

Mitsubishi HC Capital ESG Data Book 2023

Himawari Batake ("Sunflower Field") by Wakana Ishizuki, a recipient of the Hitachi Capital Special Award at the Artbilty Awards About Artbilty:
A library of artworks created by artists with disabilities, operated by the social welfare corporation Tokyo Colony Association as an activity to support the social participation of artists with disabilities.



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Corporate website	https://www.mitsubishi-hc-capital.com/

Basic Information

Corporate Profile

Company name	Mitsubishi HC Capital Inc.
Head office	5-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo, 100-6525, Japan 03-6865-3000 (Representative Number)
Paid-in capital	¥33,196,047,500
Date of incorporation	April 12, 1971
Fiscal year-end	March 31 (Once per Year)

Number of Employees

Number of employees Consolidated: 8,560, Non-consolidated: 2,143 (As of September 30, 2023)

Group Companies (As of January 4, 2024)

Domestic Group companies

Company Name	
DRS Company Limited	Mitsubishi HC Capital Realty Advisers Inc.
MHC Eco-Business Co., Ltd.	Center Point Development Inc.
U-MACHINE Inc.	Mitsubishi Auto Leasing Corporation
MHC Insurance Company Limited	Mitsubishi HC Capital Servicer Corporation
MHC Business Company Limited	MHC Reuse Services Corporation
Mitsubishi Electric Financial Solutions Corporation	MHC Triple Win Corporation
JAPAN MEDICAL LEASE CORPORATION	Sekisui Leasing Co., Ltd.
M-cast, Inc.	Capital Insurance Corporation
Healthcare Management Partners, Inc.	Mitsubishi HC Capital Trust Corporation
Mitsubishi HC Capital Energy Inc.	Daiichi Personal Credit Guarantee Corporation
Mitsubishi HC Capital Estate Plus Inc.	Mitsubishi HC Business Lease Corporation
Miyuki Building Co., Ltd.	HWP Ltd.
Mitsubishi HC Capital Realty Inc.	HSE Ltd.

(Note) Mitsubishi Electric Financial Solutions Corporation and Mitsubishi Auto Leasing Corporation are equity-method affiliates and are outside the scope of reporting in the ESG Databook.

(Note) In addition to the companies above, DFL Lease Co., Ltd. and Shutoken Leasing Co., Ltd., whose shares were transferred on January 4, 2024, are included in the scope of reporting in the ESG Databook.

Overseas Group companies

Europe

Country/Area	Company Name	
UK	Mitsubishi HC Capital UK PLC	
Poland	MHC Mobility Sp. z o.o.	
Ireland	Jackson Square Aviation Ireland Limited	Engine Lease Finance Corporation
Netherlands	MHC Mobility B.V.	
Germany	MHC Mobility GmbH	
Austria	MHC Mobility GmbH	

The Americas

Country/Area	Company Name	
U.S.A	Mitsubishi HC Capital America, Inc.	PNW Railcars, Inc.
	Jackson Square Aviation, LLC	Mitsubishi HC Capital Realty (U.S.A.) Inc.
	CAI International, Inc.	
Canada	Mitsubishi HC Capital Canada, Inc.	

China Region

Country/Area	Company Name	
China	Mitsubishi HC Capital (Shanghai) Co., Ltd.	Mitsubishi HC Capital Leasing (Beijing) Co., Ltd.
	U-MACHINE (CHINA) CO., LTD.	Mitsubishi HC Capital Factoring (Shanghai) Co., Ltd.
Hong Kong	Mitsubishi HC Capital Management (China) Limited	Mitsubishi HC Capital (Hong Kong) Limited

Asia & Oceania

Country/Area	Company Name	
Singapore	Mitsubishi HC Capital (Singapore) Pte. Ltd.	Mitsubishi HC Capital Asia Pacific Pte. Ltd.
Thailand	Bangkok Mitsubishi HC Capital Co., Ltd.	U-MACHINE (THAILAND) CO., LTD.
	Thai MHC Co., Ltd.	Mitsubishi HC Capital (Thailand) Co., Ltd.
Indonesia	PT. Mitsubishi HC Capital and Finance Indonesia	PT. Takari Kokoh Sejahtera
	PT. Manajemen Unggul Lestari	PT. Arthaasia Finance
Vietnam	Ho Chi Minh City Representative Office	
Malaysia	Mitsubishi HC Capital Malaysia Sdn. Bhd	

There are other consolidated subsidiaries, etc. in addition to those above.

Efforts on Sustainability

Basic Views on Sustainability

The Company believes that efforts toward sustainability-among them, protecting the global environment, respecting human rights, and embracing diversity-are an essential responsibility to society that corporations should fulfill. To continue to survive, corporations must pursue long-term growth while gaining the trust of their stakeholders by engaging in business activities that seek to resolve environmental, social, and economic issues.

With this fundamental understanding, and to lead and promote sustainability-based management, the Company established a Sustainability Committee in April 2021 to better contribute to the realization of a sustainable and prosperous future. The Sustainability Committee is positioned as an advisory body to the Executive Committee, and aims to lead and promote sustainability efforts in a way that is unified with the management strategies. The Sustainability Committee is chaired by the Head of Corporate & Strategic Planning Division, and its members comprise Executive Officers in charge of business departments and the corporate center, including the President & CEO. The committee implements a wide range of activities-including checking the progress of activities and the level of achievement of targets in non-financial sectors, deliberating over new activities, and discussing non-financial indicators-and reports the results to the Executive Committee and the Board of Directors.

Please refer to the below for details.

▶ Efforts on Sustainability




<https://www.mitsubishi-hc-capital.com/sustainability/organization.html> (Japanese)

<https://www.mitsubishi-hc-capital.com/english/sustainability/organization.html> (English)

Sustainability Promotion Framework

Please refer to page 24 for more information.

Participation in Initiatives

<p>Support for TCFD</p>	<p>In November 2021, the Company announced its support for recommendations by the Task Force on Climate-related Financial Disclosures (TCFD*) established by the Financial Stability Board (FSB).</p> <p>By announcing its support for the TCFD recommendations, the Company is further promoting business activities contributing to decarbonization, as well as enhancing the disclosure regarding climate change-related risk and opportunities.</p> <p>* Task Force on Climate-related Financial Disclosures: Established by the Financial Stability Board (FSB) after the Paris Agreement (COP21), the TCFD is an international organization for the stabilization of the financial system. The TCFD published a report in June 2017 to encourage the disclosure of climate related information with financial impact in annual financial reports.</p>	
<p>Signature to the Principles for Financial Action for the 21st Century</p>	<p>The Company has been a signatory to the Principles for Financial Action towards a Sustainable Society (Principles for Financial Action for the 21st Century), a proactive initiative by financial institutions, since it was formulated in November 2011. The Principles for Financial Action for the 21st Century consist of seven principles for financial institutions that want to take an active role and responsibility in the creation of a sustainable society and guidelines tailored to each sector to implement the principles. We will continue to make active efforts for the environment and society based on these principles.</p>	
<p>Participation in the GX League</p>	<p>The Company participates in the GX League, established by Japan's Ministry of Economy, Trade and Industry, which aims at transforming economic and social systems towards the realization of carbon neutrality.</p> <p>GX League Official website (https://gx-league.go.jp/en/)</p>	







Materiality

Mitsubishi HC Capital Inc. identified the following six materiality as priority key challenges which must be addressed to achieve sustainable development of Mitsubishi HC Capital Group.

