

Mitsubishi UFJ Financial Group, Inc. (MUFG)

MUFG's Views on ISS's Voting Recommendations for Annual General Meeting of Shareholders Proposal

Tokyo, June 13, 2025 --- MUFG today announced that it has confirmed that Institutional Shareholder Services, Inc. ("ISS"), a proxy advisory firm, has issued a report recommending opposition to certain director candidates in relation to a proposal for the 20th Annual General Meeting of Shareholders scheduled to be held on June 27, 2025.

Accordingly, we would like to present MUFG's views in relation to ISS's recommendations.

We ask shareholders to review the Notice of Convocation of the Annual General Meeting of Shareholders and MUFG's views below to fully understand the proposal.

1. ISS's voting recommendations

ISS has recommended opposition to certain director candidates in Proposal No. 2, "Election of 16 Directors," for the following reasons.

Nominee's name	Reason for ISS's voting recommendation
Kanetsugu Mike	A vote AGAINST this director nominee is warranted because: <ul style="list-style-type: none">• Top management is responsible for the company's capital misallocation.• Considering the implication of the illegal sharing of client information within the group and the arrest of former MUFG Bank employee, support for the reappointment of the nominee does not appear appropriate at this time.
Hironori Kamezawa	
Junichi Hanzawa	A vote AGAINST this nominee is warranted because: <ul style="list-style-type: none">• Considering the implication of the illegal sharing of client information within the group and the arrest of former MUFG Bank employee, support for the reappointment of the nominee does not appear appropriate at this time.
Makoto Kobayashi	
Hirofumi Nomoto	A vote AGAINST this director nominee is warranted because: <ul style="list-style-type: none">• The board after this meeting will not be majority independent and this outside director nominee lacks independence.
Hiroshi Shimizu	
Teruhisa Ueda	

2. Our View

MUFG has determined that Kanetsugu Mike, Hironori Kamezawa, Junichi Hanzawa, and Makoto Kobayashi possess the capabilities required of directors who concurrently serve as executives and have the qualities necessary of management trustees elected by shareholders. Additionally, we believe that Hirofumi Nomoto, Hiroshi Shimizu, and Teruhisa Ueda possess the qualities required of independent outside directors. These determinations having been made by the Nominating and Governance Committee, these individuals have been selected as suitable candidates to constitute our Board of Directors.

The main reasons are as follows.

