

Mitsubishi UFJ Investor Services & Banking (Luxembourg) S.A.



Remuneration Policy

POLICY



MUFG

Table of Contents

General	3
1.1. Purpose	3
1.2. Legal background	3
1.3. Amendment and Abolition	6
1.3.1. Compliance with Document Management Procedure	6
1.3.2. Additional specific provisions applicable to this Remuneration Policy	6
1.4. Monitoring.....	8
1.5. Definitions.....	9
1.6. Scope of Application	11
Chapter 1 - General Rules	12
Article 1 - Purpose and Principles of the Remuneration Policy.....	12
1.1. General purposes and principles	12
1.2. Gender Pay Gap (GPG) and remuneration policy neutrality (Equal pay)	13
Article 2 - Scope of the Remuneration Policy.....	15
Article 3 - Person(s) in Charge for the Remuneration Policy	15
Article 4 - Person(s) in charge for Remuneration	15
Article 5 - Principle of proportionality	16
Article 6 – Neutralization	17
Article 7 - The Remuneration Committee.....	18
Article 8 – Publication (Disclosure).....	18
Article 9 - Entry into force.....	20
Article 10 - Prohibitions	20
Article 11 - Principles governing the global amount available for variable remuneration (Variable Remuneration Pool)	22
2. Chapter 2 - Categories of Staff.....	22
Article 12 - Staff Categorization.....	22
Chapter 3 - Fixed Remuneration	23
Article 13 - Definition of Fixed Remuneration.....	23
Article 14 – Beneficiaries.....	24
Article 15 – Changes.....	25
Article 16 - Payment Date of the Fixed Remuneration	25
Article 17 - Department in charge of the payment of the Fixed Remuneration	26

Chapter 4 - Variable Remuneration and components thereof.....	26
Article 18 - Definition of the variable remuneration.....	26
Article 19 - Beneficiaries	27
Article 20 - Form of a Variable Remuneration	28
Article 21 - Determination of a Variable Remuneration in a contract.....	28
Article 22 - Criteria for the allocation of a Variable Remuneration	31
Article 23 - Conditions of payment of a Variable Remuneration.....	32
Article 24 - Payment Date of the Variable Remuneration	34
Article 25 - Department in charge of the payment of the Variable Remuneration	35
Article 26 - Balance between fixed and variable remuneration	35
Article 27 – Prohibition of Hedging Strategies.....	36
Chapter 5 – Record keeping	36
3. Annexes	37
3.1. Annex 1 – Organization chart.....	38
3.2. Annex 2 – Criteria of Identified Staff - Criteria to Identify Categories of Staff	39
3.3. Annex 3 – List of Identified Staff	43
3.4. Annex 4 – Quantitative Criteria of the proportionality principle.....	44
3.5. Annex 5 – List of Allowances.....	45
3.6. Annex 6 – Criteria for the assessment based on which Variable Remuneration is awarded	46
Annex 7 – Composition of the Remuneration Committee	50
Annex 8 – References	51

General

1.1. Purpose

The purpose of this Remuneration Policy is to ensure compliance of the Bank with the provisions laid down in the below legislation and regulatory frameworks, and aims to improve the taking, management and control of risks in financial institutions by defining guidelines relating to the remuneration structure. The issues linked with excessive risk taking have pushed international bodies and financial regulators to guide financial institutions into a regulatory framework, in which the principles of sound remuneration are critical in reducing the risk of economic and financial crises. The overall aim is to ensure that remuneration structures and incentive policies take into account the current and future risks, and the level of capital strength of each financial institution, as well as ensuring that remuneration is based on concrete achieved criteria and is sustainable over a multi-year framework.

This Remuneration Policy is adopted for the implementation of sound and effective risk management by aligning itself with a corporate strategy, objectives, values, and long-term interests, by complying with all the principles governing the protection of customers and investors, as well as the prevention of abusive sales and risk management obligations. It is designed to define the rules to be considered by the Board of Directors and General Management prior to paying or deciding to pay out a remuneration to Identified Staff and/or Staff in compliance with applicable laws and regulations.

1.2. Legal background

This Remuneration Policy of MUFG is defined in compliance with the following regulations:

Local regulations:

- The amended Law of 5 April 1993 in relation to the financial sector (the “LFS”);
- Law of 20 May 2021 transposing the Directive (EU) 2019/878 (CRD V) of the European Parliament and of the Council of 20 May 2019 amending Directive 2013/36/EU (CRD IV) as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures;
- Circular CSSF 22/797 on the Application of the Guidelines of the European Banking Authority (EBA) on Sound Remuneration Policies under Directive 2013/36/EU (EBA/GL/2021/04);
- Circular CSSF 12/552 on central administration, internal governance and risk management (as amended by circulars CSSF 13/563 and CSSF 14/597);
- Circular CSSF 14/585 transposing the European Securities Markets Authority's (ESMA) guidelines on remuneration policies and practices (MiFID) - Addition of Annexe V to Circular CSSF 07/307; and
- Circular CSSF 15/622 on higher ratio notification procedure applicable to the

remuneration policy according to Article 94(1)(g)(ii) of CRD IV;

- Circular CSSF 17/664 on survey on staff expenses and taxes;
- Other CSSF Circulars regarding remuneration practices: CSSF Circulars, 14/594, 10/497, 10/437 and 06/273;
- National Labour Law -“Code du Travail” and “Collective Bargaining Agreement for Banks”

European regulations:

- Article 5(1a) and Chapter 4Bis (*Governance arrangements and remuneration policies*) of Part II (and notably articles 38-5 and 38-6) of the Banking Act;
- Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 (CRD V) amending Directive 2013/36/EU (CRD IV) as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures; Articles 74, 75 and 92 to 96 of CRD IV as amended further to CRD V;
- Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 (CRR) as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012;
- Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector published in 2019 and in force from 2021, which establishes - among other things - that financial market participants must include information in their remuneration policies on how those policies are consistent with the integration of sustainability risks;
- Commission Delegated Regulation (EU) 2021/923 of 25 March 2021 supplementing Directive 2013/36/EU of the European Parliament and of the Council with regard to Regulatory Technical Standards setting out the criteria to define managerial responsibility, control functions, material business units and a significant impact on a material business unit’s risk profile, and setting out criteria for identifying staff members or categories of staff whose professional activities have an impact on the institution’s risk profile that is comparably as material as that of staff members or categories of staff referred to in Article 92(3) of that Directive;
- Commission Delegated Regulation (EU) No 527/2014 of 12 March 2014 supplementing Directive (EU) No 2013/36/EU of the European Parliament and of the Council with regard to regulatory technical standards specifying the classes of instruments that adequately reflect the credit quality of an institution as a going concern and are appropriate to be used for the purposes of variable remuneration.
- Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial

services sector published in 2019 and in force from 2021, which establishes - among other things - that financial market participants must include information in their remuneration policies on how those policies are consistent with the integration of sustainability risks;

- Recommendation EBA/GL/2021/04 of the European Banking Authority (“Guidelines on sound remuneration policies under Directive 2013/36/EU) published on July 2021 and in force from December 31st, 2021.
- Article 450 of the Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investments firms, as amended notably by Regulation (EU) 2019/876 (CRR II); and

This Remuneration Policy:

- (a) stipulates the matters to be considered by the Board of Directors and the General Management prior to paying or deciding to pay out a remuneration to Identified Staff and/or Staff,
- (b) has been established in compliance with relevant legal rules and regulations (as set out in Article 2.1 below),
- (c) is based on a self-assessment by the Bank of its own risk profile, risk appetite, risk culture and strategy,
- (d) is aligned with the Bank’s business strategy, objectives, values, and long-term interests,
- (e) is consistent with and promotes sound and effective risk management and does not encourage risk-taking that exceeds the level of tolerated risk of the Bank,
- (f) complies with the applicable principles in relation to the size, nature, scope, and complexity of the Bank’s activities,
- (g) establishes a clear distinction between criteria for setting basic fixed remuneration and variable remuneration,
- (h) is gender neutral, i.e., staff, independent of their gender, shall be equally remunerated for equal work or work of equal value in line with point 65 of Article 3(1) of Directive 2013/36/EU and Article 157 of the Treaty on the Functioning of the European Union (“TFEU”),
- (i) has been approved by the Board of Directors, and
- (j) is subject to annual review:
 - by the Board of Directors,
 - internally, through an independent review by the Bank’s internal auditor(s) in cooperation with the holders of other control functions (i.e., risk management, compliance function), and

- externally, by the Bank’s external auditors,
- (k) incorporates the Code of Conduct, Conflict of Interest Policy ensure that no material conflicts of interest arise for staff, including for staff in control functions and (y) compliance with insider trading rules and that no measures are taken that can have a short-term impact on the share or instruments price, where applicable),.

1.3. Amendment and Abolition

1.3.1. Compliance with Document Management Procedure

Subject to compliance with the additional specific provisions laid down in section 1.2.2. here below, the amendment, abolition and Replacement of the Remuneration Policy shall follow the Document Management Procedure. Abolition and replacement is subject to prior approval of the Authorized authorities (as explained in Document Management Procedure paragraph 3.4.3).

1.3.2. Additional specific provisions applicable to this Remuneration Policy

1.3.2.1. Board of Directors, General Management, Remuneration Committee

- 1.2.2.1.1. Additions, revisions, amendments, and abolishment of this Remuneration Policy are to be approved by the Board of Directors, upon suggestion of the Remuneration Committee, the General Management or upon the Board of Director’s own initiative.
- 1.2.2.1.2. The Remuneration Committee or the General Management (as the case may be) may decide minor revisions, such as changes of sentences, expressions, and name of department based on the Deliberation and Reporting Items with Investor Services Business Division of MUTB, subject to the approval of such changes at the next Board of Directors’ meeting.
- 1.2.2.1.3 The General Management, with the assistance of the Remuneration Committee, is responsible for issuing the procedures (if necessary) requested in this Remuneration Policy. Such procedures have to be approved by the Board of Directors prior to entry into force.
- 1.2.2.1.4. The Board of Directors, the Remuneration Committee and the General Management are authorized, but not under a duty of, requesting the external auditor’s opinion or *nihil obstat* to any matter in relation with this Remuneration Policy and related procedures.
- 1.2.2.1.5. Track of any revision or amendment to this Remuneration Policy and related procedures, as well as the minutes of the meetings of the Remuneration Committee will be kept by Human Resources Department.
- 1.2.2.1.6. The Board of Directors shall take into account the input provided by all competent corporate functions and bodies (e.g., committees, control functions, human resources, legal, strategic planning, budget function,

etc.) and business units about the design, implementation and oversight of the Bank's remuneration policies.

1.3.2.2. Staff delegation

1.2.2.2.1. If and to the extent required, in accordance with applicable legal provisions (including the Labor Code), this policy and any changes and amendments thereof will be delivered to the Staff delegation for information.

1.2.2.2.2. The Human Resources Department is in charge of transmitting such information.

1.3.2.3. Independent internal review

1.2.2.3.1. The implementation of the Remuneration Policy is, at least annually, subject to central and independent internal review for compliance with policies and procedures for remuneration adopted by the Board of Directors. The review shall include an analysis of whether the Remuneration Policy is gender neutral.

1.2.2.3.2. The Bank shall monitor the development of the gender pay gap separately for:

- a) identified staff, excluding members of the Board of Directors;
- b) members of the management body in its management function, i.e. The Board of Directors,
- c) other staff.