Against a backdrop of megatrends such as recent climate change driven by global warming, population growth, urbanization and scarcity of resources, not only our personal lives but also social environments have been drastically changing worldwide. Under such circumstances, companies are expected to take efforts to solve numerous issues, such as to promote a decarbonized society and to create a circular economy.

The Group will proceed its effective management and business activities toward solving such issues based on the materiality with appreciating the significance.

Materiality of the Group

Materiality	Why the Group Treats as Highly Material Challenges	How Related to SDGs
1 Promote a Decarbonized Society	Efforts to realize a decarbonized society have been globally recognized as an urgent issue and the Group can significantly contribute to solving this challenge through its service and solutions, such as renewable energy investment and EV promotion. It is quite a few impact on but is significant for the Group to distinct its business from the business not solving social issues.	 
2 Realize the Circular Economy	The Group aims to contribute to creating a circular economy by reducing waste, not only in the Group but also within society through maximizing the potential of assets as a leading leader in the leasing industry. The Group treats this challenge as material. The Group can also contribute to realizing a sustainable and prosperous society through strengthening the collaboration between partners.	   
3 Establish Resilient Social Infrastructure	Large parts of the infrastructure within Japan needs to be repaired. The Group also recognizes the business has huge potential opportunities to support the development of infrastructure in overseas countries with active collaboration between various partners and create a smart city. The Group will contribute to the business being diversified, enhanced and efficient through establishing the system and providing services for supporting the collaboration of various companies.	 
4 Realize Healthy Lifestyles That Promote Positive Wellbeing	It is vital for its stakeholders that the Group recognizes the importance of health, safety, mental and physical wellbeing for realizing the prosperous future. Valuable human resources are key. Personal development and attraction and retention of talent is significant for the Group members.	  
5 Create Businesses Utilizing the Latest Technologies	Both financing for the purpose of digital transformation of customers and providing solution by internal and external digital technologies urge to develop new business models. Including establishing supply chain with utilizing with new alternative energies, the Group identifies material one as the opportunity.	 
6 Collaborate with Partners Locally and Globally	Social issues differ by countries and regions. It is significant that the Group aims to solve these issues by collaborating with local partners to ensure the Group is meeting individual needs through local community-based communication. The Group can realize mutual benefits in developing society by utilizing the integrated capability in the Group.	 

How the Materiality Relates to Our Mission and Our Vision



How the Company Identified the Materiality

As the first step in sustainability management, we identified materiality through the following process:

1. Identified internal ESG priority key challenges

The Company first listed wide-ranging ESG-related challenges based on related international guidelines and principles such as the ISO 26000 standards, SDGs (Sustainable Development Goals), and others. Subsequently, the Company conducted employee questionnaires and interviews throughout the Group and ascertained potential challenges in consideration of their importance for the Group as both opportunities and risks.

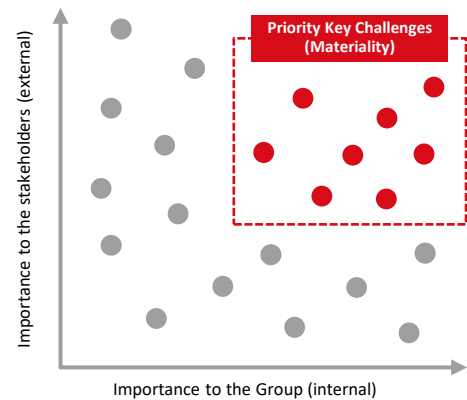
2. Identified ESG priority key challenges for external stakeholders

Via interviews with stakeholders including major customers, shareholders, and partners, we confirmed and listed key ESG material issues from the perspective of the stakeholders based on their professional expertise and opinions.

3. Management held discussions and made decisions

By reviewing how the priority key challenges relate to Our Mission, Our Vision and SDGs, we identified the key challenges that the Group must address through discussions with relevant departments, the Sustainability Committee, the Executive Committee, and the Board of Directors.

How Materiality was Identified



Governance

Corporate Governance

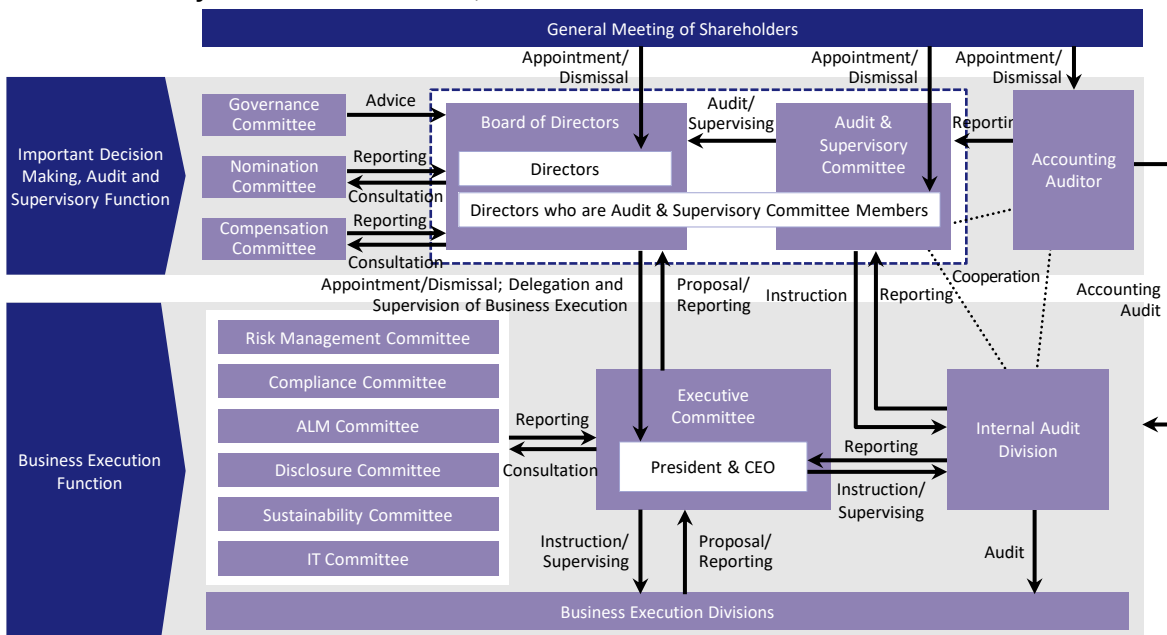
Basic Views of Corporate Governance

The Company recognizes that it is one of our social responsibilities to ensure transparent and sound management, while emphasizing initiatives to achieve sustainable corporate growth and a medium- to long-term improvement in corporate value. Respecting the rights and interests of all of our stakeholders—shareholders, customers, local communities, and employees—the Company works to fulfill the trust they place in us, and aspire to contribute to a more prosperous society. To fulfill these social responsibilities, we engage in continuous initiatives to enhance corporate governance by boosting the activity of the Board of Directors, reinforcing the Audit & Supervisory Committee and the internal audit system, ensuring timely and appropriate disclosures of information, improving investor relations (IR), and related activities.