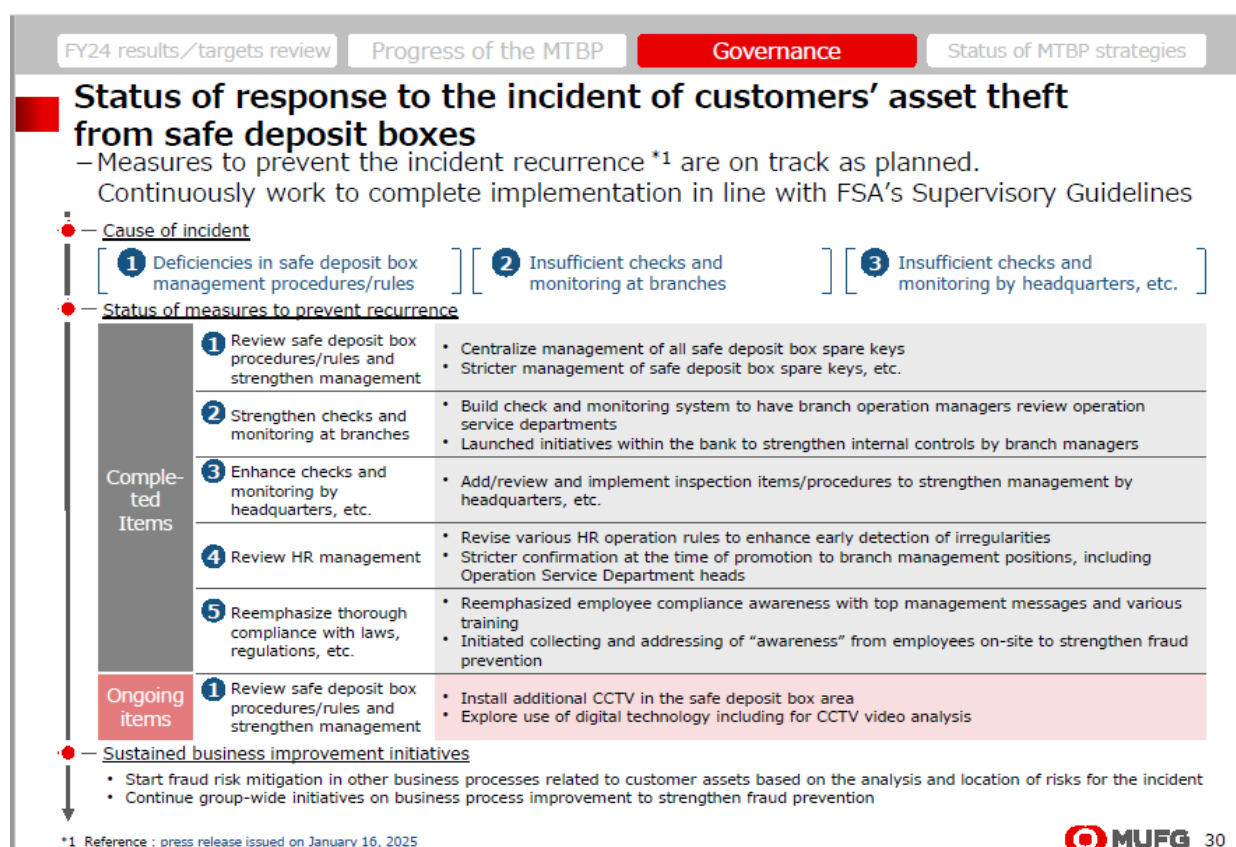
(1) Appropriate response to the misconduct incidents

We sincerely apologize once again to our customers and other stakeholders for the inconvenience and concern caused by the misconduct incidents that occurred in fiscal year 2024. In addition to thoroughly implementing improvement measures to prevent recurrence, we have been continuously striving to enhance governance to restore trust and confidence from our customers and society.

Regarding the incident involving theft of customer assets from safe deposit boxes at MUFG Bank and the Financial Services Agency' business improvement order related to bank-securities collaboration issued to MUFG Bank and Mitsubishi UFJ Morgan Stanley Securities, MUFG and Group companies have deeply reflected on these incidents as fundamentally undermining trust and confidence. We are committed to preventing recurrence and ensuring customer-centric business operations as a unified Group.