Where material differences between the average pay of male and female staff or male and female members of the Board of Directors exist, the Bank shall document the main reasons and take appropriate action where relevant or should be able to demonstrate that the difference does not result from a remuneration policy that is not gender neutral.

1.2.2.3.3. This review is conducted by the Bank's internal auditor(s) in cooperation with the holders of the risk management and compliance control functions. Other relevant corporate functions (i.e., human resources, legal) will also be involved in reviewing the Remuneration Policy as appropriate.

In particular:

- the **Human Resources** shall participate in and inform on the drawing up and the evaluation of the Remuneration Policy for the Bank, including the remuneration structure, the aspect of gender neutrality, remuneration levels and incentive schemes, in a way that would not only attract and retain the staff the Bank needs but also ensure that the remuneration policy is aligned with the Bank's risk profile;
- the **risk management function** shall assist with and inform on the definition of suitable risk adjusted performance measures (including ex post adjustments), as well as with assessing how the variable remuneration structure affects the risk profile and culture of the Bank. The risk

management function shall validate and assess risk adjustment data as well as be invited to attend the meetings of the remuneration committee on this matter.

- the **compliance function** shall analyse how the Remuneration Policy affects the Bank's compliance with legislation, regulations, internal policies and risk culture and should report all identified compliance risks and issues of non-compliance to the Board of Directors and the General Management. The findings of the compliance function should be taken into account by the Board of Directors during the approval, review procedures and oversight of the Remuneration Policy.

1.2.2.3.4.. The result of this internal review is reported to the General Management, to the Board of Directors and to the Remuneration Committee on an annual basis. Copies of such reports must be kept.

1.3.2.4. Shareholder involvement

1.3.2.4.1. Remuneration Policy

The Policy is not subject to approval by the shareholders.

1.3.2.4.2. Remuneration of Directors

In compliance with article 15 of the coordinated articles of incorporation of the Bank, the remuneration of the directors is fixed by the general meeting of shareholders.

In compliance with the EBA Guidelines, shareholders shall also explicitly approve the payments that can be awarded to those persons at the termination of their contracts.

The Board of Directors, in order to enable shareholders to make informed decisions, shall ensure that adequate information regarding the remuneration policy designed to help them to assess the incentive structure and the extent to which risk-taking is being incentivized and controlled as well as the overall cost of the remuneration structure. Such information should be provided well in advance of the relevant shareholders' meeting, including detailed information in compliance with item 46 of the EBA Guidelines.

The Board of Directors remains responsible for the proposals submitted to the shareholders' meeting. The Remuneration Committee is responsible for the preparation of decisions on remuneration to be taken by the supervisory functions, in particular regarding the remuneration of the members of the management body in its management function as well as of the other Identified Staff.

1.3.2.4.3. Exceptional Shareholder involvement

In addition, the provisions under section 26.3 of this Remuneration Policy may apply in case of variable remuneration in excess of 100% of the fixed remuneration but within the limits of 200% thereof.

1.4. Monitoring

The Board of Directors is responsible for approving the Remuneration Policy, supervising, and reviewing it at least once per year.

As part of the central and independent internal review, the Bank shall assess whether the overall remuneration policies, practices, and processes operate as intended (in particular, that approved policies, procedures and internal rules are being complied with; that the remuneration pay outs are appropriate, in line with the business strategy; and that the risk profile, long-term objectives and other goals of the Bank are adequately reflected); are compliant with national and international regulations, principles and standards and are deployed as required by applicable laws and regulations. The monitoring shall be entrusted to the internal audit function, which shall report to the Board of Directors and the General Management.

The results of the performed internal review and actions taken to remedy any findings shall be documented, either through written reports or through the minutes of the meeting of the audit committees and made available to the Board of Directors and corporate functions.

1.5. Definitions

“Bank” or “MUFG”	means Mitsubishi UFJ Investor Services & Banking (Luxembourg) S.A., a Luxembourg public company limited by shares (<i>société anonyme</i>), with registered offices at 287-289, route d'Arlon, L-1150 Luxembourg, registered with the Luxembourg trade and commerce register (<i>Registre de Commerce et des Sociétés</i>) under the number B 11.937, authorized as a credit institution under the Banking Act and subject to prudential supervision by the CSSF.
“Banking Act”	means the Luxembourg act of 5 April 1993 on the financial sector, as amended.
“Board of Directors”	means the board of directors of the Bank, duly appointed by the general meeting of shareholders of the Bank and authorized by the CSSF.
“Collective Convention”	means the collective bargaining agreement for bank employees (<i>‘convention collective de travail des salariés de banque’</i>) applicable to certain employees of banks who are members of the Luxembourg Bankers’ Association (<i>‘Association des Banques et Banquiers Luxembourg’</i> (“ ABBL ”)), as amended or restated from time to time.
“Company Law”	means Luxembourg law on commercial companies dated 10 August 1915, as amended.
“Control Functions”	means the function has responsibility and accountability to the Board of Directors for the activities of the independent risk management function, compliance function or internal audit function.

“CSSF”	means the Luxembourg supervisory authority of the financial sector, the <i>Commission de surveillance du secteur financier</i> .
“Director”	means a member of the Board of Directors.
“EBA”	means the European Banking Authority.
“ESMA”	means the European Securities and Markets Authority.
Gender pay gap	means the difference between the average gross hourly earnings of men and women expressed as a percentage of the average gross hourly earnings of men.
“General Management”	means the persons responsible for the day-to-day management of the Bank, duly appointed by the Board of Directors and authorized by the CSSF.
“Group”	means the group of companies to which the Bank belongs.
“Identified Staff” or “Material Risk Takers”	means staff whose professional activities have a material impact on the Bank’s risk profile in accordance with the criteria set out in the Commission Delegated Regulation (EU) 2021/923 (notably articles 3, 4 5 and 6, as well as in accordance with CSSF Circular 12/552 and the EBA Guidelines 2021/04, notably its Chapter 5. and where appropriate in addition based on the Bank’s criteria.

The Bank maintains a list of those Staff members who qualify as “Identified Staff”, such list being attached hereto in Annex 3 and updated from time to time in compliance with the relevant procedure.

In principle, none of the Staff within the Bank is seconded from an entity abroad (notably Japan), and all Staff is hence employed with a Luxembourg employment agreement. However, should Staff be seconded from the Japan based parent undertaking to the Bank which is an institution who, were they employed directly by the Bank, would fall under the scope of identified staff of the Bank, are identified staff then such seconded staff should be subject to the provisions of Articles 92, 93 and 94 of Directive 2013/36/EU as they are implemented in Luxembourg where the Bank is established and applicable Regulatory Technical Standards. For the purposes of short-term secondments, for example where a person is only residing in a Member State for a few weeks to carry out project work, that person should be subject to such provisions only if the person would be identifiable under the RTS on identified staff, taking into account the remuneration awarded for the relevant time period and the role and responsibilities during the secondment. Short-term contracts or secondments must not be used as a means of circumventing the remuneration requirements of Directive

	2013/36/EU and any related standards or guidelines.
“Material Business Unit”	means a business unit which has been allocated at least 2% of the Bank’s internal capital.
“MUTB”	means Mitsubishi UFJ Trust and Banking Corporation, a Japanese company, having its registered offices at 4-5, Marunouchi 1-Chome, Chiyoda-ku, Tokyo 100-8212, Japan.
“Remuneration Committee”	means the specialized committee established, to the extent required under applicable legal and regulatory rules, by the Board of Directors to assist it and provide it with critical assessments in respect of the organization and operation of the Bank in the field of remuneration policies and practices (in order to enable the Board of Directors to fulfill their supervisory mission and to take on their responsibilities pursuant to applicable legal and regulatory requirements).
“Remuneration Policy”	means this remuneration policy as amended from time to time.
“Senior Management”	means the persons who are members of Executive Committee or who report directly to the General Management.
“Severance Payment”	means payments to staff relating to the early termination of a contract, i.e., in the case of temporary contracts, termination before the end date of the contract and in the case of indefinite contracts, before the contractual or legal retirement, by an institution or its subsidiaries.
“Staff”	means all the persons employed by the Bank, including division and department heads, but excluding the General Management.
Underrepresented gender	means the less represented male or female gender.
“Variable Remuneration”	has the meaning set out in Article 19 of the Remuneration Policy.

1.6. Scope of Application

This Procedure applies to the Board of Directors, the Management Board, the Human Resources Department, to the Remuneration Committee and to all Staff members of the Bank (including Identified Staff), to the Bank’s expatriates, and to the staff of the Dublin Branch as well as to Staff members when negotiating with prospective staff in the process of being recruited.

Chapter 1 - General Rules

Article 1 - Purpose and Principles of the Remuneration Policy

This paragraph is split in two sub-sections relating to (1) the general purposes and principles of the Remuneration Policy and (2) gender pay gap and equal pay.

1.1. General purposes and principles

- (a) stipulates the matters to be considered by the Board of Directors and the General Management prior to paying or deciding to pay out a remuneration to Identified Staff and/or Staff,
- (b) has been established in compliance with relevant legal rules and regulations (as set out in Article 28 below),
- (c) is based on a self-assessment by the Bank of its own risk profile, risk appetite, and strategy,
- (d) is aligned with the Bank's business strategy, objectives, values and long-term interests,
- (e) is consistent with and promotes sound and effective risk management and does not encourage risk-taking that exceeds the level of tolerated risk of the Bank,
- (f) complies with the applicable principles in relation to the size, nature, scope, and complexity of the Bank's activities,
- (g) establishes a clear distinction between criteria for setting basic fixed remuneration and variable remuneration,
- (h) has been approved by the Board of Directors, and
- (i) is subject to annual review:
 - (i) by the Board of Directors,
 - (ii) internally, through an independent review by the Bank's internal auditor(s) in cooperation with the holders of other control functions (i.e., risk management, compliance function), and
 - (iii) externally, by the Bank's external auditors,
- (j) incorporates the Code of Conduct, Conflict of Interest Policy,.

1.2. Gender Pay Gap (GPG) and remuneration policy neutrality (Equal pay)

The Remuneration Policy reflects gender neutrality principles to ensure equal treatment regardless of gender and any other form of diversity, basing evaluation and remuneration criteria exclusively on professional ability.

All aspects of the Remuneration Policy are gender neutral, including the award and pay-out conditions for remuneration.

The gender-neutrality of remuneration applies to all staff, including the Material Risk Takers, i.e., a remuneration policy based on equal pay for male and female workers for equal work or work of equal value. The same principle applies to workers of all diverse genders when implemented into national law. The Remuneration Policy and all related employment conditions that have an impact on the pay per unit of measurement or time rate shall be gender neutral, i.e., there shall be no differentiation between staff of the male, female, or diverse genders.

The Bank is committed to offering remuneration in line with the market, which reflects each employee's role, capabilities contribution to company performance objectively measured, and professional experience, thus guaranteeing that the principle of equal opportunities is applied in practice.

Institutions must be able to demonstrate that the remuneration policy is gender neutral. With reference to inclusion, the Bank guarantees that all its collaborators are treated without distinction, exclusion, restriction, or preference, whether direct or indirect, based on their: age, gender, sexual orientation, civil status, religion, language, ethnic or national origins, physical or mental disabilities, state of pregnancy, maternity, or paternity (including as a result of adoption), personal convictions, political opinions, and/or trade union affiliation or activities.