Corporate Governance Systems

The Company was born in April 2021 through the integration of Mitsubishi UFJ Lease & Finance and Hitachi Capital as of April 1, 2021. In conjunction therewith, the Company transitioned into a company with an audit and supervisory committee in order to enhance the fairness and transparency of management, strengthen the supervisory functions of the Board of Directors, and enhance corporate governance.

Corporate Governance Systems (as of October 1, 2023)



Directors' Backgrounds

(As of June 27, 2023)

Title	Name	Date of Birth	History	Term of Office	Number of Company Shares Owned
Director, Chairman	Takahiro Yanai	May 4, 1958	<p>April 1982 Joined The Mitsubishi Bank, Ltd. (currently MUFG Bank, Ltd.)</p> <p>May 2012 Managing Executive Officer of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU) In charge of CIB (Corporate Investment Banking) and Secondarily in charge of Market Sales Division Managing Officer, Deputy Group Head, Integrated Trust Assets Business Group, Deputy Group Head, Integrated Corporate Banking Business Group, and Head of the Corporate & Investment Banking Planning Division of Mitsubishi UFJ Financial Group, Inc. (MUFG)</p> <p>June 2015 Managing Director, Chief Executive, Retail Banking Business Unit of BTMU Managing Executive Officer, Group Head, Integrated Retail Banking Business Group of MUFG</p> <p>May 2016 Senior Managing Executive Officer, Group Head, Transaction Banking Group of BTMU</p> <p>June 2017 President & CEO of Mitsubishi UFJ Lease & Finance Company Limited (MUL) (currently the Company) Concurrently served as Executive Officer of MUL</p> <p>April 2021 Representative Director, President & CEO of the Company Concurrently served as Executive Officer of the Company</p> <p>April 2023 Director, Chairman of the Company (incumbent)</p>	(Note) 1	21,600
Representative Director, President & CEO	Taiju Hisai	April 27, 1962	<p>April 1985 Joined The Mitsubishi Bank, Ltd. (currently MUFG Bank, Ltd.)</p> <p>July 2012 General Manager, Corporate Banking Division for Europe, Middle East and Africa, Headquarters for Europe, Middle East and Africa of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU) Concurrently assigned to BTMU (Europe) Limited</p> <p>June 2014 Executive Officer and General Manager, Corporate Banking Division for Europe, Middle East and Africa, Headquarters for Europe, Middle East and Africa of BTMU Concurrently assigned to BTMU (Europe) Limited</p> <p>Sep. 2014 Executive Officer Regional Executive for India Concurrently served as Deputy General Manager, Corporate Banking Division for Asia and Oceania, Headquarters for Asia and Oceania of BTMU</p> <p>May 2016 Managing Executive Officer in charge of Credit of BTMU</p> <p>April 2018 Managing Executive Officer and Group Head, Corporate Banking Group No. 1 of MUFG Bank, Ltd. (MUFG Bank)</p> <p>April 2019 Senior Managing Executive Officer and Group Head, Corporate Banking Group No. 1 of MUFG Bank</p> <p>June 2021 Deputy President of the Company Concurrently served as Executive Officer of the Company</p> <p>June 2022 Director, Deputy President of the Company Concurrently served as Executive Officer of the Company</p> <p>April 2023 Representative Director, President & CEO of the Company (incumbent) Concurrently serves as Executive Officer of the Company (incumbent)</p>	(Note) 1	3,700
Representative Director, Deputy President	Kanji Nishiura*	February 11, 1958	<p>April 1980 Joined Mitsubishi Corporation</p> <p>June 1986 Resident in Saudi Arabia (al-Khobar) (until September 1989)</p> <p>July 1993 Mitsubishi Corporation (UK) Plc (based in London) (until August 1999)</p> <p>Jan. 2003 Seconded to Metal One Corporation</p> <p>April 2009 General Manager, Metals Group CEO Office of Mitsubishi Corporation</p> <p>April 2010 Senior Vice President and General Manager, Metals Group CEO Office of Mitsubishi Corporation</p> <p>April 2011 Senior Vice President and Division COO, Non-Ferrous Metals Division of Mitsubishi Corporation</p> <p>April 2013 Senior Vice President, Division COO, Mineral Resources Investment Div., and General Manager, MDP Department of Mitsubishi Corporation</p> <p>April 2015 Executive Vice President and Group COO, Metals Group of Mitsubishi Corporation</p> <p>April 2016 Executive Vice President and Group CEO, Metals Group of Mitsubishi Corporation</p> <p>April 2018 Executive Vice President, Corporate Functional Officer, Global Strategy & Coordination, Global Research, International Economic Cooperation, Logistics Management, (Concurrently) Regional CEO, Asia & Oceania of Mitsubishi Corporation</p>	(Note) 1	4,000

* As of January 4, 2024, Mr. Kanji Nishiura was no longer a member of the Board of Directors.