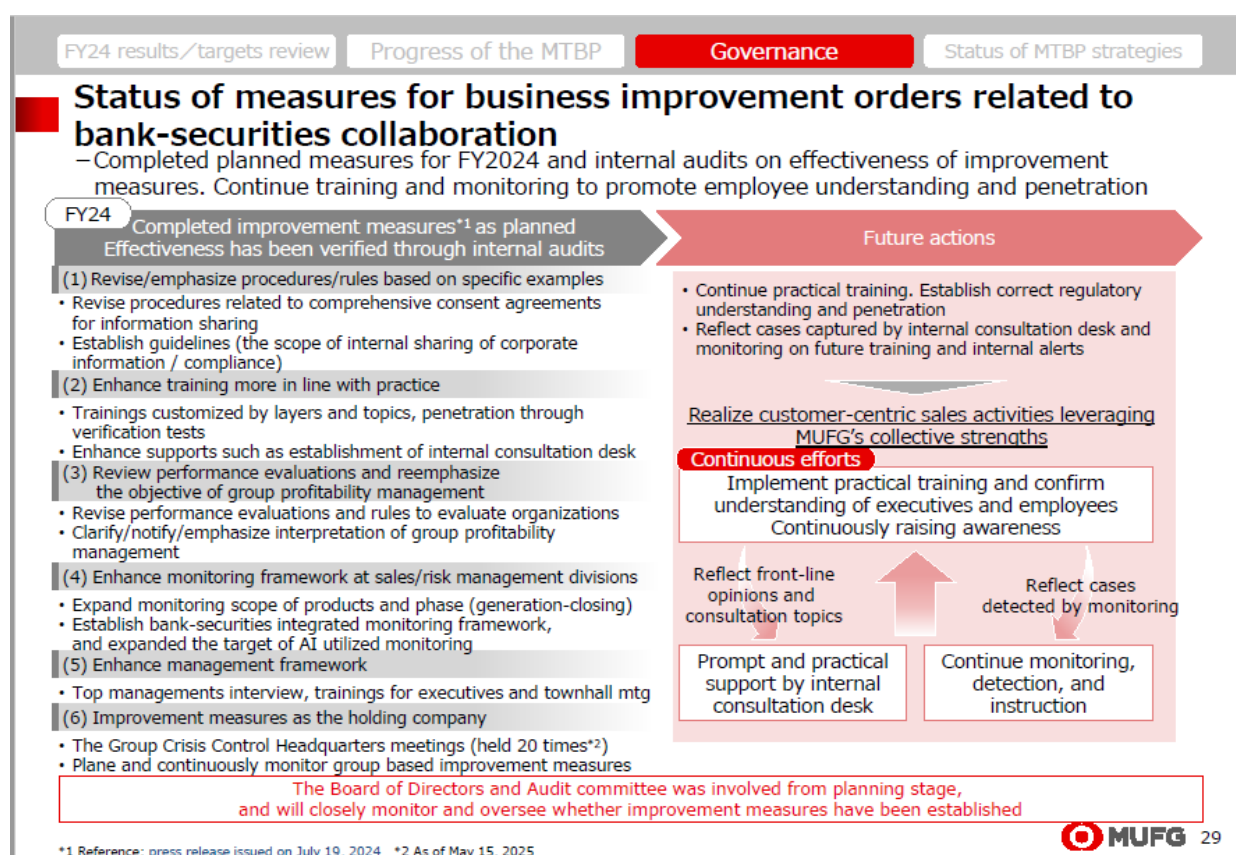
In response to the theft of customer assets from safe deposit boxes, we have established five key improvement measures to prevent recurrence: ① review safe deposit box procedures/rules and strengthen management, ② strengthen checks and monitoring at branches, ③ enhance checks and monitoring by headquarters, etc., ④ review HR management, and ⑤ reemphasize thorough compliance with laws, regulations, etc. We have implemented measures such as centralizing spare keys for safe deposit boxes, tightening related procedures, adding more security cameras, strengthening monitoring systems, and reviewing personnel management. Additionally, we are working to reinforce compliance awareness.

Furthermore, based on risk analysis and the details of this incident, we have initiated measures to reduce fraud risk in business processes related to other customer assets. We will continue to improve business processes to enhance fraud prevention measures as a unified Group.



In response to the business improvement order related to bank-securities collaboration, we have established six key improvement measures to prevent recurrence: (1) revise/emphasize procedures/rules based on specific examples, (2) enhance training more in line with practice, (3) review performance evaluations and reemphasize the objective of group profitability management, (4) enhance monitoring framework at sales/risk management divisions , (5) enhance management framework, and (6) improvement measures as the holding company. We have been advancing these measures accordingly.

The planned reviews of procedures and rules, strengthening of training and monitoring systems, and internal audits on the effectiveness of improvement measures for fiscal year 2024 have been completed. Moving forward, we will continue training and monitoring to ensure employees' understanding, assimilation, and adherence.