The Bank pursues the appropriate balance between genders at all levels of the company, focusing on senior and management positions where the gender gap is most felt. The Bank further applies the principles laid down in items 24 through 27 of the EBA Guidelines 2021/04, in particular:

- The gender-neutral remuneration policy should ensure that all aspects of the remuneration policy are gender neutral, including the award and pay-out conditions for remuneration.
- When determining the pay per unit of measurement or time, institutions should duly consider the remuneration awarded, working time arrangements, annual leave periods and other financial and non-financial benefits. Institutions may use as a unit of measurement the annual gross remuneration of staff calculated on a full-time equivalent basis.
- In order to monitor that gender-neutral remuneration policies are applied, institutions should document appropriately the value of the position, e.g., by documenting job descriptions or defining wage categories, for all staff members or categories of staff and determine which positions are considered as having an equal value, e.g. by implementing a job classification system, taking into account at least the type of activities, tasks and duties assigned to the position or staff member. Where a job classification system is used for determining pay, it should be based on the same criteria for men, women and staff of diverse genders and drawn up so as to exclude any discrimination, including on grounds of gender.

As the remuneration of most of the staff is subject to collective bargaining and as such contracts are applicable independent of the gender of staff, the monitoring of the gender-neutral application of the Remuneration Policy may be affected notably by ensuring compliance with the collective bargaining. The gender neutrality regarding individually agreed contracts is more complex and requires a more sophisticated approach.

When determining the pay per unit of measurement or time, the Bank duly considers the remuneration awarded, working time arrangements, annual leave periods and other financial and non-financial benefits. The Bank uses as a unit of measurement the annual gross remuneration of staff calculated on a full-time equivalent basis.

In addition, to ensure such gender neutrality for all staff, the Bank considers in a gender-neutral manner additional aspects when determining the remuneration of staff. Such aspects may, as an example, include (in addition to the collective bargaining, where applicable) :

- a. educational, professional and training requirements, skills, effort and responsibility, work undertaken and the nature of tasks involved;
- b. the place of employment and its costs of living;
- c. the hierarchical level of staff and if staff have managerial responsibilities;
- d. the level of formal education of staff;
- e. the scarcity of staff available in the labour market for specialised positions;
- f. the nature of the employment contract, including if it is temporary or a contract with an indefinite period;
- g. the length of professional experience of staff;
- h. professional certifications of staff;
- i. appropriate benefits, including the payment of additional household and child allowances to staff with spouses and dependent family members.

In order to monitor that the gender-neutral Remuneration Policy is applied, the Bank documents appropriately the value of the position, e.g. by documenting job descriptions or defining wage categories, for all staff members or categories of staff and determine which positions are considered as having an equal value, e.g. by implementing a job classification system, taking into account at least the type of activities, tasks and duties assigned to the position or staff member. The Bank uses a job classification system for determining pay, which is based on the same criteria for men, women and staff of diverse genders and excludes any discrimination, including on grounds of gender. All decisions related to remuneration will be duly documented in writing based on the above and kept in the files of the HR Department. A yearly report concerning the implementation of the Remuneration Policy will be submitted by the HR Department to the Authorised Management, setting out inter alia the elements above and the measures taken concerning (i) gender neutrality, (ii) the enhancement of the situation of the underrepresented gender and (iii) the development of the gender pay gap over time (if any) (the “**Gender Diversity Report**”). Such Gender Diversity Report shall upon approval / comments / amendments be submitted to the Board of Directors.

In its regular review of the policies in force, the Board of Directors analyses the gender neutrality of the Remunerations Policy, examining the gender pay gap and its development over time. In doing so, it will consider the information provided in the Gender Diversity Report.

Article 2 - Scope of the Remuneration Policy

This Remuneration Policy applies to all Identified Staff and all other Staff of the Bank.

Article 3 - Person(s) in Charge for the Remuneration Policy

3.1 The Board of Directors is responsible for approving the Remuneration Policy, supervising its implementation and reviewing it at least once per year.

3.2 The General Management is responsible for implementing the Remuneration Policy.

3.3 The Human Resources Department, on behalf of the Board of Directors (the Remuneration Committee), with the assistance of the Risk Management Department, the Compliance Department and the Legal Department, is responsible for preparing the Remuneration Policy and related procedures and for suggesting updates thereto (in compliance with applicable legal and regulatory rules).

Article 4 - Person(s) in charge for Remuneration

4.1 The Board of Directors is ultimately in charge of deciding the remuneration of the Directors, of the General Management and of the Staff. The Board of Directors is responsible for approving and reviewing the Remuneration Policy; moreover it:

- supervises the implementation of the remuneration rules and reviews the processes and practices related to remuneration and compliance with the MUFG Policy, taking into account the long-term interest of Shareholders, the medium and long-term strategies and the corporate objectives of the Bank and its risk profile;
- Is responsible for approving the list of Material Risk Takers identified according to the criteria set out in the CRD V and Commission Delegated Regulation No. 923/2021 and in the transposing Law of 20 May 2021, including the exclusions, if any;
- Approves the fixed pay levels of the CEO and Heads of Control Functions;
- Approves the remuneration plans based on financial instruments;
- Is responsible for the definition of the variable remuneration accrued by CEO and Heads of Control Functions, and in this context, also approves and reviews the assignment of the performance scorecards, the assessment of the performance scorecards targets, and the assessment of the KPIs and targets, the assessment of the level of achievement against performance targets, and the amount of the yearly bonus to be paid;
- Is informed, at least on an annual basis, about the funding of the bonus pool at the Bank level.

4.2 The remuneration of the senior officers in the risk management, compliance functions and internal audit is directly overseen by the Remuneration Committee.

4.3 The Board of Directors has delegated the duty of determining the remuneration of the Staff to the General Management. The remuneration of the Identified Staff is overseen by the Remuneration Committee,

4.4 The General Management will report to the Board of Directors and to the Remuneration Committee at least once a year on the general evolution of the remuneration structure of the Bank.

4.5 The Human Resources Department is responsible for: drafting updates of the Remuneration Policy, identifying and periodically reviewing the list of Material Risk Takers, proposing to the Board of Directors through its Chairman the fixed remuneration pay levels for the CEO and Head of Control Functions, proposing to the Board of Directors through its Chairman the variable remuneration accrued by the CEO and Heads of Control Functions, and in this context the assessment of the level of achievement targets, and the amount of yearly bonus to be paid, and informing the Board of Directors through its Chairman, at least on an annual basis, about the bonus pool amount allocated to the Bank.

4.6 The Risk Management Function is responsible for: assessing that the remuneration systems are aligned with the Bank's Risk Appetite Framework and taking into account the overall risks, capital and liquidity parameters (i.e. by verifying the risk adjusted KPIs) and provides a written opinion, reporting on all identified compliance risks and issues to the Authorized Officers and to the Board of Directors, participating in the ex-post risk adjustment for variable remuneration, and assisting the Board of Directors in risk management matters.

4.7 The Compliance Function is responsible for: verifying if the Remuneration Policy is compliant with the applicable external and internal regulations and providing a written opinion, reporting on all identified compliance risks and issues to the Authorized Officers and to the Board of Directors, assessing if the list of identified Material Risk Takers is in compliance with the applicable external regulations and providing an written opinion, and assisting the Board of Directors in compliance matters.

4.8 The Audit Function is responsible for, on an annual basis: verifying the compliance of the remuneration implementation procedures to the relevant Policy and, in that context, checking the correct implementation of the process for identified Material Risk Takers, informing the Board of Directors on the results of the verifications conducted.

4.9 The Remuneration Policy of the Corporate Bodies

The remuneration of members of the Board of Directors is formally decided by the Bank's Shareholders', pursuant to the relative statutory and banking regulations. Members of the Board of Directors receive remuneration according to their assigned duties and responsibilities. Variable remuneration amounts, bonuses linked to results, profit-sharing clauses or options to buy shares in an Incentive Plan are not envisaged. Exceptions from this principle are only on an exceptional and justified basis, in accordance with the Group approval and the relative supervisory regulations in force. Members of the Board of Directors have the right to the reimbursement of expenses incurred as a result of their office.

Article 5 - Principle of proportionality

5.1 The Bank has established and applies its Remuneration Policy in a manner and to the extent that is appropriate to its size, internal organization and the nature, scope and complexity of its activities.

The Bank's activities in Luxembourg consist mainly in the global custody of securities and fund administration, whereas the ones in Dublin consist in the provision of depositary services, all other activities being ancillary to this core business.

5.2 The Bank, having proceeded to a re-assessment reached the conclusion that it can not benefit from the principle of institutional proportionality. Reference is also made to Annex 4.

5.3 As the Bank no longer applies the proportionality principle at an institutional level, the Bank also ceases to apply the neutralization at the level of the Bank itself.

5.4 The Bank has assessed whether it can apply the proportionality principle among Material Risk Takers whose impact on the Bank's risk profile is deemed minor, due to the level of remuneration, and has concluded that this may be the case, pursuant to Article 5.5.

5.5 For the purposes of paragraph 5.4 above and pursuant to applicable legal and regulatory rules and notably items 85 of the EBA Guidelines and item 28 of the related Final Report and article 38-6 (2) b) of the Banking Act, the Bank may reasonably consider staff members whose annual variable remuneration does not exceed EUR 50,000 and that does not represent more than one third of the staff member's total annual remuneration as Material Risk Takers whose impact on the Bank's risk profile is minor. If the Bank were to apply the proportionality principle among Material Risk Takers, it would only do so for persons who receive annual variable remuneration not exceeding EUR 50,000.

Article 6 – Neutralization

- (a) 6.1. The Bank does not apply the proportionality principle on an institutional basis (as stated in Article 5.3. above), the following requirements under applicable legal and regulatory rules **may not be neutralized** on an institutional level: Deferral of part of the variable remuneration (subject to the neutralization possibility at individual level);
- (b) Pay-out of part of the variable remuneration in instruments (subject to the neutralization possibility at individual level);
- (c) Retention policy (subject to the neutralization possibility at individual level); and
- (d) Ex post incorporation of risk for the variable remuneration (malus or clawback)
- (e) Remuneration committee

6.2 As the Bank can no longer apply the proportionality principle on an institutional basis, the Bank will apply the individual proportionality principle among Material Risk Takers to the extent permitted by applicable legal and regulatory rules and continue to apply the neutralizations specified in points (a) to (d) of Article 6.1 above.

For those Material Risk Takers for which the Bank can not apply the proportionality principle, the Bank will not apply any neutralizations.

Article 7 - The Remuneration Committee

The Remuneration Committee has been set up by the Board of Directors in order to support it in all activities concerning remuneration.

The remuneration committee is composed of members of the supervisory function (Board of Directors) who do not perform executive functions. Members of the remuneration committee should have collectively appropriate knowledge, expertise and professional experience concerning remuneration policies and practices, risk management and control activities, namely with regard to the mechanism for aligning the remuneration structure to institutions' risk and capital profiles.

In particular, the Committee:

- independently assesses the Policies and provides support to the Board of Directors concerning the adoption and regular review of its general principles;
- ensures the adequacy of the information provided to shareholders on remuneration policies and practices, in particular on a proposed higher maximum level of the ratio between fixed and variable remuneration;
- reviews, before the approval of the Board of Directors, the list of Material Risk Takers identified according to the criteria set out in the CRD V, the EU Regulation No. 923/2021, and the Law of 20 May 2021 transposing the CRD V, including possible exclusions;
- is responsible for the preparation of decisions on remuneration to be taken by the Board of Directors in its supervisory function, in particular regarding the remuneration of the members of the Management body including the CEO as well as of other Material Risk Takers;

with regard to the CEO and the Heads of Control Functions, assesses the variable remuneration accrued and, in this context, reviews also the assignment of the KPIs and targets of the performance, the assessment of the level of achievement against performance targets and the amount of the bonus to be paid.