Title	Name	Date of Birth	History	Term of Office	Number of Company Shares Owned
			<p>June 2018 Representative Director, Executive Vice President, Corporate Functional Officer, Global Strategy & Coordination, Global Research, International Economic Cooperation, Logistics Management, (Concurrently) Regional CEO, Asia & Oceania of Mitsubishi Corporation</p> <p>April 2019 Representative Director, Executive Vice President, Corporate Functional Officer, Global Strategy of Mitsubishi Corporation</p> <p>April 2020 Member of the Board of Mitsubishi Corporation</p> <p>June 2020 Corporate Advisor of Mitsubishi Corporation</p> <p>April 2021 Representative Director, Deputy President of the Company (incumbent) Concurrently serves as Executive Officer of the Company (incumbent)</p> <p>June 2023 Director of Sumitomo Metal Mining Co., Ltd. (incumbent)</p>		
Director, Deputy President	Kazumi Anei	September 18, 1960	<p>April 1985 Joined Hitachi Leasing Corp. (currently the Company)</p> <p>April 2003 General Manager of Sales Dept. II, Kansai Corporate Sales Branch, Kansai Sales Division of Hitachi Capital Corporation (Hitachi Capital)</p> <p>April 2005 Head of Kansai Corporate Sales Branch, Kansai Sales Division of Hitachi Capital</p> <p>April 2010 Head of Kanagawa Sales Division of Hitachi Capital</p> <p>April 2011 Head of Tokyo Sales Division III, Corporate Business Division of Hitachi Capital</p> <p>Oct. 2011 Co-Head of Corporate Business Division of Hitachi Capital</p> <p>April 2014 Corporate Officer, Head of Corporate Business Division, and Co-Head of Account Sales Promotion Division of Hitachi Capital</p> <p>April 2015 Corporate Officer and Head of Corporate Business Division, Corporate Sales & Marketing Group of Hitachi Capital</p> <p>April 2016 Executive Officer, Head of Corporate Business Division, Corporate Sales & Marketing Group, and Head of Service Business Division of Hitachi Capital</p> <p>April 2017 Executive Officer, Corporate Sales & Marketing Group, in charge of Japan, and Head of Customer E&E Business Division of Hitachi Capital</p> <p>April 2018 Vice President and Executive Officer, Co-Head of Corporate Sales & Marketing Group, in charge of Japan, and Head of Environment and Energy Business, Corporate Business Division, Customer E&E Business Division of Hitachi Capital</p> <p>April 2019 Vice President and Executive Officer, Co-Head of Corporate Sales & Marketing Group, and Chief Executive for Japan, Corporate Sales & Marketing Group of Hitachi Capital</p> <p>April 2020 Senior Vice President and Executive Officer, Chief Marketing Officer, and Head of Business Enhancement Division (in charge of Europe and the Americas) of Hitachi Capital</p> <p>April 2021 Director, Senior Managing Executive Officer of the Company</p> <p>May 2021 Director, Deputy President of the Company (incumbent) Concurrently serves as Executive Officer of the Company (incumbent)</p>	(Note) 1	51,300
Director, Managing Executive Officer	Haruhiko Sato	June 19, 1965	<p>April 1989 Joined Mitsubishi Corporation</p> <p>Nov. 2002 Mitsubishi International GmbH</p> <p>Jan. 2007 Moscow Office of Mitsubishi Corporation</p> <p>April 2009 Treasurer Office of Mitsubishi Corporation</p> <p>Mar. 2014 Senior Vice President, Corporate Staff Section and CFO of Mitsubishi Corporation (Americas)</p> <p>April 2019 General Manager, Power Solution Administration Department of Mitsubishi Corporation</p> <p>April 2021 Director, Managing Executive Officer of the Company (incumbent)</p>	(Note) 1	0
Director (Independent Outside Director)	Hiroyasu Nakata	August 29, 1951	<p>April 1977 Completed the legal apprentice course at the Legal Training and Research Institute of the Supreme Court of Japan Admitted to the bar (Daini Tokyo Bar Association) (until March 1990)</p> <p>April 1990 Associate Professor at Faculty of Law and Economics, Chiba University</p> <p>June 1993 Professor at Faculty of Law and Economics, Chiba University</p> <p>April 1995 Professor at Faculty of Law, Hitotsubashi University</p> <p>April 1999 Professor of Graduate School of Law, Hitotsubashi University</p> <p>April 2003 Trustee of Hitotsubashi University</p> <p>April 2008 Professor at The University of Tokyo Graduate Schools for Law and Politics and The University of Tokyo Faculty of Law</p> <p>April 2015 Emeritus Professor of Hitotsubashi University</p> <p>April 2017 Professor at Waseda Law School</p> <p>June 2017 Emeritus Professor of The University of Tokyo</p> <p>June 2018 Audit & Supervisory Board Member of Mitsubishi UFJ Lease & Finance Company Limited (currently the Company)</p> <p>April 2021 Director of the Company (incumbent)</p>	(Note) 1	1,300

Title	Name	Date of Birth	History	Term of Office	Number of Company Shares Owned
Director (Independent Outside Director)	Yuri Sasaki	May 26, 1967	<p>April 1995 Assistant at Hitotsubashi University (Faculty of Commerce and Management)</p> <p>April 1998 Assistant Professor of Faculty of Commerce, Takachiho University of Commerce (current Takachiho University)</p> <p>April 2001 Assistant Professor of Faculty of Economics, Meiji Gakuin University</p> <p>April 2006 Visiting Scholar at University of Washington</p> <p>April 2007 Professor of Faculty of Economics, Meiji Gakuin University (incumbent)</p> <p>June 2014 Director of JBA TIBOR Administration</p> <p>Jan. 2015 Expert Committee Member of Financial System Council of Financial Services Agency (incumbent)</p> <p>Nov. 2015 Visiting Scholar at University of Washington</p> <p>June 2018 Director of Hitachi Capital Corporation (currently the Company)</p> <p>April 2020 Dean of Faculty of Economics, Meiji Gakuin University</p> <p>April 2021 Director of the Company (incumbent)</p> <p>July 2022 Director of Meiji Yasuda Life Insurance Company (incumbent)</p>	(Note) 1	1,100
Director (Outside Director)	Takuya Kuga	December 5, 1963	<p>April 1986 Joined Mitsubishi Corporation</p> <p>Dec. 1997 Seconded to MC Realty, Inc. (Vice President) (Dallas, Los Angeles from June 1999) (until February 2003)</p> <p>April 2008 Seconded to Diamond Realty Management Inc.</p> <p>May 2008 President & Representative Director of Diamond Realty Management Inc.</p> <p>July 2009 Seconded to Mitsubishi Corp.- UBS Realty Inc.</p> <p>Oct. 2009 President & Chief Executive Officer, Mitsubishi Corp.- UBS Realty Inc.</p> <p>July 2013 General Manager, Strategic Planning Office, Real Estate Development & Construction Div. of Mitsubishi Corporation</p> <p>April 2015 General Manager, Urban Development Dept., Real Estate Development & Construction Div. of Mitsubishi Corporation</p> <p>April 2016 Division COO, Real Estate Development & Construction Div. of Mitsubishi Corporation (Concurrently)</p> <p>General Manager, North America Real Estate Development Dept. of Mitsubishi Corporation</p> <p>Oct. 2016 Division COO, Real Estate Business Div. of Mitsubishi Corporation (Concurrently)</p> <p>General Manager, North America Real Estate Development Dept. of Mitsubishi Corporation</p> <p>Jan. 2017 Division COO, Real Estate Business Div., Mitsubishi Corporation</p> <p>April 2017 Senior Vice President, Division COO, Real Estate Business Div. of Mitsubishi Corporation</p> <p>April 2019 Senior Vice President, Division COO, Urban Infrastructure Div. of Mitsubishi Corporation</p> <p>Nov. 2019 Senior Vice President, General Manager, Urban Development Group CEO Office, Mitsubishi Corporation</p> <p>April 2022 Executive Vice President, Group CEO, Urban Development Group of Mitsubishi Corporation (incumbent)</p> <p>June 2022 Director of the Company (incumbent)</p>	(Note) 1	300
Director, Audit & Supervisory Committee Member (Full-time)	Akira Hamamoto	May 19, 1960	<p>April 1983 Joined The Tokai Bank, Ltd. (currently MUFG Bank, Ltd.)</p> <p>June 2010 Executive Officer and General Manager, Internal Audit Division of Mitsubishi UFJ Financial Group, Inc. (MUFG)</p> <p>May 2011 Executive Officer, and Deputy General Manager, Global Compliance Division, concurrently served as Deputy General Manager, Corporate Risk Management Division of MUFG Executive Officer, and General Manager, Global Compliance Division of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU) concurrently served as Senior Manager, Information Security Management Office, concurrently served as Senior Manager, Information Systems Planning Office, Information Systems Division of BTMU</p> <p>May 2013 Managing Executive Officer, and General Manager, Corporate Banking Division No.2 of BTMU</p> <p>June 2015 Managing Corporate Executive, and Group CCO, concurrently served as Group CLO of MUFG Managing Director and CCO, concurrently served as CLO of BTMU</p> <p>June 2017 Senior Managing Corporate Executive, and Group CCO, concurrently served as Group CLO of MUFG Senior Managing Director, and CCO, concurrently served as CLO of BTMU</p> <p>June 2019 Member of the Board of Directors and Full-time Member of the Audit & Supervisory Committee of MUFG Bank, Ltd.</p> <p>June 2021 Senior Managing Executive Officer of the Company</p> <p>June 2022 Director, Audit & Supervisory Committee Member of the Company (incumbent)</p>	(Note)2	3,400

