this basic policy:

The Bank of Tokyo-Mitsubishi UFJ

[http://www.bk.mufg.jp/global/aboutus/fiduciary\\_duties.html](http://www.bk.mufg.jp/global/aboutus/fiduciary_duties.html)

Mitsubishi UFJ Trust and Banking

<http://www.mufg.jp/english/profile/governance/fd/pdf/mutb.pdf>

Mitsubishi UFJ Morgan Stanley Securities

[http://www.sc.mufg.jp/english/company/sustainability/governance\\_fd.html](http://www.sc.mufg.jp/english/company/sustainability/governance_fd.html)

Mitsubishi UFJ Kokusai Asset Management

<http://www.mufg.jp/english/profile/governance/fd/pdf/mukam.pdf>

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