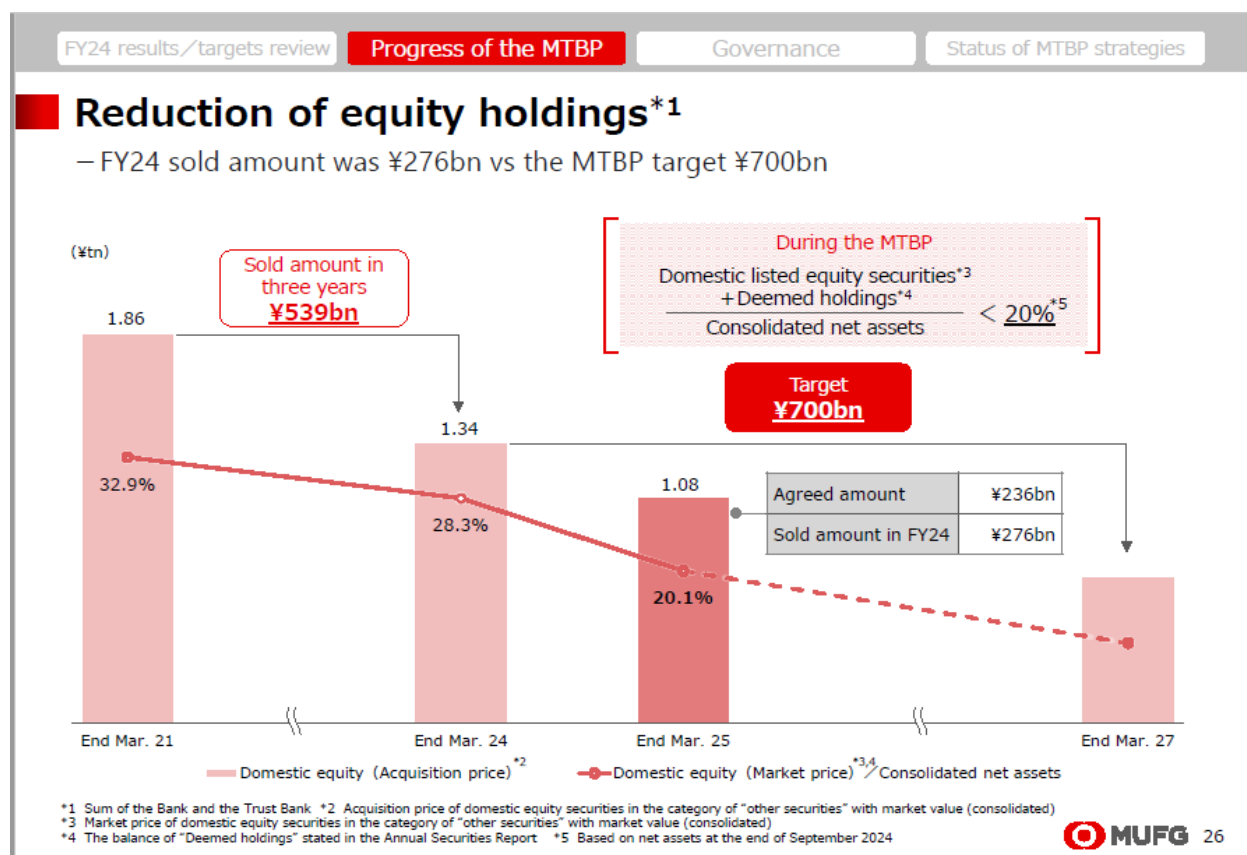
(Source) Presentation materials from the investor briefing for the fiscal year ended March 2025.

<https://www.mufg.jp/english/ir/index.html>

In both incidents, Kanetsugu Mike, as Chairman of the Board of Directors, has been involved from the planning stage of the improvement measures and has overseen the establishment of measures to prevent recurrence through these efforts. Hironori Kamezawa, as President & CEO, along with Junichi Hanzawa and Makoto Kobayashi, as heads of their respective units, have taken these incidents seriously and have led the formulation and execution of measures to prevent recurrence, fulfilling their responsibilities in regard to these incidents.

(2) Reduction of Strategic Shareholdings

MUFG and Group banks have a fundamental policy of reducing the balance of shares held for strategic investment purposes, following thorough dialogue with client companies. This policy aims to mitigate risks associated with shareholding, improve capital efficiency, and comply with international financial regulations. In fiscal year 2024, we made significant progress in selling strategic shareholdings, disposing of 276 billion yen worth (simple sum of MUFG Bank and Mitsubishi UFJ Trust and Banking, based on acquisition cost). As a result, the ratio of market value of strategic shareholdings to consolidated net assets stood at 20.1%. Over the three-year period from fiscal year 2024 to fiscal year 2026, we aim to sell 700 billion yen worth of strategic shareholdings and reduce the ratio of the market value of strategic shareholdings to consolidated net assets to below 20%.