Title	Name	Date of Birth	History	Term of Office	Number of Company Shares Owned
Director, Audit & Supervisory Committee Member (Independent Outside Director)	Koichiro Hiraiwa	January 2, 1950	<p>April 1974 Joined Bank of Japan</p> <p>May 1997 General Manager of Okayama Branch, Bank of Japan</p> <p>Jan. 2002 General Manager of Kyoto Branch, Bank of Japan</p> <p>April 2004 Head of Business Planning Department, Financial Business Division, NTT DATA Corporation</p> <p>June 2005 Head of Financial Strategy Business Promoting Office, Financial Business Division, NTT DATA Corporation</p> <p>July 2008 Head of Financial Business Planning Office, Financial Business Planning and Administration Department, NTT DATA Corporation</p> <p>Mar. 2009 President & Representative Director, the Kyoto Hotel, Ltd.</p> <p>Mar. 2015 Director, Allied Telesis Holdings K.K.</p> <p>Mar. 2015 Representative Director, Apua Consulting Inc.</p> <p>June 2015 Director, Hitachi Capital Corporation (currently the Company)</p> <p>Dec. 2017 Representative Director, Dream Estate Tokyo Inc. (incumbent)</p> <p>June 2019 Chairman of the Board of Directors, Hitachi Capital Corporation</p> <p>April 2021 Director, Audit & Supervisory Committee Member of the Company (incumbent)</p>	(Note)2	10,200
Director, Audit & Supervisory Committee Member (Independent Outside Director)	Hiroko Kaneko	March 28, 1958	<p>April 1980 Joined The Sapporo Television Broadcasting Co., Ltd.</p> <p>Oct. 1989 Joined Ota Showa Audit Corporation (currently Ernst & Young ShinNihon LLC)</p> <p>Feb. 1993 Registered as certified public accountant</p> <p>May 2007 Partner, ERNST & YOUNG SHINNIHON (currently Ernst & Young ShinNihon LLC)</p> <p>July 2010 Senior Partner, Ernst & Young ShinNihon LLC</p> <p>April 2018 Professor at Waseda Graduate School of Accountancy</p> <p>June 2018 Audit & Supervisory Board Member, The Shoko Chukin Bank, Ltd.</p> <p>June 2019 Director, Kanagawa Chuo Kotsu Co., Ltd.</p> <p>June 2020 Audit & Supervisory Board Member of Mitsubishi UFJ Lease & Finance Company Limited (currently the Company)</p> <p>Feb. 2021 Member of Business Accounting Council, Financial Services Agency (incumbent)</p> <p>April 2021 Director, Audit & Supervisory Committee Member of the Company (incumbent)</p> <p>Mar. 2022 Member of the Board, The Yokohama Rubber Co., Ltd. (incumbent)</p> <p>June 2022 Director (Audit and Supervisory Committee Member), Kanagawa Chuo Kotsu Co., Ltd. (incumbent)</p>	(Note)2	1,300
Director, Audit & Supervisory Committee Member (Independent Outside Director)	Masayuki Saito	November 8, 1954	<p>April 1977 Joined Dainippon Ink and Chemicals, Incorporated (currently DIC Corporation)</p> <p>April 2008 Executive Officer, in Charge of Finance & Accounting Div. of DIC Corporation Head of Finance & Accounting Div. of DIC Corporation</p> <p>June 2010 Director, Executive Officer, in Charge of Finance & Accounting Div. of DIC Corporation</p> <p>April 2011 Director, Managing Executive Officer, in charge of Finance and Accounting Div. of DIC Corporation</p> <p>April 2012 Representative Director, Senior Managing Executive Officer, Assistant to President and CEO, and in Charge of Finance & Accounting Div. of DIC Corporation</p> <p>April 2013 Representative Director, Senior Managing Executive Officer, Assistant to President and CEO, and in charge of Finance and Accounting Div. of DIC Corporation</p> <p>Jan.2016 Representative Director, Executive Vice President, CFO, and Assistant to President and CEO of DIC Corporation Chairman of the Supervisory Board, Sun Chemical Group Coöperatief U.A.</p> <p>Jan. 2020 Representative Director, Executive Vice President, and Assistant to President and CEO of DIC Corporation Chairman of the Supervisory Board, Sun Chemical Group Coöperatief U.A.</p> <p>Jan. 2021 Chairman of the Board of Directors of DIC Corporation (incumbent)</p> <p>June 2022 Chairman of the Supervisory Board, Sun Chemical Group Coöperatief U.A. (incumbent)</p> <p>June 2022 Director, Audit & Supervisory Committee member of the Company (incumbent)</p>	(Note)2	1,300

(Note) 1 From the close of the Annual General Meeting of Shareholders held on June 27, 2023 to the close of the Annual General Meeting of Shareholders for the fiscal year ending March 31, 2024.

2 From the close of the Annual General Meeting of Shareholders held on June 28, 2022 to the close of the Annual General Meeting of Shareholders for the fiscal year ending March 31, 2024.

Selection and Dismissal of Directors

The Board of Directors resolves the appointment of candidates to serve as Directors after the Nomination Committee, of which Independent Outside Directors comprise the majority, holds discussions in advance based on the selection standards described below. The Board of Directors also resolves the appointment of candidates to serve as Directors who are also Audit & Supervisory Committee Members after the Nomination Committee discusses it and the Audit & Supervisory Committee agrees to it.

In addition, if a Director is found to meet the dismissal standards described below, their dismissal is deliberated by the Nomination Committee in a timely manner and decided by the Board of Directors.

[Selection standards]

1. Directors and Audit & Supervisory Committee Members should have the mental and physical soundness sufficient to execute duty.
2. Directors and Audit & Supervisory Committee Members should be persons who are well respected, possess excellent integrity, and hold themselves to high ethical standards.
3. Directors and Audit & Supervisory Committee Members should have a law-abiding mentality.
4. Directors and Audit & Supervisory Committee Members should be expected to make objective judgments regarding management and have excellent insight and perspicacity.
5. It is reasonable to consider that the candidates will help strengthen the functions of the Board of Directors, in view of their knowledge, experience, capabilities, and similar factors.
6. In addition to 1. to 5. above, candidates for Outside Directors should (i) have experience, achievements, and knowledge in their fields of specialization, (ii) be able to contribute to the implementation of appropriate decision making and management supervision of the Board of Directors, and (iii) be expected to secure the time necessary to fulfill their duties.
7. Candidates for reappointment should have performed roles expected of them during each of their previous assignments.

[Dismissal standards]

1. The Director significantly damaged the value of the Company by neglecting their duties.
2. The Director violated laws, Articles of Incorporation, or other regulations/rules of the Company or conducted an act against public order and/or morals, which caused serious damage to the Company or hindrance to the business of the Company as a result.
3. The Director is deemed to not meet the selection standards for Directors.

Outside Directors' Independence Decision Criteria

MHC shall judge the independence of Outside Directors by confirming if they fall under any of the following items (1) through (6) at any time in the past three fiscal years, and considering if the individual is independent objectively and substantially from multiple perspectives, assuming that they are meeting the requirements of Independent Directors/Auditors specified by financial instruments exchanges in Japan, such as the Tokyo Stock Exchange.