Article 8 – Publication (Disclosure)

8.1 Internal Publication:

The Human Resources Department publishes the Remuneration Policy so as to make it available to all Staff of the Bank at all times on the intranet of the Bank and is in charge of publishing (at least once a year) any revisions and amendments thereto. Also, the Human Resources Department will each time inform by email all the Staff members of the publication of any new version of the Remuneration Policy.

In addition, information regarding the Remuneration Policy, which is disclosed as detailed here below, shall be made available to all Staff via the intranet of the Bank and by email information as set out above.

Confidential aspects of the remuneration of single staff members are not subject to internal transparency.

Staff shall be informed about the characteristics of their variable remuneration, as well as the process and criteria that will be used to assess the impact of their professional activities on the risk profile of the Bank and their variable remuneration. In particular,

the appraisal process with regard to the individual's performance shall be properly documented and should be transparent to the staff concerned.

8.2 External Publication:

In line with requirements under Article 450 of the Regulation (EU) 575/2013 on prudential requirements for credit institutions and investment firms, the Bank publishes for the Identified Staff following information and relevant excerpts from this Remuneration Policy and statistics (as detailed hereafter) in the annual report of the Bank.

The relevant excerpts of the Remuneration Policy to be disclosed include:

- information concerning the decision-making process used for determining the Remuneration Policy as well as the number of meetings held by the main body overseeing remuneration during the financial year, including, where applicable, information about the composition and the mandate of the Remuneration Committee, the external advisers (if any) whose services were used to establish the Remuneration Policy, and the role of the relevant stakeholders;
- information about the link between remuneration and performance;
- the important design characteristics of the remuneration system, including information about the criteria used for performance measurement and risk adjustment, deferral policy and vesting criteria;
- The ratios between Fixed Remuneration and Variable Remuneration set in accordance with point (g) of Article 94(1) of Directive 2013/36/EU as amended by the Directive 2019/878/EU;
- information on the performance criteria on which the entitlement to shares, options or variable components of remuneration is based (if any);
- the main parameters and rationale for any variable component scheme and any other non-cash benefits (if any);
- aggregate quantitative information on remuneration, broken down by business area;
- aggregate quantitative information on remuneration, broken down by senior management and members of Staff whose professional activities have a material impact on the risk profile of the institution, indicating the following:
 - (i) the amounts of remuneration for the financial year, split into fixed and variable remuneration, including a description of the fixed components, and variable remuneration and the number of beneficiaries, and the number of beneficiaries;
 - (ii) the amounts and forms of variable remuneration, split into cash, shares, share-linked instruments and other types separately for the part paid upfront and the deferred part;
 - (iii) the amounts of deferred remuneration awarded for previous performance periods, split into the amount due to vest in the financial year and the amount due to vest in subsequent years;
 - (iv) the amounts of deferred remuneration due to vest in the financial year that is paid out during the financial year and that is reduced through performance adjustments;

- (v) new sign-on and severance payments (guaranteed variable remuneration awards) made during the financial year, and the number of beneficiaries of such payments;
 - (vi) the severance payments awarded in previous periods, that have been paid out during the financial year;
 - (vii) the amounts of severance payments awarded during the financial year, split into paid upfront and deferred, the number of beneficiaries of those payments and highest payment that has been awarded to a single person; and
- the number of individuals being remunerated EUR 1 million or more per financial year, with the remuneration between EUR 1 million and EUR 5 million broken down into pay bands of EUR 500 000 and for remuneration of EUR 5 million and above broken down into pay bands of EUR 1 million;
 - Information on the gender pay gap.

8.3 CSSF:

Upon request by the CSSF, the Bank will also provide the total remuneration for each Staff Member defined as having a material impact on the risk profile of the Bank and more generally, proceed to such remuneration related reporting and publications as may be required under applicable laws and regulations.

Article 9 - Entry into force

This initial version of this Remuneration Policy entered into force on 18 June 2010 and has been amended several times.

Any subsequent amendment of the Remuneration Policy will enter into force on the day of its approval by the Board of Directors of the Bank in accordance with the provisions of Article 10 hereafter.

Article 10 - Prohibitions

10.1 Prohibition of personal hedging

(a) Principle

In compliance with the provisions of article 38-6 p) of the Banking Law and Section 10 of the EBA Guidelines EBA/2015/22, the Bank shall further ensure that Identified Staff and Staff Members are not able to transfer the downside risks of Variable Remuneration to another party through hedging or certain types of insurance. Insurances to cover out personal payments such as healthcare and mortgage instalments are excluded from this prohibition.

(b) Beneficiaries' undertaking

All Identified Staff members and Staff members are required to undertake not to use personal hedging strategies or remuneration- and liability-related insurance to undermine the risk alignment effects embedded in their remuneration arrangements.

10.2 No Circumvention

Variable Remuneration is not paid through vehicles or methods which aim at or effectively lead to non-compliance with remuneration requirements for Identified Staff or rather Staff Members, as applicable. This includes arrangements between the Bank and third parties in which the staff member has a financial or personal interest.

“**Circumvention**” is non-compliance with remuneration requirements and takes place if the Bank is actually not meeting the objective and purpose of requirements when considered together, while formally the Bank complies with the wording of the individual remuneration requirements.

Circumvention takes place in the following circumstances, among others:

- a. where variable remuneration is considered as fixed remuneration in line with the wording of this Remuneration Policy and the EBA Guidelines, but not with its objectives;
- b. where variable remuneration other than guaranteed variable remuneration is awarded or vests although, effectively:
 - i. there has been no positive performance measured by the staff member, business unit, or institution;
 - ii. there is no effective risk alignment (i.e. ex ante or ex post risk adjustment); or
 - iii. the variable remuneration is not sustainable according to the institution’s financial situation;
- c. where staff receive payments from the institution or an entity within the scope of consolidation which do not fall under the definition of remuneration, but are vehicles or methods of pay that contain an incentive for risk assumption or provide disproportionate returns on investments on instruments of the firm that are significantly different from conditions for other investors who would invest in such a vehicle;
- d. where staff receive payments from the institution or an entity within the scope of consolidation which do not fall under the definition of remuneration, but are vehicles or methods to circumvent the remuneration requirements (e.g. non-redeemable loan);
- e. where fixed remuneration components are awarded as a fixed number of instruments and not as a fixed amount;
- f. where staff are awarded remuneration in instruments or are able to buy instruments which are not priced at the market value or the fair value in the case of non-listed instruments and the additional value received is not taken into account in the variable remuneration;
- g. where adjustments to fixed remuneration components are frequently negotiated and adjustments are in fact made to align the remuneration with the performance of staff;
- h. where allowances are awarded at an excessive amount that is not justified for the underlying circumstances;
- i. where remuneration is labelled as payment for early retirement and not taken into account as variable remuneration, where in fact the payment has the character of a severance payment, as it is made in the context of the early termination of the contract, or where in fact the staff member does not retire after such award is made or where the payments are not granted on a monthly basis;
- j. any measures that would lead to a situation where in fact the remuneration policy would no longer be gender neutral.

Article 11 - Principles governing the global amount available for variable remuneration (Variable Remuneration Pool)

The variable remuneration pool is determined annually with regards to the preceding full business year on the basis of quantitative and qualitative criteria, bearing in mind the core principles of this Remuneration Policy, as well as the performance of the Bank by the Authorized Management, in calibration meetings at which HR attends as well.

The global amount allocated to the variable remuneration to the Bank depends on its performance together with other collective performance results to be determined at the discretion of the General Management.

Furthermore, the overall allocation of Variable Remuneration will be determined according to the prudential rules and will take effectively into account the exposure to risks of the Bank and related risk appetite.

The measurement of performance used to calculate variable remuneration components or pools of variable remuneration components includes an adjustment for all types of current and future risks and takes into account the cost of the capital and the liquidity required.

The ability of the Bank to grant variable remuneration and the risk and compliance criteria shall also be taken into account.

For the members of the General Management, the Bank's results, as well as the long-term qualitative and quantitative objectives (looking more than one year ahead) are assessed and determine – together with the other factors – the variable remuneration.

Variable remuneration is only paid if the results of the Bank so allow.

The Bank may decide to decrease or not to grant this additional variable remuneration if the criteria for performance, risk management and/or observance of Internal Rules are not met by a given Staff Member, the business unit / department in question or the Bank.

2. Chapter 2 - Categories of Staff

Article 12 - Staff Categorization

12.1 For the purposes of this Remuneration Policy, a distinction is made between the following categories of persons.

12.2 Identified Staff:

Identified Staff are persons whose professional activities have by definition or by reason of the activity exercised a material impact on the Bank's risk profile and which have been identified under qualitative and quantitative criteria set out under Articles 5 and 6 of the **Commission Delegated Regulation (EU) 2021/923** as well as in accordance with CSSF Circular 12/552 the EBA Guidelines 2021/04, notably its Chapter 5, and the EBA Guidelines EBA/RTS/2020/05 on the Regulatory Technical Standards.

The persons who have been identified and are considered as having a material impact on the Bank's risk profile (set out in Annex 3) are categorized as "Identified Staff", which is synonymous to "Material Risk Taker (or "MRT")" by using the criteria defined in applicable law and regulations (as set out in Annex 2).

No other person exercising a significant influence on the risk taken by the Bank has currently been identified, all the while, the list of Identified Staff is reviewed and updated annually.

12.3 All other Staff:

Anyone not belonging to one of the categories mentioned under Annex 2.

A benefits package, intended only for expatriates and seconded staff, is defined by the Parent Remuneration Policy Company, according to the policy currently in force (taking care of rental accommodation, travel allowance, tuition fees.

12.4 The Board of Directors and the General Management (with the assistance of HR, Risk and Legal) will review the criteria of Identified Staff and execute the process of identifying Staff whose professional activities have a material impact on the Bank's risk profile at least once a year or anytime when the Bank has the change of its organization in compliance with the relevant procedure.

Chapter 3 - Fixed Remuneration

Article 13 - Definition of Fixed Remuneration

13.1 Under the Directive 2013/36/EU, remuneration is either fixed or variable remuneration; there is no third category of remuneration. A fixed remuneration is any remuneration which (a) is based on predetermined criteria, (b) is non-discretionary and reflects relevant professional experience and organizational responsibility as set out in an Identified Staff member or Staff member's job description as part of their terms of employment and seniority, (c) is transparent with respect to the individual amount awarded to the individual Identified Staff / Staff member; (d) are permanent, i.e. maintained over a period tied to the specific role and organizational responsibilities; (e) is permanent, i.e. maintained over a period tied to the specific role and organizational responsibilities; (f) is non-revocable; the permanent amount is only changed via collective bargaining or following renegotiation in line with national criteria on wage setting; (g) cannot be reduced, suspended or cancelled by the Bank (except in case of sanctions permitted by the Labor Code; (h) does not provide an incentive for risk assumption, and (c) is paid out without consideration of any performance criteria.

