

DUTCH BANKING CODE

Implementation status as per April 2023.

1. Introduction

The updated Dutch Banking Code came into effect as legislation on 1 January 2015, after a decree by the Dutch Minister of Finance. The Banking Code is part of a package called 'Future-oriented banking'. In addition to the Banking Code, Future-oriented banking introduces a Social Charter and rules of conduct associated with the Bankers' Oath and disciplinary rules for employees of banks in the Netherlands. Before 1 January 2015 the Dutch Banking Code was a form of self-regulation. The Dutch Banking Code, together with the introduction of the Social Charter and the implementation of the Bankers' Oath, is applicable to all employees of financial institutions in the Netherlands. Banks shall report on the compliance with the Code in their published annual accounts. MUFG BANK (EUROPE) hereby reports for public disclosure on its website on the implementation progress (status as of April 2023).

2. Banking Code essentials

The Banking Code contains principles that are based on the Dutch Corporate Governance Code, lastly revised in 2022. The Corporate Governance Code applies to listed banks only. The Banking Code focuses on the role of the bank's Management Board and Supervisory Board, the risk management and audit function and the remuneration principles. Annually in their annual reports banks shall report on the manner in which they applied the principles of the Banking Code in the previous year. Any exemptions applied by the bank shall be substantially explained.

3. Banking Code implementation by MUFG Bank (Europe)

MUFG Bank (Europe) applies the Banking Code principles and provisions and has duly completed the implementation of the Code. MUFG BANK (EUROPE) acknowledges that the principles embedded in the Code entirely fits within the corporate governance principles applied by our parent bank(s), MUFG Bank, Ltd.

MUFG BANK (EUROPE) has reviewed its organization and policies, among which the Management Board and Supervisory Board by-laws, risk and audit function procedures and reward policy against the framework of the Banking Code. The final versions of the relevant by-laws and policy documents and procedures have been approved by the Management Board and Supervisory Board in the respective Management Board and Supervisory Board meetings. The bank applies the Banking Code also to the activities of its EU branches (4). In a number of cases the Management Board and Supervisory Board have decided not to apply certain provisions of the Banking Code. The deviations from the Banking Code, including the reasons thereof, are explained under item 10.

4. Management Board (MB) By-laws

The Management Board by-laws fully comply with the Banking Code. The composition and expertise requirements have been duly embedded in the by-laws. Upon occurrence of vacancies a function profile will be drawn up.

The by-laws stipulate the chairman's responsibility to organize a lifelong learning program for Management Board members and both the Management Board by-laws and Supervisory Board by-laws refer to the Supervisory Board's responsibility to annually assess the effectiveness of the program and whether the Management Board members continue to meet the expertise

requirements developed by De Nederlandsche Bank (DNB). Yearly a program will be established with topics that are relevant to the Management Board.

The Management Board by-laws also stipulates the MB's responsibilities in respect of risk management.

Furthermore, the Management Board by-laws specifically address the Management Board's responsibility to ensure that the interest of all the stakeholders (such as clients, shareholder, employees) of the bank are considered in all its actions. In the same provisions the focus on the clients' interest and the duty of care for the client is duly embedded.

5. Customer first

The focus on clients' interests and the duty of care of the client are embedded in the Supervisory Board and Management Board b-laws and in internal policies and procedures, such as the:

1. 'Code of Conduct
2. Bankers Oath for MBE Amsterdam
3. Conflict of Interest Policy
4. Personal Account Dealing Policy
5. Outside Business Interests Policy
6. Competition Policy
7. Complaints Policy
8. Incident Reporting Policy
9. Handling of Material Non Public Information (MNPI) and Confidential Information Handling Policy.
10. Whistleblowing Policy

6. Risk Management

Risk Management Policy House

MBEs risk management focuses on clear lines of accountability.

In MBE, a risk documents governance structure, Risk Management Policy House (here: RMPH), was implemented in 2019. RMPH explains the interrelations between all risk management documents, provides a structure to position new documents, and describes the rules regarding risk documentations.

The RMPH complies with both local (European, Dutch) regulations and Parental policies. It has a clear link to both internal as well as external regulations. It efficiently manages and communicates amongst complex set of risk management documents and provides leading inter-relational framework for other related documents.

From the nature of the documents, their interrelations, dependencies on the various drivers, RMPH is designed to provide governance for these documents and to stay stable over time with limited changes.

Risk Management Framework

The Risk Management Framework (here: RMF) provides a consistent and detailed view of institution-wide risk management. MBE's RMF is designed to identify risks, determine the appetite for risk exposure, set limits to help management to keep risk exposure aligned to risk appetite and to

monitor, analyse and report the development of risk exposure based on reliable risk assessments and information systems. Risk exposure may also be mitigated by risk transfer to the parent bank (group arrangements regarding capital, funding, liquidity or operational risk). The RMF is governed with Risk Management Policy House and interacts with the Risk Appetite Statement.

Risk appetite

Risk Appetite refers to the type and total amount of risk that MBE is willing to accept within its Risk Capacity in order to fulfil its Business Strategies and Financial Plans. In that context MBE defines Risk Capacity as an aggregated view of the maximum level of risk MBE can assume given its current level of resources before breaching constraints, which are determined by (regulatory) capital and liquidity needs, the operational environment, customers and stakeholders.