- (1) A major shareholder (i.e., a shareholder holding 10% or more of the total voting rights) of MHC or an Executive thereof ^{(*)1}
- (2) An Executive of a lender of MHC that exceeds MHC's standard ^{(*)2}
- (3) An Executive of a business partner of MHC that exceeds MHC's standard ^{(*)3}
- (4) A consultant, attorney-at-law, certified public accountant, or other person who provides professional services, who receives more than 10 million yen per fiscal year in monetary or other assets from MHC, excluding officers' remuneration;
- (5) A representative partner or partner of MHC's Accounting Auditor
- (6) A person who belongs to an association which receives donations from MHC exceeding a certain amount ^{(*)4}.

(*)1 An Executive refers to an Executive Director, Executive Officer, or other employee.

(*)2 A lender that exceeds MHC's standard refers to a lender from whom the amount MHC has borrowed exceeds 2% of the consolidated total assets of MHC.

(*)3 A business partner that exceeds MHC's standard refers to a business partner whose dealings with MHC have a value equal to more than 2% of the consolidated net sales of MHC or of the relevant business partner;

(*)4 Donations exceeding a certain amount refers to donations exceeding 10 million yen per fiscal year.

Even if a candidate qualifies under any of items (1) through (6) above, if there are special circumstances to designate the relevant candidate as an Independent Director/Auditor and he/she is judged to be substantially independent, and is to be registered as an Independent Director/Auditor with a financial instruments exchange in Japan, such as the Tokyo Stock Exchange, the reason for the candidate's eligibility shall be explained and disclosed at the time of registration and in the reference documents for a general shareholders meeting concerning the agenda of the election of the candidate as an Outside Director or Audit & Supervisory Committee Member.

Views on the Appropriate Balance of Knowledge, Experience and Skills, Diversity, and Size of the Board of Directors as a Whole

MHC assumes that the Board of directors shall possess skills in “overall management,” “finance,” “financial accounting,” “legal affairs, compliance, and risk management,” “global business” and other areas, in view of the business lineup.

MHC recognizes that diversity of Directors is important for purposes of strengthening the function of the Board of Directors, and that gender, nationality, and race are factors which should be considered. On the other hand, MHC believes that it is not necessarily desirable, for purposes of strengthening the functions of the Board of Directors, to elect a Director with a certain attribute merely to comply with formal and external diversity requirements even when they lack the qualities and abilities that are required for the role. Therefore, MHC believes, as a desirable way of achieving diversity within MHC, that it is necessary to consider whether such Director is expected to perform the necessary skills and possesses the ability in light of the respective management environment as a top priority, and to elect a desirable person without restrictions on gender, nationality, race, age, career, etc. Based on such a view, MHC will continue to determine the appropriate composition of the Board of Directors.

Currently, MHC assumes that its Board of Directors consists of Directors from a variety of business categories and industries, and has an appropriate number of members to ensure a balanced composition of appropriate skills and diversity.

MHC has currently elected two female Directors while no foreign Director has been elected. However, MHC acknowledges that the Board of Directors has been performing a sufficient supervisory function, as it has elected several Directors who possess a wealth of international business experience, and has received valuable opinions on global business development.

Composition of the Board of Directors and expertise of each Director

(As of June 27, 2023)

Name	Current Position and Responsibility at the Company	Areas of Expertise				
		Overall Management	Finance	Financial Accounting	Legal Affairs, Compliance, and Risk Management	Global Business
Takahiro Yanai	Director, Chairman	○	○			
Taiju Hisai	Representative Director, President & CEO	○	○			○
Kanji Nishiura	Representative Director, Deputy President	○				○
Kazumi Anei	Director, Deputy President, Customer Solutions Unit	○	○			
Haruhiko Sato	Director, Managing Executive Officer, Head of Corporate & Strategic Planning Division, and CFO			○		○
Hiroyasu Nakata	Director Outside Director Independent Director				○	
Yuri Sasaki	Director Outside Director Independent Director		○			
Takuya Kuga	Director Outside Director	○				○
Akira Hamamoto	Director, Audit & Supervisory Committee Member	○	○		○	
Koichiro Hiraiwa	Director, Audit & Supervisory Committee Member Outside Director Independent Director	○	○			
Hiroko Kaneko	Director, Audit & Supervisory Committee Member Outside Director Independent Director			○		
Masayuki Saito	Director, Audit & Supervisory Committee Member Outside Director Independent Director	○		○		○

* As of January 4, 2024, Mr. Kanji Nishiura was no longer a member of the Board of Directors.

Number of officers and breakdown of compensation

(As of January 4, 2024)

Directors (total number of directors)	11
Outside Directors	6
Female Directors	2
Executive Officers (total number of executive officers) (Note) Including executive officers concurrently serving as directors	25
Female Executive Officers	0

(Results for FY2022)

Directors' Compensation (directors)	683 million yen
Outside Directors	101million yen

Evaluation of the Effectiveness of the Board of Directors

Policies for effectiveness assessment of the Board of Directors

MHC has continued efforts to further improve the effectiveness of the activities of the Board of Directors based on reviews and assessments by all of the Directors on their activities throughout the year for the purpose of maintaining and improving the function of the Board of Directors.

Assessment method for fiscal 2022

Having confirmed the validity of the self-assessment method used for fiscal 2022, MHC decided to conduct a survey of all the Directors for fiscal 2023 as well.

In the survey for fiscal 2022, in order to further stimulate discussions at the Board of Directors, questions on the matters to be entrusted to business execution and the standards for items to be submitted to the Board of Directors were included, in addition to the questions on themes that should be discussed by the Board of Directors. MHC also added questions on the effectiveness of the Governance Committee, Nomination Committee, and Compensation Committee, in addition to the Board of Directors.

Based on the results of the survey, the Board of Directors held in May 2023 assessed the effectiveness of the Board of Directors, etc., taking into account the discussion at the Governance Committee held in April 2023.

Results of effectiveness assessment

The major results of the assessment above are shown below.

- ① **It was determined that the Board of Directors, etc. of MHC are sufficiently performing their roles.**
 - Because sufficient prior explanations of important agenda items mainly focusing on key topics such as the Medium-to Long-term Management Direction and the new Medium-term Management Plan had been provided to Directors, understanding of the agenda items was deepened and the efficiency of the Board of Directors improved. In addition, measures to solve the issues recognized in the previous effectiveness assessment have been steadily implemented, and the operation of the Board of Directors has been improved. For instance, communication and mutual understanding among the Directors has significantly improved.
 - Each Committee meeting was carried out in a timely and appropriate manner and contained highly transparent and fair discussions on the replacement of the President & CEO and the remuneration of the Officers.
- ② **Meanwhile, issues that should be addressed to further enhance the effectiveness of the Board of Directors, etc. have been recognized.**
 - It is necessary to allocate time for deliberation according to the significance of the agenda items and to further improve prior explanations on key agenda items in order to secure enough time for deliberation.
 - There is a need for efforts to further promote Outside Directors' understanding of the overall global business of MHC.

Initiatives for fiscal 2023

MHC will strive to further enhance corporate governance and improve the effectiveness of its Board of Directors, etc., by implementing measures to solve each issue specified above.