13.2 A fixed remuneration may consist of:

- (a) a recurrent, generally monthly payment to a member of the Bank's Identified Staff or Staff that is made upon the basis of an employment contract;
- (b) a 13th month payment;

- (c) payments or benefits that are predetermined, transparent to Staff, permanent available up to the same amount to all Staff or to a particular group of Staff, irrespectively of the performance of the Staff or of the department in which the Staff is working (a list of available benefits is set out in Annex 5).

Remuneration of overtime, nighttime or of working time on holidays or Sundays is not related to performance criteria and is considered to be a part of the fixed remuneration.

The allowances paid to expatriate personnel (Japanese sent staff members) are aimed at ensuring the equity of net remuneration treatment between the amount received in the country of origin and in receiving country, as to cover for any discrepancies in cost, quality of life and/or remuneration levels of the receiving country's market. The allowance established for expatriate personnel is fixed remuneration because it is:

- assigned to all expatriate personnel, in the event of negative differential between the receiving country and the country of origin;
- not tied to any performance indicators;
- defined on the basis of predefined and country specific parameters, provided by an external consulting firm;
- communicated to the interested parties by means of an individual letter;
- paid as long as the staff member continues to reside in the receiving country.

Article 14 – Beneficiaries

14.1 The fixed remuneration of Identified Staff or Staff members, as set out hereafter, is decided in compliance with this Remuneration Policy.

(a) the Board of Directors and General Management

The members of the Board of Directors who are not part of the Group, the Non-Group Directors, receive a fixed remuneration in the form of:

- (i) a fixed annual fee in consideration for performing their duties as Non-Executive Directors of the Bank, and
- (ii) a fixed fee per meeting in consideration for attending the meetings of the Board of Directors, and any committee of which they are part.

The Directors of the Bank who are also members of the General Management receive a fixed remuneration in accordance with the provisions of clause (b) hereafter.

Members of the Board of Directors who are neither Non-Group Directors, nor members of the General Management, are not paid any fixed remuneration by reason of their directorial functions at the Bank.

(b) the General Management

The fixed remuneration of the members of the General Management is determined by the Board of Directors.

Members of the General Management who are also members of the Board of Directors are prohibited from attending board meetings discussing and deciding the General Management's remuneration, in compliance with the provisions of the Conflicts of Interest Policy of the Bank and the provisions of the Law of 1915.

The fixed remuneration of the members of the General Management who are expatriates, is proposed by the Group company and MUTB as shareholder of the Bank. The Board of Directors approves it annually.

(c) the other Identified Staff and other Staff

The fixed remuneration of the senior officers in the independent control functions (i.e., risk management, compliance functions and internal audit) is directly overseen by the Remuneration Committee. The fixed remuneration of the other Staff is determined by the General Management.

There are four categories of Staff who receive a fixed remuneration:

- (a) *Staff under the Collective Convention*: Most of the Staff is hired under the Collective Convention. The amount of the remuneration is fixed by the Collective Convention based on salary groups determined by (i) the level of education, (ii) the actual duties performed, and (iii) the seniority of each employee hired under the Collective Convention. Further details may be found in the Collective Convention.
 - (b) *Staff outside of the scope of the Collective Convention*: Certain Staff holding a managerial position (as specified in Art. L. 162-8 of the Labor Code) may under certain conditions be outside of the scope of the Collective Convention. The fixed remuneration of such Staff is determined in their employment contract.
 - (c) *Bank apprentices whose status is governed by Art. L. 111-1 et seq. of the Labor Code.*
 - (d) *Trainees and other short-term employees who are not subject to Art. L. 111-1 et seq. of the Labor Code.*
- 14.2 Not all categories of Staff may be always present at the Bank.

Article 15 – Changes

15.1 Any increase to the fixed remuneration is based upon:

- (a) the Collective Convention (for Staff within the scope of the Collective Convention), and/or
- (b) the discretionary opinion of the person(s) in charge of the remuneration pursuant to Article 4 of the Remuneration Policy.

15.2 A decrease of the fixed remuneration is only possible if certain legal formal requirements are met (in accordance with the applicable provisions of the Labor Code).

Article 16 - Payment Date of the Fixed Remuneration

Payment dates of the Fixed Remuneration is on the 25th day of each month, or if such day is not a day on which banks are open for business in Luxembourg, on the

immediately preceding business day. Part of the Fixed Remuneration of Expatriate is paid out in Japan on different dates.

Article 17 - Department in charge of the payment of the Fixed Remuneration

The Human Resources Department is in charge for the payment of the Fixed Remuneration.

Chapter 4 - Variable Remuneration and components thereof

Article 18 - Definition of the variable remuneration

18.1 A variable remuneration is any remuneration which (a) reflects a sustainable and risk adjusted performance as well as performance in excess of that required to fulfill an Identified Staff member or Staff member's job description as part of their terms of employment, and (b) subject to the provisions of Article 21 hereafter, is awarded on a discretionary basis on the basis of the performance of the receiver, the receiver's business unit, the Bank and/or the Group (hereinafter a "Variable Remuneration").

Where variable remuneration is awarded, such awards are based on the Bank's business units' and staff's performance and take into account the risks taken.

18.2 A variable remuneration is linked to the employee's performance and aligned to the results actually achieved and the risks prudentially assumed and could consist of one or several of the elements below:

- short-term variable compensation paid through the annual bonus scheme;
- long-term variable compensation, if applicable;
- any other short- or long-term variable compensation components linked to the period of employment in the company (non-competition, one-off retention, etc.) or extraordinary agreements (entry bonus);
- any discretionary benefits;
- any other remuneration which is not fitting the regulatory definition as fixed as per Article 13.1-2, and the EBA Guidelines 2021/04 Article 7.

18.3 - **Conditions for pay out of variable remuneration with regard to the Bank** - A Variable Remuneration can only be paid by the Bank to its employees if the following conditions are fulfilled:

- (a) the total variable remuneration to be paid by the Bank does not limit the Bank's ability to strengthen its capital base; and
- (b) the variable remuneration, including any deferred portion, is paid or vests only if it is (i) sustainable according to the financial situation of the Bank as a whole, and (ii) justified on the basis of the performance of the Bank as well as the individual and the business unit concerned.

18.4 Responsibility for allocation - The decision of allocation of a Variable Remuneration to the Bank's employees lies with the Board of Directors.

The Staff is informed about the characteristics of their variable remuneration, as well as the process and criteria that will be used to assess the impact of their activities on the risk profile of the Bank and their variable remuneration in the course of the appraisal process. The appraisal process with regard to the individual's performance will be properly documented and will be transparent to the Staff concerned.

18.5 Guaranteed variable remuneration is not consistent with sound risk management or the pay-for-performance principle and is not part of prospective remuneration plans;

Article 19 - Beneficiaries

Variable remuneration depends on the beneficiaries:

The variable remuneration of Identified Staff or Staff members, as set out hereafter, is decided in compliance with this Remuneration Policy.

(a) the Board of Directors (Non-Executive Directors)

The members of the Board of Directors who are not members of the General Management (Non-Executive Directors) are not paid any Variable Remuneration by reason of their directorial functions at the Bank.

(b) the General Management

The Variable Remuneration of the members of the General Management is determined by the Board of Directors.

Members of the General Management that are also members of the Board of Directors are prohibited from attending board meetings discussing and deciding the General Management's remuneration.

The Variable Remuneration paid to the General Management that are expatriates is proposed by the receiving country's HR based on the qualitative and quantitative performance criteria which is defined and evaluated in the receiving country, with an overview from the Group company and MUTB, as shareholder of the Bank. The Board of Directors approves it and can require the repayment of all or part of the Variable Remuneration that has been paid out already if the amount proposed by the Group company is not appropriate.

(c) other Identified Staff

The Variable remuneration of the senior officers in the risk management, compliance functions and internal audit (or "Control Functions") is directly overseen by the Remuneration Committee. The Remuneration Committee should make recommendations to the supervisory function on the design of the remuneration package and amounts of remuneration to be paid to the senior staff members in the control functions.

The Variable Remuneration paid to other Identified Staff is determined by the General Management. The Board of Directors oversees it.

(d) Staff members

The Variable Remuneration paid to Staff members is determined by the General Management. The General Management will report to the Remuneration Committee once a year on the general evolution of the remuneration structure of the Bank.

(e) Control functions

Staff engaged in control functions are independent from the business units they oversee, have appropriate authority, and are remunerated in accordance with the achievement of the objectives linked to their functions, independent of the performance of the business areas they control;

Article 20 - Form of a Variable Remuneration

20.1 Variable Remunerations (if any) is paid out by the Bank without differentiating between Identified Staff members and other Staff members with respect to the form of the Variable Remuneration; only the criteria of allocation may differ (in accordance with Article 22 hereafter).

20.2 The Bank pays Variable Remuneration in the form of bonuses in cash or in the form of financial instruments, when applicable.

20.3 In case any of the facts detailed in this Article 20 changes, this Remuneration Policy will be amended.

Article 21 - Determination of a Variable Remuneration in a contract

21.1 In principle, Variable Remuneration cannot be fixed in the employment contract.

21.2 As an exceptional measure, and in order to help in the recruitment of experienced persons, a “welcome bonus” may be fixed in the employment contract, but such is only permitted (i) for the first year of employment and (ii) if the Bank has a sound and strong capital base.

21.3 When there are special circumstances (e.g., restructuring of business, merger or acquisition, wind-down, change of control or to ensure finalization of major projects) indicating that an employee may be considering resignation and such an action would result in an undesirable loss to the ability of the business to function at optimum levels, a “Retention Bonus” may be fixed in the employment contract. The Retention Bonus is not awarded to merely compensate for performance related remuneration not paid due to insufficient performance or the Bank’s financial situation. The retention period can be up to 2 years. The Retention Bonus is awarded after the retention period ends or the retention condition is met.

The Bank will document the event or justification that made it necessary to award a retention bonus and the time period, including the start and the end date, for which the reason is assumed to exist. Where such situation arises, the Bank will define the retention conditions and applicable performance conditions (as indicated below).

As retention bonuses are based not on performance, but on other conditions (i.e. the circumstance that the staff member stays in the Bank for a predetermined period of time or until a certain event), hence ex ante risk adjustments are not necessary, however the requirements on Variable Remuneration as set out herein, including notably the maximum ratio between the variable and the fixed remuneration, the ex post risk alignment, malus and clawback shall apply. Hence, a retention bonus should be in accordance with the requirements under Articles 93, 141 and 141b and the respective supervisory powers under Article 104(1)(g) of Directive 2013/36/EU, which could lead to a situation where the retention bonus might need to be reduced, possibly even down to zero, depending on the maximum distributable amount (MDA) or other restrictions imposed by competent authorities.

As a general principle, the Bank will not award multiple retention bonuses to a staff member; in exceptional cases and where duly justified, more than one retention bonus may be paid to a staff member, but at different moments in time and under the conditions specified in this section with regard to each retention bonus. The retention bonuses should only be awarded after the retention conditions and applicable performance conditions have been met. Moreover, the retention bonus should only be awarded if no reasons exist that lead to a situation where the retention bonus should not be awarded, e.g., material compliance breaches, misconduct or other failures of that staff member.

When assessing and considering whether the award of a retention bonus to identified staff is appropriate, the Bank may take into account at least the following:

- a. the concerns that lead to the risk that certain staff may choose to leave the Bank;
- b. the reasons why the retention of that staff member is crucial for the institution;
- c. the consequence if the staff member concerned leaves the Bank; and
- d. whether the amount of the awarded retention bonus is necessary and proportionate to retain the targeted staff member.