(Source) Presentation materials from the investor briefing for the fiscal year ended March 2025.

<https://www.mufg.jp/english/ir/index.html>

(3) Current performance

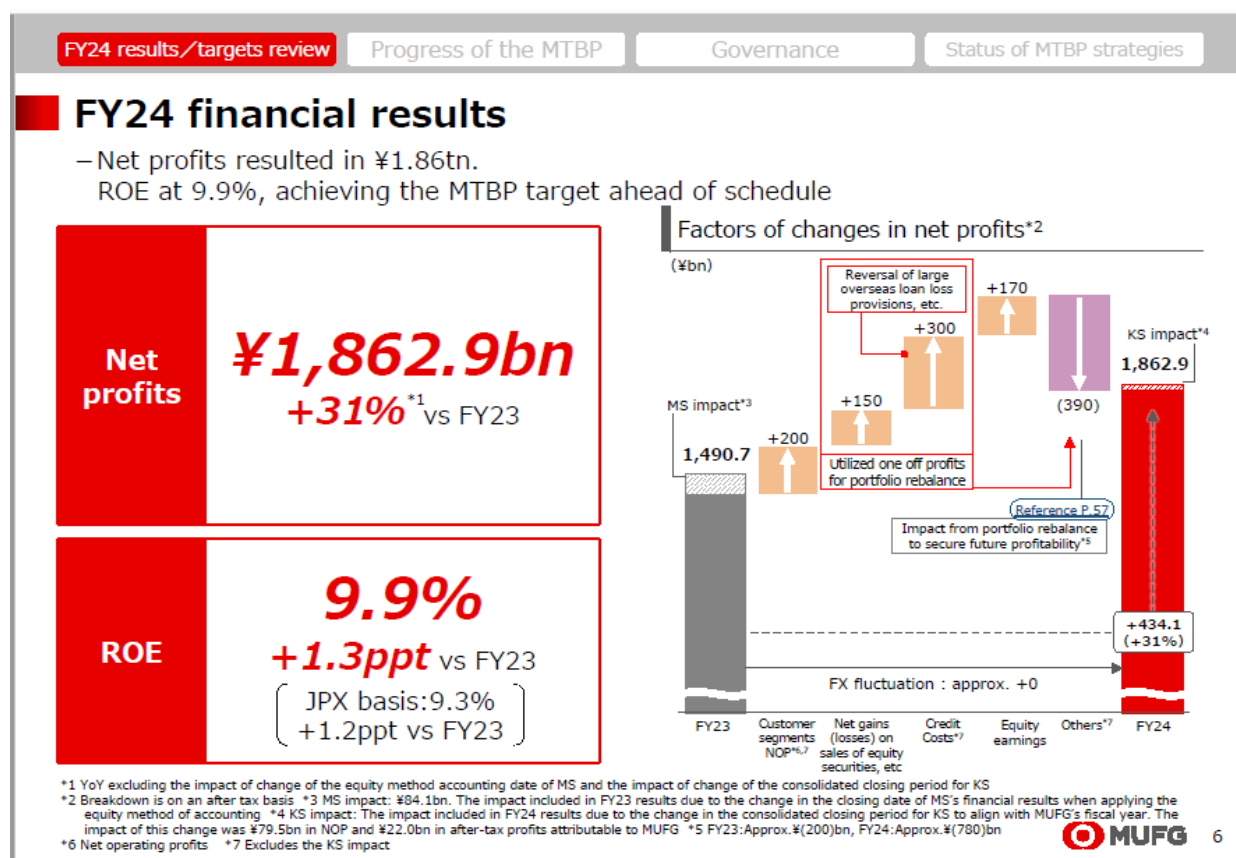
The current Medium-term Business Plan is positioned as "three years to pursue and produce growth." The three strategic pillars—"expand & refine growth strategies," "drive social & environmental progress," and "accelerate transformation & innovation"—are steadily advancing, and our earning power is steadily improving as we diversify our business portfolio while flexibly responding to changes in the domestic and international environments. In the first year of the Medium-term Plan, profits attributable to owners of parent for the fiscal year ended March 2025 increased 372.1 billion yen year on year to 1.8629 trillion yen, marking a record high for the second consecutive year. ROE reached 9.9%, achieving the Medium-term Business Plan target of "around 9%" ahead of schedule.