Status of Activities of the Board of Directors and Each Committee

Board of Directors

Board of Directors meetings are held every month, in principle. The meetings were held 14 times in fiscal 2022, where important management matters such as the next Medium-term Management Plan, HR strategies, major investment projects, business strategies of each business division, and IR activities were deliberated and decided. In addition, the significance of strategic shareholdings was verified, and details of deliberations in the advisory bodies to the Executive Committee, such as risk management, compliance, sustainability, and digitalization Committee were regularly reported to the Board of Directors. Then, the Board of Directors deliberated the important policies for each area. Furthermore, the status of audit is reported from the Audit & Supervisory Committee in every meeting.

Attendance at the Board of Directors meetings by Directors and Audit & Supervisory Committee Members in fiscal 2022 was as follows:

14/14 Times (100%)	Seiji Kawabe, Takahiro Yanai, Kanji Nishiura, Kazumi Anei, Haruhiko Sato, Hiroyasu Nakata, Yuri Sasaki, Go Watanabe, Koichiro Hiraiwa, Hiroko Kaneko
11/11 Times (100%)	Taiju Hisai, Takuya Kuga, Akira Hamamoto ^{(Note) 1}
10/11 Times (91%)	Masayuki Saito ^{(Note) 1}

(Note) 1 Regarding Taiju Hisai, Takuya Kuga, Akira Hamamoto, and Masayuki Saito, attendance at the Board of Directors meetings held later than June 28, 2022 is included as they were newly appointed as Directors in the General Meeting of Shareholders held on June 28, 2022.

Governance Committee

Governance Committee meetings were held three times in fiscal 2022, and PDCA for effectiveness assessment was conducted by deliberating upon the method of effectiveness assessment for the Board of Directors and the analysis of the assessment results.

Attendance by Directors was as follows:

3/3 Times (100%)	Seiji Kawabe, Takahiro Yanai, Kanji Nishiura, Hiroyasu Nakata, Yuri Sasaki, Go Watanabe, Koichiro Hiraiwa, Hiroko Kaneko
2/2 Times (100%)	Takuya Kuga, Akira Hamamoto, Masayuki Saito ^{(Note) 2}

Nomination Committee

Nomination Committee meetings were held five times in fiscal 2022, which deliberated upon the selection of Director candidates, the skills that the Directors should have (skill matrix), selection/dismissal standards, and independence standards for Directors. Furthermore, the Committee discussed the expertise, quality, etc. required for the Company's President & CEO as a part of the succession plan for the President & CEO, and deliberated on the next President & CEO based on the candidates list.

Attendance by Directors was as follows:

5/5 Times (100%)	Seiji Kawabe, Hiroyasu Nakata, Yuri Sasaki, Go Watanabe, Koichiro Hiraiwa, Hiroko Kaneko
4/4 Times (100%)	Takuya Kuga, Masayuki Saito ^{(Note) 2}

Compensation Committee

Compensation Committee meetings were held eight times in fiscal 2022, which deliberated upon the Officers' remuneration scheme and standards, verified the amounts paid as performance-based compensation, and deliberated the adoption of a performance-based stock option plan.

Attendance by Directors was as follows:

8/8 Times (100%)	Takahiro Yanai, Hiroyasu Nakata, Yuri Sasaki, Go Watanabe, Koichiro Hiraiwa, Hiroko Kaneko
7/7 Times (100%)	Takuya Kuga, Masayuki Saito ^{(Note) 2}

(Note) 2 Regarding Takuya Kuga, Akira Hamamoto, and Masayuki Saito, attendance at the committee meetings held later than June 28, 2022 is provided as they have been members since June 28, 2022.

Remuneration of Officers

The overview of remuneration for the Officers of the Company is as follows.

The amount of remuneration is determined based on prescribed standards resolved by the Board of Directors after discussion in advance by the Compensation Committee, of which Independent Outside Directors comprise the majority. Decisions relating to the amount of remuneration for each individual have been entrusted entirely to the Representative Director, President & CEO, and the fairness of such decisions is guaranteed by an ex-post verification of the specific amount to be paid by the Compensation Committee.

Executive Officers

Type of Remuneration		Remuneration Ratio	Details of Remuneration	Evaluation Method, Ratio	Range of Variation Based on KPI Achievement
Fixed	Basic remuneration	62.5% 1	1. The amount determined according to title is paid monthly.		
Floating	Bonus (Short-term Incentive) Performance-based	18.75% 0.3	1. The amount paid to each individual is determined based on the consolidated business performance of the previous year, etc. 2. The financial indicators, etc., emphasized in the management strategy as indicators representing the Company's growth are set as the KPIs for evaluating Company-wide performance, and the targets are set according to the Company's numerical targets. 3. The achievement of the Executive Officers excluding Representative Directors in their duties is evaluated quantitatively and qualitatively using a standard evaluation sheet, from the perspective of performance and the level of contribution regarding the duties.	[Representative Director] Company-wide performance evaluation: 100% [Executive Officer] (Other than Representative Director) Company-wide performance evaluation: 70% Evaluation of responsible duties: 30%	0~150%
	Stock Compensation (Medium- to long-term incentive) Performance-based	18.75% 0.3	1. From the perspective of increasing corporate value over the medium to long term, indicators set as numerical targets, etc., under the Medium-term Management Plan are set as KPIs. 2. Using a trust framework, points are offered in accordance with the title and term in office in accordance with the regulations for share delivery. In the fiscal year following the final fiscal year of the Medium-term Management Plan, a portion of shares corresponding to the number of accumulated points is converted into cash value, and compensation is provided in the form of Company shares and cash at a ratio of 50:50.	Company-wide performance evaluation: 100%	0~150%

(Note) In addition, in the event that it becomes necessary to reside in an area away from home, an appropriate property shall be provided as company housing.

Non-Executive Officers (Directors (Audit & Supervisory Committee Members), Outside Directors, other Internal Directors who do not concurrently serve as Executive Officers)

Type of Remuneration		Remuneration Ratio	Details of Remuneration
Fixed	Basic Remuneration	100%	1. Bonuses and stock compensation, which are incentive compensation, are not paid to Internal Directors who do not concurrently serve as Executive Officers (excluding those who are Audit & Supervisory Committee Members) and Outside Directors (excluding those who are Audit & Supervisory Committee Members), from the standpoint of ensuring the effectiveness of the supervisory function. Bonuses and stock compensation are not also paid to Directors who are Audit & Supervisory Committee Members, from the standpoint of ensuring the fairness of audits. Their remuneration is limited to basic remuneration.

Malus and clawback clause for stock compensation

As for stock compensation, points or share conversion points that have already been granted can be confiscated, and money equivalent to MHC's shares, etc. that has already been delivered reclaimed, in the case of a material violation of the office regulations or internal regulations, resignation for personal reasons during the term of office against the will of MHC, gaining employment at a competitor without MHC's permission, etc.