A retention bonus should be based on specific conditions that differ from the performance conditions applied to other parts of the variable remuneration and include a retention condition and specific performance conditions. The specific conditions for a retention bonus should lead to the retention objective (i.e., retention of staff in the Bank for a predefined period of time or until a certain event). The specific performance conditions should include conditions that are related to the legitimate interest for which the staff member should be retained and to the conduct of staff and should be compatible with the provisions in the fifth paragraph of this section. Retention bonuses should not lead to a situation where the total variable remuneration, consisting of performance-related variable remuneration and retention bonus, of the staff member is no longer linked to the performance of the individual, the business unit concerned, and the overall results of the Bank as required under Articles 92(2)(g)(ii) and 94(1)(a) of the Directive.

A retention bonus shall be taken into account within the calculation of the ratio between the Variable and the Fixed Remuneration as Variable Remuneration. Independent of the fact that the retention bonus will be awarded only after the end of the retention period, the retention bonus is taken into account in the calculation of the ratio between the variable and fixed components of remuneration following one of the methods specified below:

- a) The retention bonus shall be split and taken into account with an annual amount in each year of the retention period which is calculated on a linear pro rata basis independent of the fact that the full amount is awarded after the end of the retention period. Where the exact length of the retention period is not known upfront, the Bank shall set and duly document a period considering the situation and measures taken that justify the payment of a retention bonus. The calculation of the ratio should be based on the period set.
- b) The full amount of the retention bonus is considered in the year when the retention condition is met.]

As and when a retention bonus is granted, the relevant option shall be duly determined.

21.4 So called “**golden parachute**” (additional remuneration related to departure), are not permitted.

21.5 **Severance payment and other payments at the end of a contract** is not a Variable Remuneration fixed in a contract. It may be paid only in line with mandatory requirements under national law or following a decision of a court. In line with the Banking Act and the EBA Guidelines, it may, under no circumstances, reward failure to perform of any kind and shall reflect performance achieved over time.

In this regard, items 170 and 171 of the EBA Guidelines 2021/04 shall be taken into account as regards failures of the Bank and failures of identified staff and the assessment thereof.

Severance payment is considered as variable remuneration. However, it shall not be taken into account for the purpose of the calculation of the ratio between fixed and variable remuneration in the scenarios referred to in item 172 of the EBA Guidelines EBA/2021/04. The Bank does not have any other type of severance payment.

Generally speaking, the obligations regarding severance for termination of employment by the Bank are subject to the applicable legislation. As such, in the case of ordinary employment contracts of staff members, labour law provides for specific severance to be paid in the scenarios and subject to the minimum, mandatory and restricted amounts provided for therein.

Thus, in the case of professionals from the Identified Staff under an ordinary employment relationship, the amount of any severance for dismissal or termination to be calculated for the purposes of the maximum Variable Remuneration ratio may not exceed the statutory thresholds.

Moreover, and subject to the same rule, generally speaking and save where the applicable legislation gives rise to a mandatory higher amount, the amount of any severance for dismissal or termination paid to Identified Staff members under a senior management employment relationship may not exceed the annual amount of all fixed remuneration items.

Ordinary payments relating to the duration of the applicable advance notice periods shall not be deemed to constitute severance payments.

Severance payments shall always take into account the requirements of the EBA Guidelines EBA/2021/04.

In particular, where the approval of the remuneration of individual members of the Board of Directors and other Identified Staff is assigned to shareholders, shareholders shall approve all components of remuneration, including severance payments.

Severance payments in the framework of a settlement agreement in case of an actual labor dispute or end an actual labor dispute that could otherwise realistically lead to an action in front of a court. However, severance payments will never exceed at a maximum what a labour court would likely grant to an Employee in case of dismissal declared unfair as determined based on the particularities of each case, based on case-law and as advised by external legal counsel. The Bank will ensure to be in a position to explain and justify its decision to pay severance; any severance payment made as well as the underlying decision-making process will be documented, transparent and made available to the CSSF upon request.

Regular remuneration payments related to the duration of a notice period are not considered as severance payments. The payment of an appropriate fixed amount after the regular end of an employment contract (i.e. after coming to its regular end or being cancelled by staff in line with the applicable notice periods) and to compensate staff where the Bank restricts the taking up of an occupational activity are not subject to the requirements applicable to variable remuneration, where this is compatible with applicable law. Such payments shall not be made to replace severance payments.

Additional payments in the context of the regular end of a contractual period or of the appointment as member of the management body, e.g. awarded discretionary pension benefits, are not treated as severance payments. Where such components are variable remuneration and are paid to identified staff, they are subject to all specific requirements for variable remuneration and the provisions within EBA Guidelines EBA/2021/04.

Discretionary pension benefits are not severance payments, even if the employee decides to retire early.

Where such components are variable remuneration and are paid to identified staff, they are subject to all specific requirements for variable remuneration and the related provisions herein.

21.6 Remuneration packages relating to compensation or buy out from contracts in previous employment must align with the long-term interests of the institution including retention, deferral, performance and clawback arrangements.

Article 22 - Criteria for the allocation of a Variable Remuneration

22.1 The allocation of the variable remuneration components within the institution shall also take into account all types of current and future risks.

If and to the extent that the Variable Remuneration is performance related:

- (a) it is based on a combination of the assessment of the performance of the person and of the business unit concerned as well as of the overall results of the Bank (and/or the Group),
- (b) the assessment of the performance of Identified Staff is set in a multi-year framework in order to ensure that the assessment process is based on longer-term performance, and

- (c) when assessing individual performance, both financial and non-financial criteria are considered.

In the case of Japanese expatriates, the setting of, and evaluation of, the criteria for the allocation of variable remuneration is carried out by the receiving country (the country in which the employee has a local employment contract and is carrying out the work, despite being a Japanese sent expatriate).

22.2 The quantitative and qualitative criteria for the performance assessment on the basis of which Variable Remuneration is awarded, the weightings assigned to each of these criteria, and the guidelines for their application as well as an appraisal template are set out in [Annex 6](#).

Article 23 - Conditions of payment of a Variable Remuneration

23.1 Variable Remuneration will be paid out subject to the following terms and conditions:

B1. Cash Payment

The Variable Remuneration is paid in cash only,.

as long as the amount of variable remuneration payable to Staff is not exceeding EUR 50,000 and does not represent more than one third of the staff member's total annual remuneration.

Should it be decided at some point in time that Identified Staff may receive variable remuneration in excess of EUR 50,000 or variable remuneration representing more than one third of the staff member's annual remuneration, the variable remuneration will be partially subject to payment through financial instruments (including vesting periods), with deferrals in place, and ex ante risk adjustments, as detailed in B2, and this Remuneration Policy.

B2. Deferral of payment

Should any Material Risk Taker receive a variable remuneration in excess of EUR 50,000, or a variable remuneration representing more than one third of the staff member's annual remuneration, a substantial portion of the variable remuneration will be deferred. The deferral will be at **least 40% of the variable remuneration component, and will be deferred over a period which is not less than four to five years**, and is correctly aligned with the nature of business, its risks and the activities of the staff member concerned. For members of the management body and senior management of the Bank that are significant in terms of their size, internal organization, and the nature, scope, and complexity of their activities, the deferral period will not be less than 5 years.

Deferred remuneration will not vest no faster than on a pro-rata temporis basis.

In case of particularly high amounts of variable remuneration, the proportion of deferral for such staff members will be at least 60%.

MUFG has defined the “particularly high” amount of variable remuneration as:

- 25% of the average total remuneration per individual (in EUR) in Luxembourg, as defined by the EBA Report on High Earners for 2021. This value equals EUR 371 700.
- For the greater prudence, the amount of EUR 371 700 is rounded down to EUR 350 000 for the three-year period of 2023-2025.

Vesting of the deferred payment will be subject to conditions of collective performance (Group level), absence of risky professional behavior (Individual level), and may further be subject to the presence of the relevant employee with the Bank at the date of vesting. Not meeting these conditions can result in a decrease or loss of the deferred amount.

B3. Payment through shares

Should any Material Risk Taker receive a variable remuneration in excess of EUR 50,000, or a variable remuneration representing more than one third of the staff member’s annual remuneration, a substantial portion of the variable remuneration will be paid in shares. **At least 50 % of the variable remuneration** will be paid through shares, applied equally to the non-deferred and the deferred part, and both parts should consist of a balance of shares.

The shares referred to in this point are subject to an appropriate retention policy designed to align incentives with the longer-term interests of the institution.

B4. Risk adjustment: Clawback and malus

Malus or clawback arrangements are explicit ex post risk adjustment mechanisms where the Bank itself adjusts remuneration of the Identified Staff Member based on such mechanisms (e.g., by lowering awarded cash remuneration or by reducing the number or value of instruments awarded).

Without prejudice to the general principles of Luxembourg contract or labour law, the Bank may apply malus or clawback arrangements up to 100% of the total Variable Remuneration in accordance with Article 94(1)(n) of Directive 2013/36/EU regardless of the method used for the payment, including retention arrangements.

Ex post risk adjustments shall always be performance or risk related. They shall respond to the actual risk outcomes or changes to persisting risks of the Bank, business line or staff’s activities and shall not be based on the amount of dividends paid or the evolution of the share price.

The Bank shall analyse whether the initial ex ante risk adjustments were sufficient, e.g., whether risks have been omitted or underestimated or new risks were identified, or unexpected losses occurred. The extent to which an ex-post risk adjustment is needed depends on the accuracy of the ex-ante risk adjustment and shall be established by the Bank based on back-testing.

Hence, the Board of Directors and/or General Management (as the case may be) is authorized to require the repayment of all or part of the Variable Remuneration that has been paid out already, during a period of 4 years (up to 5 years when required for the Management Body) from the date of payment of the Variable Remuneration, where a Staff member:

- (i) participated in or was responsible for fraud or other conduct with intent or severe negligence which resulted in significant losses to the Bank; or
- (ii) failed to meet appropriate standards of fitness and propriety.

The Bank will base any clawback decisions on the following considerations:

- (a) evidence of misconduct or serious error by the Identified Staff member (*e.g.*, breach of code of conduct and other internal rules, especially concerning risks);
- (b) whether the Bank and/or the business unit subsequently suffered a significant downturn in its financial performance (*e.g.*, specific business indicators);
- (c) whether the Bank and/or the business unit in which the Identified Staff member works suffered a significant failure of risk management;
- (d) significant increases in the Bank's or business unit's economic or regulatory capital base;
- (e) any regulatory sanctions where the conduct of the Identified Staff member contributed to the sanction.
- (f) Any such a decision must be communicated to the person concerned in writing.

23.2 The Bank is not authorized to enter an employment contract that specifically excludes or voids any of the above terms and conditions B1. to B4.

23.3 The termination of the employment agreement involving personnel with state pension rights does not result in loss of the right to payment of the entitled variable remuneration amounts, even if deferred. In all other cases, the Bank has the right to award any amounts, depending on the specific situations, upon the termination of the employment agreements. The *ex ante* individual agreements may be entered into for the determination of the remuneration to be granted in the event of early termination of the relationship, provided that these agreements must comply with all of the conditions set out in this Policy.

23.4 In case any of the facts detailed in this Article 23 changes, this Remuneration Policy will be amended.

23.5 Malus and clawback arrangements lead to a reduction of the Variable Remuneration where appropriate. Under no circumstances should an explicit *ex-post* risk adjustment lead to an increase of the initially awarded Variable Remuneration or, where malus or clawback was already applied in the past, to an increase of the reduced Variable Remuneration.