At least on an annual basis the Management Board of MBE set's its level of risk it is prepared to accept. This is called the MBE Risk Appetite Statement (here: RAS). The RAS is further specified to the main risk types as defined by the MBE Risk Taxonomy to form an integral part of the RAS. The Risk Appetite statement(s) defined by the Management Board are then translated into a set of risk appetite indicators to further detail the RAS and make it measurable. Risk Appetite statements and indicators are where possible aligned with parent policies, external regulations and SREP decision. Also, indicators are tested against historical observed values, business plan and results of stress testing. The Management Board is responsible for managing the risk appetite cycle, supported by the Risk Management Division; under MBE governance RAS requires approval by the Supervisory Board. RAS is evaluated and re-aligned with the Strategy and Business Plan of MBE at least annually.

7. New Product Approval Process (NPAP)

MUFG BANK (EUROPE) applies the NPA requirements of the Dutch Banking Code, including an annual assessment by Internal Audit. In their last review (March 2023), Internal Audit assessed MBE Management's remediation actions to improve the adequacy and effectiveness of the New Product Approval and Periodic Assessment on Products Processes of MBE. The Internal Audit memo highlighted some of the enhancements that have been made to the NPA process, namely the update of relevant Product Governance policies and the Product Catalogue. Some improvements are still needed in order to ensure: appropriate level of governance and oversight, including clarity around the supporting roles and responsibilities within the NPA Process; adequate level of risk assessment and documentation of rationales applied to new/modified MBE products; completeness and accuracy of the Product Catalogue and effective monitoring of pre and post go-live conditions and restrictions, with the required assessments as part of the NPA processes. The Internal Audit results are shared with the Audit, Compliance and Risk Committee and the Supervisory Board.

8. Audit

Through the internal audit charter and annual audit program, the Management Board has established a framework whereby systematic audits are performed to assess the MBE stakeholder management of key risks related to the bank's activities. The audit charter and annual audit program formally ratify IAD's role, which is to assess the bank's internal control framework, including the design and effectiveness of processes, controls and their related procedures, as well as to assess the effectiveness of governance mechanisms in place to oversee the application of the bank's risk management frameworks. Findings are reported annually by the IAD to both the Management Board and Supervisory Board. Furthermore, the internal audit charter outlines the requirement for periodical consultations to take place between the IAD, external auditor and Supervisory Board

regarding the audit plan and risk assessment. The charter also stipulates that the IAD needs to meet at least once a year with the DNB and the external auditor to discuss and compare the results of each other's risk assessments, audit plans and key findings.

9. Reward policy

The Reward Policy for MUFG Bank (EUROPE) NV (MBE) has been created to define the Bank's and MUFG remuneration policy, procedures and practices and to ensure adherence to European and local regulatory requirements. The Policy is the cornerstone of the approach to rewarding employees whilst promoting sound and effective risk management and not encouraging risk taking that exceeds the level of tolerated risk of the Bank.

The Policy applies to all employees of MBE including any branch or subsidiary of MBE.

The SB is responsible for approving the MBE Reward Policy, overall remuneration process and Material Risk Takers (MRTs) (including MB members) recommendations. The MB is responsible for implementing activities in accordance with the Reward Policy.

The Policy is reviewed and assessed on an annual basis or whenever changes in local laws and regulations, Head Office circulars have been issued. The Policy is maintained by the Head of HR, MBE who makes sure it aligns with relevant laws and regulations and safeguards continuing effectiveness.

Remuneration consists broadly of fixed remuneration and variable remuneration in the form of performance related bonus, a portion of which may be deferred on mandatory basis. All deferred awards are subject to performance adjustments and are capable for forfeiture or reduction up to the vesting date.

The Bank applies maximum ratios of variable pay to fixed pay as the cap on Variable Pay. This cannot exceed 20% of Fixed Pay for anyone who works 50% or more of their time in the Netherlands. For individual staff who are covered by collective labour agreement, this applies at an individual level. For those not covered by labour agreement (including the MB), this may apply on an aggregate level. For branches and subsidiaries of MBE, the ratio between Variable Pay and Fixed Pay is at a maximum of 100%.

Guaranteed variable remuneration (which includes Guaranteed Bonus Awards and Retention Awards) are awarded mainly in exceptional circumstances only and fully comply with regulatory rules.

In respect of payments relating to the termination of an employment or in relation to a significant change of an employment contract will reflect performance achieved over time and will not reward failure or misconduct.

10. Deviations from the Banking Code by MUFG BANK (EUROPE) NV

When assessing the implementation of the Banking Code the Management Board and Supervisory Board have taken into account the specific characteristics of MUFG BANK (EUROPE) NV.

- MUFG Bank Ltd. is the sole (100%) shareholder of MBE; consequently the shares of MBE are not listed.

- The shareholder, MUFG Bank, also acts as the global head office of MBE, implying central oversight on key areas like risk management, compliance, internal audit and financial and management accounting.
- Important statutory authorities are assigned to the shareholder, like the appointment of Supervisory Board and Management Board members and external auditor.
- MBE is organization-wise and management control-wise part of a larger, internationally operating banking group, supervised by the financial supervisory authorities of the home country (Japan).
- The size and nature of MBE's commercial activities, reflected by the limited complexity of customer/product combinations.

Mindful of the characteristics and circumstances referred to above, MUFG BANK (EUROPE) NV has decided not to apply the following provisions of the Banking Code:

- No remuneration is paid to supervisory members employed by MUFG Bank, pursuant to the MUFG Bank group policy in this respect.
- In terms of the composition of the Supervisory Board in relation to independence, the composition of the Supervisory Board is such that up to a maximum of 50 percent are Supervisory Board members who would not be considered independent. Pursuant to the by-laws of MBE, the chairperson of the Supervisory Board is independent and in each meeting the independent members are jointly capable of casting at least half of the votes.