We believe that the impact on performance from both the theft of customer assets from safe deposit boxes incident and the business improvement order related to bank-securities collaboration is minimal.

Kanetsugu Mike has served as the Chairman of the Board of Directors, which determines basic management policy, since April 2021. He has led the monitoring of key issues that the Board should address, such as major strategies and external KPIs like ROE, and has supported the transformation of our business portfolio, including the sale of MUB (MUFG Union Bank, N.A.). In formulating the current Medium-term Business Plan, he has been involved from the early stages of executive discussions and has continuously discussed and followed up on the strategic direction of "the future vision for the financial services group" based on macro environmental changes and behavioral changes, thereby promoting the evolution of executive discussions and decision-making.

Since becoming President & CEO in April 2020, Hironori Kamezawa has established our purpose of being "Committed to empowering a brighter future" and set the long-term vision of "Be the world's most trusted financial group." As Group CEO, he has demonstrated leadership in key initiatives such as "culture reform," "business reform," and "process reform," driving transformation across the entire Group. In the Medium-term Business Plan that started in April 2024, he has focused on "growth" and pursued the three pillars of "expand & refine growth strategies," "drive social & environmental progress," and "accelerate transformation & innovation," leading the performance for the fiscal year ended March 2025 as described above.

Junichi Hanzawa and Makoto Kobayashi, as leaders of our core subsidiaries, have led the efforts in the three pillars of the Medium-term Business Plan ("expand & refine growth strategies," "drive social & environmental progress," and "accelerate transformation & innovation") in banking and securities. They have also advanced the improvement of profitability, capital efficiency, and revenue structure, which are key management issues for our Group, supporting the Group's performance for the fiscal year ended March 2025.



(Source) Presentation materials from the investor briefing for the fiscal year ended March 2025.

<https://www.mufig.jp/english/ir/index.html>

(4) Appropriate Board Composition and Effective Board Operations

MUFG places great importance on external perspectives and has built a stable and highly effective corporate governance system. Directors, as trustees of management elected by shareholders, are selected based on criteria that ensure they possess the qualities necessary to contribute to the Group's sustainable growth and long-term enhancement of corporate value, as well as to appropriately oversee the management team's execution of their duties. Among the 16 director candidates, our Board of Directors includes 9 outside director candidates who have expertise and extensive experience in fields such as corporate management, finance, accounting, and law, ensuring a balanced composition.

In selecting outside directors, the Nominating and Governance Committee confirms the independence of each candidate based on our Independence Standards for Outside Directors.

In this balanced Board of Directors, Kanetsugu Mike, who is well-versed in our Group's business and possesses extensive operational experience and broad knowledge, has played a crucial role in enhancing the effectiveness of the Board. As Chairman, he has improved the quality of discussions, monitored key agenda items such as growth strategies, ensured efficient and effective operations, and raised issues with the Executive Committee.

Hironori Kamezawa, as a director who also serves as President & CEO, has enhanced the Board's understanding of business execution by reporting important matters to the Board and ensuring smooth coordination and appropriate responses to issues raised. He also leads discussions and communication among directors in executive sessions attended only by the Chairman, CEO, and outside directors.

To ensure the effectiveness of the Board's oversight of Group management, the presidents of major subsidiaries generally serve as directors of MUFG. Junichi Hanzawa and Makoto Kobayashi, as directors who also serve as heads of their respective units, having contributed to effectively strengthening the decision-making and oversight functions of the Board from the perspective of achieving sustainable growth and long-term enhancement of corporate value.