Article 24 - Payment Date of the Variable Remuneration

24.1 Payment date of the Variable Remuneration, or a part thereof, except in cases in which such is fixed contractually, is situated on a day of the month of February or March of the next following year to which it relates. Payment date of the Variable Remuneration for Expatriate Staff is according to a date provided by the Group company and MUTB, as shareholder of the Bank.

24.2 The General Management will announce the payment day each year in advance to the Staff.

24.3 The Board of Directors and/or General Management may decide to fix a different date for the payment of the Variable Remuneration amount or part of the Variable Remuneration amount.

Article 25 - Department in charge of the payment of the Variable Remuneration

Human Resources Department is in charge for the pay-out of the Variable Remuneration.

Article 26 - Balance between fixed and variable remuneration

26.1 **Appropriate balance between fixed and variable remuneration** - The Bank ensures that the fixed and variable components of total remuneration are appropriately balanced, and the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable remuneration components, including the possibility to pay no variable remuneration component.

26.2 Variable Remuneration (if any) is paid out by the Bank:

- (a) **normally** in a range generally between 0 % and 50% of an Identified Staff or a Staff member's total fixed annual remuneration, and not exceeding 100 % of such total fixed annual remuneration, and
- (b) **exceptionally** more than 100% of an Identified Staff 's total fixed annual remuneration but never exceeding 200 % of such total fixed annual remuneration, in which case the procedure detailed in paragraph 26.3 below must be followed.

26.3 The Bank's Shareholders may approve a higher maximum level of the ratio between the fixed and variable components of remuneration provided the overall level of the variable component shall not exceed 200% of the fixed component of the total remuneration for each individual. Any such approval of a higher ratio shall comply with the following procedure:

- (a) the Bank's shareholders shall act upon a detailed recommendation by the Board of Directors giving the reasons for, and the scope of, an approval sought, including the number of Staff affected, their functions and the expected impact on the requirement to maintain a sound capital base;
- (b) the Bank's shareholders shall act by a majority of at least 66% provided that at least 50% of the shares or equivalent ownership rights are represented or, failing that, shall act by a majority of 75% of the ownership rights represented;
- (c) the Bank shall notify all shareholders, providing a reasonable notice period in advance, that an approval will be sought;
- (d) the Bank shall, without delay, inform the CSSF of the recommendation to its shareholders, including the proposed higher maximum ratio and the reasons therefore and shall be able to demonstrate to the CSSF that the proposed higher ratio does not conflict with the institution's obligations under the Banking Act, under

Regulation (EU) No 575/2013 and under their implementing measures, having regard in particular to the Bank's own funds obligations;

- (e) the Bank shall, without delay, inform the CSSF of the decisions taken by its shareholders, including any approved higher maximum ratio taking into account the provisions laid down in the EBA Guidelines (item 48); and
- (f) Staff who are directly concerned by the higher maximum levels of this variable remuneration shall not, where applicable, be allowed to exercise, directly or indirectly, any voting rights they may have as shareholders of the Bank.

Article 27 – Prohibition of Hedging Strategies

27.1 MUFG in line with this Policy does not remunerate or grant any payments or other benefits to staff that in a way circumvent any regulatory provisions. MUFG requires staff members not to adopt any strategies of personal hedging or insurance strategies on remuneration or other aspects that may alter or undermine the effects of the alignment with company risk, inherent in the Remuneration Policy, and in the related remuneration mechanisms adopted by the Bank. Any financial transactions and investments that are linked to the variable remuneration plan(s), and if carried out, directly or indirectly by the Material Risk Takers which constitute forms of hedging strategies compared to the risk exposure, as a consequence of applying the payment of variable remuneration in financial instruments, are not allowed.

Chapter 5 – Record keeping

All terms applicable to the annual performance reviews and remuneration shall be documented in writing and kept in the files held by the Human Resources Department for each person within the scope of this Remuneration Policy.

The documentation required being:

- The employment agreement with each Staff Member and any amendments thereto;
- The decision as to the computation and allocation of the variable remuneration and copies of the relevant letters to the relevant staff.

The documentation shall include the agenda of the relevant meetings, minutes of the meeting as well as the decisions and measures taken by the Board of Directors, the General Management and the Remuneration Committee. In addition, all relevant documents tabled in this respect shall be kept with the minutes and attached thereto.

3. Annexes

This page intentionally left blank

3.1. Annex 1 – Organization chart

Referring to Intranet <http://mugc-intranet/2023-05-01-org-chart>

3.2. Annex 2 – Criteria of Identified Staff - Criteria to Identify Categories of Staff

Luxembourg Legal provisions and Commission Delegated Regulation (EU) No 2021/923 (article 12 of the Remuneration Policy)

In compliance with article 92 of the EU Directive (EU) 2019/878 and article 38-5 (2) of the Banking Act, the following categories of staff whose professional activities have a material impact on the institution's risk profile shall, at least, include:

- a) All Members of the Management Body and Senior Management;
- b) staff members with managerial responsibility over the Bank's control functions or material business units;
- c) staff members entitled to significant remuneration in the preceding financial year, provided that the following conditions are met:
 - i) the staff member's remuneration is equal to or greater than EUR 500 000, and equal to or greater than the average remuneration awarded to the members of the bank's Management Body and Senior Management referred to in letter (a);
 - ii) the staff member performs the professional activity within a material business unit and the activity is of a kind that has a significant impact on the relevant business unit's risk profile.
- d) In the future, any other employees/persons, if any, falling under the criteria set out under Articles 3, 4, 5 and 6 of the Commission Delegated Regulation (EU) 2021/923. Staff Members whose total remuneration takes them into the same remuneration bracket as people in "C-level" positions, such as high-earning Staff Members who are not already in the above categories and who have a material impact on the risk profile of the Bank or of the funds it manages.

In compliance with applicable laws, regulations, CSSF Circulars and EBA Guidelines and the Bank's policies and procedures and notably the chapter relating to Identified Staff:

- the Bank shall proceed to a yearly assessment of its Staff Members, so as to be able to identify those having a material impact on the Bank's risk profile; and
- Identified Staff shall proceed to an annual self-assessment.

Article 4 of the Commission Delegated Regulation (EU) No 2021/923

“Institutions shall identify staff members or categories of staff as having an impact on an institution’s risk profile that is comparably as material as that of the staff members referred to in Article 92(3) of Directive 2013/36/EU where those staff members or categories of staff of staff meet any of the criteria laid down in Articles 5 or 6 of this Regulation.”

Article 5. of the Commission Delegated Regulation (EU) No 2021/923 - Qualitative criteria

In addition to staff members identified under the criteria set out in Article 92(3), points (a), (b) and (c) of Directive 2013/36/EU, staff members shall be deemed to have a material impact on an institution’s risk profile where one or more of the following qualitative criteria are met:

(a)	(a) the staff member has managerial responsibility for: (i) legal affairs; (ii) the soundness of accounting policies and procedures; (iii) finance, including taxation and budgeting; (iv) performing economic analysis; (v) the prevention of money laundering and terrorist financing; (vi) human resources; (vii) the development or implementation of the remuneration policy; (viii) information technology; (ix) information security; (x) managing outsourcing arrangements of critical or important functions as referred to in Article 30(1) of Commission Delegated Regulation (EU) 2017/565 (7);
(b)	the staff member has managerial responsibilities for any of the risk categories set out in Articles 79 to 87 of Directive 2013/36/EU, or is a voting member of a committee responsible for the management of any of the risk categories set out in those Articles;
(6)	(c) with regard to credit risk exposures of a nominal amount per transaction, representing 0,5 % of the institution’s Common Equity Tier 1 capital and which is at least EUR 5 million, the staff member meets one of the following criteria: (i) the staff member has the authority to take, approve or veto decisions on such credit risk exposures; (ii) the staff member is a voting member of a committee which has the authority to take the decisions as referred to in point (i) of this point (c);
(7)	(d) in relation to an institution for which the derogation for small trading book businesses set out in Article 94 of Regulation (EU) No 575/2013 does not apply, the staff member meets one of the following criteria: (i) the staff member has the authority to take, approve or veto decisions on transactions on the trading book that in aggregate represent one of the following thresholds: — where the standardised approach is used, an own funds requirement for market risks that represents 0,5 % or more of the institution’s Common Equity Tier 1 capital; — where an internal model-based approach is approved for regulatory purposes, 5 % or more of the institution’s internal value-at-risk limit for trading book exposures at a 99th percentile (one-tailed confidence interval level); (ii) the staff member is a voting member of a committee that has the authority to take the

	decisions mentioned in point (i) of this point;
(8)	(e) the staff member heads a group of staff members who have individual authorities to commit the institution to transactions and either of the following conditions is met: (i) the sum of those authorities equals or exceeds the threshold referred to in point (c)(i) or in point (d)(i), the first indent; (ii) where an internal model-based approach is approved for regulatory purposes, those authorities amount to 5 % or more of the institution's internal value-at-risk limit for trading book exposures at a 99th percentile (one-tailed confidence interval level); where the institution does not calculate a value-at-risk at the level of that staff member, the value-at-risk limits of staff under the management of this staff member shall be added up;
(9)	(f) the staff member meets either of the following criteria with regard to decision on approving or vetoing the introduction of new products: (i) the staff member has authority to take such decisions; (ii) the staff member is a voting member of a committee that has authority to take such decisions

Article 6. of the Commission Delegated Regulation (EU) No 2021/923 - Quantitative criteria

1	<p>1. In addition to staff members identified under the criteria set out in Article 92(3), points (a) and (b), of Directive 2013/36/EU, staff members shall be deemed to have a material impact on an institution's risk profile where any of the following quantitative criteria are met</p> <p>a) the staff members, including staff members as referred to in Article 92(3), point (c), of Directive 2013/36/EU, have been awarded in or for the preceding financial year a total remuneration that is equal to or greater than EUR 750 000;</p> <p>(b) where the institution has over 1 000 members of staff, the staff members are within the 0,3 % of staff, rounded to the next higher integral figure, which has, within the institution, been awarded the highest total remuneration in or for the preceding financial year on an individual basis.</p>
2	<p>The criteria laid down in paragraph 1 shall not apply where the institution determines that the professional activities of the staff member do not have a material impact on the institution's risk profile, because the staff member, or the category of staff to which the staff member belongs, meet any of the following conditions:</p> <p>(a) the staff member or categories of staff only carry out professional activities and has authorities in a business unit that is not a material business unit;</p> <p>(b) the professional activities of the staff member or category of staff have no significant impact on the risk profile of a material business unit having regard to the criteria set out in Article 3.</p>
3	3. The application of paragraph 2 by an institution shall be subject to the prior approval of

	<p>the competent authority responsible for prudential supervision of that institution. The competent authority shall only give its prior approval where the institution can demonstrate that one of the conditions set out in paragraph 2 are satisfied.</p>
4	<p>Where the staff member was awarded a total remuneration of EUR 1 000 000 or more in or for the preceding financial year, the competent authority shall only give its prior approval under paragraph 3 in exceptional circumstances. In order to ensure the consistent application of this paragraph, the competent authority shall inform the EBA before giving its approval in respect of such a staff member.</p> <p>The existence of exceptional circumstances shall be demonstrated by the institution and assessed by the competent authority. Exceptional circumstances shall be situations that are unusual and very infrequent or far beyond what is usual. The exceptional circumstances shall be related to the staff member</p>

3.3. Annex 3 – List of Identified Staff

As of June 1, 2023, referring to Article 12 of the Remuneration Policy, and according to the Directive 2019/878/EU, the Commission Delegated Regulation (EU) 2021/923, and the EBA/RTS/2020/05, providing guidance on the identification of Material Risk Takers or “Identified Staff”



Mitsubishi UFJ Investor Services & Banking (Luxembourg) S.A.

Annex 3 - List of Identified Staff (as of Avril 30th, 2023)

		Title	Corporate title	
Management body Supervisory functions		Non Executive Director		3
		Non Executive Director		
		Non Executive Director – Independent Director		
Management body Management function		Chief Executive Director	CEO	3
		Deputy Chief Executive Director	DCEO	
		Deputy Chief Executive Director	DCEO	
Control functions		Chief Internal Auditor	SVP	
		Chief Compliance Officer	SVP	
		Chief Risk Officer	SVP	
Senior Management	Members of Executive Committee	Head of Corporate Planning & General Administration Dept.	SVP	7
		Head of Finance Dept.	SVP	
		Chief Information Officer	SVP	
		General Manager of Dublin Branch	BM	
	Directly report to General Manager	Head of Legal Dept.	SVP	
		Head of Business Promotion & Client Services	SVP	
		Head of Business Promotion & Client Services	SVP	
		Head of Treasury & Asset Management Dept.	SVP	
		Head of Private Equity & Real Assets	ED	
		Head of Change Management	SVP	
		Head of GLSL	ED	
		Head of Depository & Ancillary Services Dept.	SVP	
		Head of Custody & Banking Services Dept.	SVP	
		Head of Human Resources Dept.	SVP	
Others		Head of IT Services Dept.	FVP	10
		Head of IT Data Processing & Reporting	FVP	
		Head of IT Planning	VP	
		Legal Dept.	FVP	
		Compliance Dept.	FVP	
		Compliance Dept.	FVP	
		Compliance Dept. – Dublin Branch	FVP	
		Risk Dept – Dublin Branch		
		Risk Management Dept.	FVP	
		Risk Management Dept.	FVP	
		Corporate Planning & General Administration	FVP	
		Business Promotion & Client Services	FVP	
		Finance Department	FVP	
		Finance Department	FVP	
		Change Management	FVP	
		DAS	FVP	
		Depository – Dublin Branch	VP	
	Fund Administration Department	FVP		
	TAM – Fixed Income Trading	ASSOCIATE		
Identified Staffs – Total			41	17 1

* Temporary double assignment

3.4. Annex 4 – Quantitative Criteria of the proportionality principle

Referring to Article 5 of the Remuneration Policy

MUFG is not able to apply the derogation of the Law of 21 May, 2021 transposing the Directive 2019/878/EU, by means of applying a threshold of total assets of EUR 15 billion. Therefore, MUFG must use the threshold of EUR 5 billion when analyzing the institutional proportionality.

Total Assets	2019	2020	2021	2022	Average of total assets over the period preceding the current annual reporting period for PY 2023
USD	\$6,904,491,329	\$7,620,936,106	\$10,869,139,388	\$8,226,822,315	\$8,405,347,285
EUR	6,170,543,901€	6,210,300,833€	9,589,841,682€	7,713,468,603€	7,421,038,755€

3.5. Annex 5 – List of Allowances

(Article 13 of the Remuneration Policy)

Luncheon vouchers	18 vouchers monthly (each worth Euro 10.80 including salary deduction for Euro 2.80) from the commencement of employment
Complementary Pension Scheme	The Bank will contribute: <ul style="list-style-type: none"> • 2% of annual basic salary for employees in Convention, and • 3 % of annual basic salary for employees out of the Convention.
Mobility concept	A parking place free of costs for title holders and 75€ of fees for non-title holders, or a subsidy on fees for public transportation the bank reimburses of up to 100€ per month on public transportation fees.
Consumer / Mortgage loans	Employees can apply for a mortgage or consumer loan at BIL bank => under the condition that an employee has: <ul style="list-style-type: none"> • 1 year of seniority in the bank for being able to apply for a consumer loan, and 2 years of seniority in the Bank for being able to apply for a mortgage loan.
Sympass card	<ul style="list-style-type: none"> • The Bank will provide employees, on their request, with a Sympass card after they have successfully completed their probation period.
Housing allowance	For Expatriate staff only: the rental guarantee, rent, charges and furniture of the house where the Expatriate lives.
School fees allowance	For Expatriate staff only: the fees of International School (80 %) and Japanese Supplementary School (100%).
Car insurance for the second car	For Expatriate staff only: If the Expatriate needs to have the second car for family reason, its car insurance premium is paid.
Leasing cars	Leasing cars are granted to title holders starting from FVP class title.

3.6. **Annex 6 – Criteria for the assessment based on which Variable Remuneration is awarded**

Referring to Article 22 of the Remuneration Policy

Introduction for Annex 6

Where Variable Remuneration is performance related:

- (a) it is based on a combination of the assessment of the performance of the person and of the business unit concerned as well as of the overall results of the Bank (and/or the Group),
- (b) the assessment of the performance of Identified Staff is set in a multi-year framework in order to ensure that the assessment process is based on longer-term performance, and
- (c) when assessing individual performance, both financial and non-financial criteria are taken into account.

In practice, this means that the allocation of Variable Remuneration to the employees of the Bank is a step-by-step process involving four steps.

- The first step consists in determining, on the basis of the performance of the Bank and the Group, the total amount available for allocation as Variable Remuneration (in accordance with applicable legal and regulatory requirements) (*cf.* Criteria A1 to A7 in the table below).
- The second step consists in a performance assessment of each of the Bank's Business Units and the allocation of the amount available for allocation as Variable Remuneration by each Business Unit (*cf.* Criteria A11 to A13 in the table below).
- The third step consists in assessing the performance of the employees of the Bank (*cf.* Criteria A8 to A10). This is done on an annual basis using the Appraisal Form Template set out in point 4 hereafter. This appraisal covers both qualitative criteria (covered in Section I of the Appraisal Form Template), and qualitative criteria (covered in Section II of the Appraisal Form Template). The weight of each set of criteria is indicated in the Appraisal Form Template.

The appraisal is done under the following steps:

Firstly:

The employee is doing his/her own self-assessment on the performance of goals & targets set early in the year;

Secondly:

The Manager/Supervisor of the department examines and evaluates the work behaviour and the performance of the employee

Thirdly:

The Manager is reporting draft notes to General Management in order that General Management is capable to check the fairness of evaluating staffs within various departments.

Fourthly:

The results of the appraisals are provided via a feedback meeting to the employee, and it is explained where improvements are needed and why. In addition, it is discussed which needs of training are existing and eventually who will be promoted or a salary increase will be requested to General Management.

The appraisal session is every year giving the possibility to have an open discussion between Manager / Supervisor and Employee based on these discussions the Appraiser and the Employee can add comments on the appraisal sheet.

- The final step in the process consists in a comparative evaluation by the General Management of the results of the assessment exercise. The aim of this process is to balance the results of the assessment exercise and ensure a fair allocation of Variable Remuneration across the different Business Units. The General Management of the bank will allocate the total amount of variable remuneration approved by the Board of Directors to each staff member of the bank.

List of criteria and weight**(1 = High, 2 = Medium, 3 = Low, 4 = Not Applicable)**

Criteria		General Management	Control Function	Other Identified Staff	Other Staff
I. Performance of the Bank and the Group		1	3	1	2
A1	overall performance of the Bank				
A2	overall performance of the Bank compared to the targets of profitability fixed				
A3	overall performance of the main shareholders MUTB and/or BTMU				
A4	expectations of evolution during the next three years of the Bank				
A5	expectations of evolution during the next three years of MUTB or BTMU				
A6	total bonus amount allocated to the Bank by the Board of Directors				
A7	bonus amount allocated by the Board of Directors and/or General Management (as the case may be) to the respective business unit				
II. Individual Performance		3	1	2	1
A8	personal performance of the employee during the year for which the bonus will be paid				
A9	personal performance of the employee during the previous two years				
A10	personal performance of the employee compared to the targets fixed at the beginning of the respective year				
III. Performance of the Business Unit		2	2	2	4
A11	overall performance of the department of which the employee is a member during the year to which the bonus relates				
A12	overall performance of the department of which the employee is a member during the previous two years				
A13	overall performance of the department compared to similar departments				
IV. Discretionary appreciation		3	3	3	3
A14	discretionary appreciation of the direct supervisor or the manager (if any)				
A15	discretionary appreciation of the decision maker, the Board of Directors or General Management (as the case may be)				

Guidelines for the application of the criteria (listed under point 1 above)

1. For criteria A8 to A10 “performance” is to be understood as a combination of both financial and professional achievements, including the position of the employee within the Bank, his adherence to the Bank’s principles, his behavior at work and the relationship to other employees and to clients (if applicable), as further detailed in the appraisal process that takes place once a year (includes also periodical interim reviews) and the respective related procedure and evidenced by a “score” that the employee has obtained.

2. For criteria A11 to A 13. “performance” is to be understood as a combination of financial achievement (if any target is set individually) and non-financial achievements. Criteria A11. to A13. are taken into account only for the heads of business units.

3. For criteria A1. to A3. “performance” is to be understood as financial achievements only.

4. The weighting of the above criteria may be different for expatriates and certain criteria may not be applied. Criteria A3. and A5., in particular, carry a higher weight for expatriate staff.

5. The Board of Directors and/or General Management (as the case may be) are authorized not to take into account one, some or most of the above criteria, subject the reason for such are duly explained to the respective person and documented, for inspection by the Board of Directors and the Control Functions.

6. The Board of Directors and/or General Management (as the case may be) are not authorized to take into account any other criteria not listed above.

7. The Bank is not authorized to enter into an employment contract that specifically excludes or voids any of the above criteria A1. to A2. and A8. to A10.

Appraisal Template

Available upon request

Annex 7 – Composition of the Remuneration Committee

Referring to Article 7 of the Remuneration Policy

Annex 8 – References

Add references to other documents or external resources.

3.6.1. Policies and procedures of the Bank:

Document Management Procedure Code of Conduct	http://mugc-intranet/departments/information-security-office/procedures/pro-document-management-v2.0-03032017/at_download/file
Conflict of Interest Policy	http://mugc-intranet/mugc/code_code-of-conduct_v3.0_20180524-1/at_download/file http://mugc-intranet/departments/compliance/pol-conflicts-of-interest-management-_v4.0-20190206/view?searchterm=conflict of interest

3.6.2. Legal and regulatory provisions detailed Section

CSSF Circular 22/797	https://www.cssf.lu/en/Document/circular-cssf-22-797/
CSSF Circular 12/552:	http://www.cssf.lu/en/search/?id=1056&L=1&search=12%20F552&x=0&y=0
EBA Guidelines	https://www.eba.europa.eu/sites/default/documents/files/document_library/Publications/Guidelines/2021/1016720/Draft%20Final%20report%20on%20GL%20on%20remuneration%20policies%20under%20CRD.pdf
Law on the Financial Sector CSSF page re remuneration related rules concerning remuneration	http://www.cssf.lu/en/search/?id=1056&L=1&search=1993&x=0&y=0 https://www.cssf.lu/en/remuneration-requirements-credit-institutions/