Independence Standards for Outside Directors

MUFG Independence Standards for Outside Directors

1. (1) The person does not serve as an executive director, Corporate executive, executive officer, manager or other employee (hereinafter "Executive") of the Company or its subsidiaries, and has not served as an Executive of the Company or its subsidiaries in the 10 years prior to his or her appointment.
 (2) If the person at some time during the 10 years prior to his or her appointment had served as a Director, accounting advisor or corporate auditor (excluding a person who served as an Executive) of the Company or its subsidiaries, he or she had not served as an Executive in the 10 years prior to his or her appointment as such Director, accounting advisor or corporate auditor.
2. (1) The person is not a person or an Executive thereof who deals with the Company or its major subsidiaries^{*1} as a major business partner^{*2} and has not been an Executive thereof in the last 3 years.
 (2) The person is not a major business partner or an Executive thereof of the Company or its major subsidiaries, and has not been an Executive thereof in the last 3 years.
3. If the person is a consultant, accounting expert or legal expert, he or she has not received more than an average of 10 million yen per year in monetary or other assets from the Company excluding executive compensation, in the last 3 years, and is not an employee or other member of an accounting and law firms which deals with the Company as a major business partner^{*3}.
4. The person is not a spouse or a relative within the second degree of kinship of a Director, corporate executive, executive officer of the Company or its subsidiaries or a person whose independence from the Company has not been deemed to be assured by reason of Requirements 2 and 3 above.
5. The person is not a current major shareholder^{*4} of the Company or an Executive thereof.
6. The person is not an audit corporation or an employee or other member of such audit corporation of the Company or its subsidiaries, and has not engaged in the audit operations of the Company or its subsidiaries as such employee in the last 3 years.

*1 Major subsidiaries:	MUFG Bank, Ltd., Mitsubishi UFJ Trust and Banking Corporation, Mitsubishi UFJ Securities Holdings Co., Ltd.
*2 Major business partner:	Based on the criterion of 2% or more of annual consolidated net sales (annual consolidated gross profits in the case of the Company).
*3 Major business partner:	Based on the criterion of 2% or more of annual net sales.
*4 Major shareholder:	Shareholder holding 10% or more of total voting rights

(Source) Notice of Convocation

https://www.mufg.jp/dam/ir/stock/meeting/pdf/convocation2506_en.pdf

The recent third-party evaluation of the effectiveness of the Board of Directors confirmed that the Board's effectiveness continues to be ensured. This confirmation is based on ongoing improvements in the Board's operations and structure, which were identified as areas for improvement in fiscal year 2024. Additionally, it verified that the Board has thoroughly deliberated on and monitored both the theft of customer assets from safe deposit boxes incident and the business improvement order related to bank-securities collaboration, amply fulfilling its functions.

Furthermore, it confirmed that the independent and objective advice from the candidates for outside director, as well as their expertise and extensive experience in corporate management, have contributed to enriching the deliberations and enhancing the effectiveness of the Board. We will continue to implement ongoing improvements to further enhance the functions of the Board of Directors in fiscal year 2025.

The reasons for the appointment of each director candidate and the evaluation of the Board of Directors are disclosed in the Notice of Convocation.

Notice of Convocation: https://www.mufig.jp/dam/ir/stock/meeting/pdf/convocation2506_en.pdf

We ask our shareholders to review the Notice of Convocation of the Annual General Meeting of Shareholders and MUFG's views mentioned above, and we hope for their understanding and support for the proposal in question.

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About MUFG

Mitsubishi UFJ Financial Group, Inc. (MUFG) is one of the world's leading financial groups. Headquartered in Tokyo and with over 360 years of history, MUFG has a global network with approximately 2,000 locations in more than 40 countries. The Group has about 140,000 employees and offers services including commercial banking, trust banking, securities, credit cards, consumer finance, asset management, and leasing. The Group aims to "be the world's most trusted financial group" through close collaboration among our operating companies and by flexibly responding to all of the financial needs of our customers, serving society, and fostering shared and sustainable growth for a better world. MUFG's shares trade on the Tokyo, Nagoya, and New York stock exchanges. For more information, visit <https://www.mufig.jp/english>.