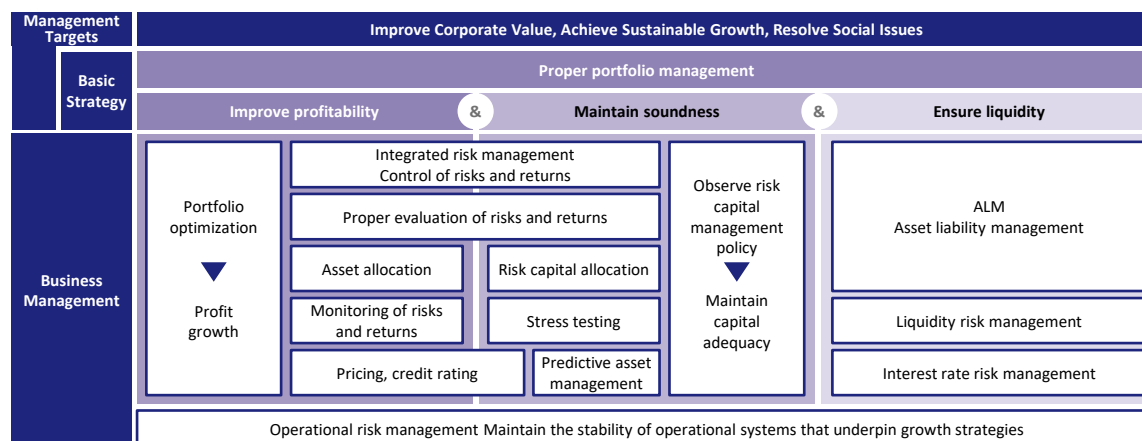
Risk Management

Risk Management System Overview

Of the business and other related risks of the Mitsubishi HC Capital Group, the main items with potential for important impact on investors' decisions are managed comprehensively in the framework set out below under "1. Integrated Risk Management." An outline of the risk and a specific statement of the main efforts to address it are given under "2. Major Risks Managed within Framework of Integrated Risk Management." The Group has established an appropriate system to manage these risks and strives to prevent them from emerging or to minimize their impact if they occur.

To manage potential risk factors, we operate a system whereby the division responsible for each category of risks identifies issues arising from changes in the external environment and other factors, holds regular discussions to consider appropriate measures to address those risks, and reports promptly to the Executive Committee, a consultative and decision-making body that controls the execution of business. Specifically, the Risk Management Committee, which undertakes the comprehensive and systematic management of risks affecting all operational areas, meets quarterly or as necessary primarily to discuss and consider policies for reporting and responding to the status of risks. The issues surrounding individual risks and the measures to address them are discussed by the Asset Liability Management (ALM) Committee, Compliance Committee, Disclosure Committee on J-SOX, and other committees. Additionally, important matters at each committee are reported to and discussed by the Board of Directors.

Overview of risk management framework

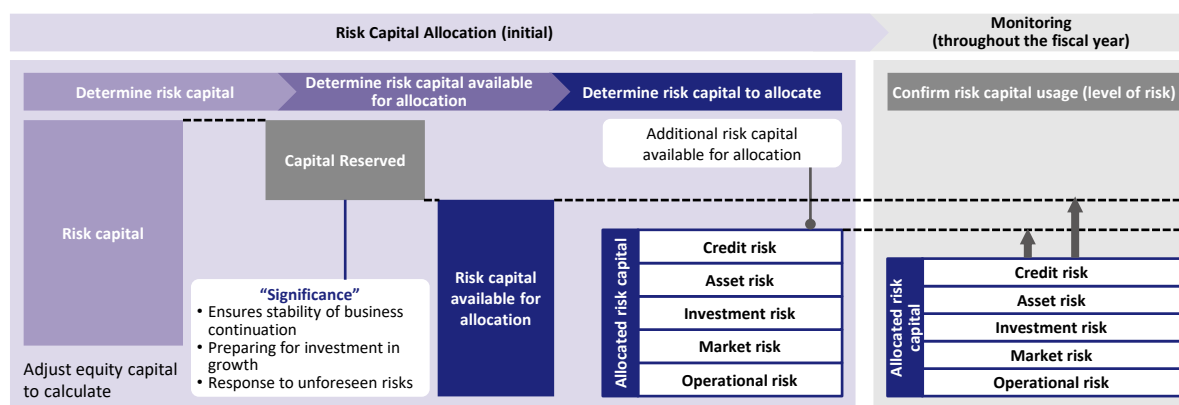


Integrated risk management

The Group engages in business operations that incorporate the framework of integrated risk management in order to work toward sustainable growth by balancing the maintenance of management soundness with improving portability. The major risks managed within the framework of integrated risk management include credit risk, asset risk, investment risk, market risk, liquidity risk, and operational risk. Risk management is conducted on a consolidated basis. Specially, risk capital is allocated to the respective risk category based on the Company's risk capital management policy after quantifying each risk using risk assessment methods tailored to the characteristics of the asset or business. Reasonable risk-taking is then carried out within the scope of risk tolerance.

Within this risk management framework, regular monitoring of the utilization of risk capital and the status of portfolios is conducted, the results of which are reported to and discussed by the Risk Management Committee, the Executive Committee, and the Board of Directors. In this way, efforts are made to ensure appropriate response measures and to promote effective internal communication about risk. Arrangements are in place to ensure that the Board of Directors is fully informed of the risk management system and risk management status and that it maintains oversight thereof.

Managing risk capital to ensure soundness



Major Risks Managed within the Framework of Integrated Risk Management

The Mitsubishi HC Capital Group conducts business activities globally. The Group provides capital investments and services necessary for customer businesses through leases and other means. The assets it holds for leases and related transactions are diversified, ranging from general movable property, such as office equipment and production equipment, to assets, such as aircraft, that are used in particular industries. Demand for capital investment can decline considerably if a customer's business environment deteriorates with a deceleration or slowdown in business at home or abroad. In that case, a decline in leases and other transactions could impact the Group's business results and financial position. Additionally, losses arising from the inadequacy of internal processes, personnel, or systems or their failure to function, or exogenous events could impact the Group's business results and financial position.

The major items among these envisioned risks are managed within the framework set out under Integrated Risk management.

Other Major Risks

In the execution of its management strategy, the Group makes efforts to gauge the degree of impact of stress periods caused by various risk events with potential impact on its business, such as deterioration in market conditions, including economic downturns and market fluctuation. Specifically, the Group has posited a number of potential high-stress scenarios, ranging from a deterioration in the overall world economy to market fluctuation, deterioration in credit, and the emergence of large-scale concentrations of risk in individual business elds. Based on these scenarios, it has undertaken analysis and verification of the potential degree of impact of stress conditions on profitability and equity in each fiscal period. These multifaceted verifications enable the Group to confirm its risk resilience and to ensure that the risk-return balance of management plans does not exceed tolerable levels.

1. Risk Related to Expansion of Operating Base, Strategic Partnerships, and M&As
2. Global Pandemic Risk
3. Climate Change Risk
4. Human Rights Violation Risk
5. Risk associated with Expansion of Business Domains
6. Intensifying Competition
7. Risk related to Personnel Recruitment
8. Risk related to Labor and Employment Management

Respect for Intellectual Property Rights

We appropriately protect the rights of intellectual properties created by the Company (patents, trademarks, copyrights, and other similar rights) and respect the intellectual property rights held by third parties. In addition, each employee recognizes the brand as an essential corporate resource and strives to maintain and increase the value of the Group brand.

Compliance

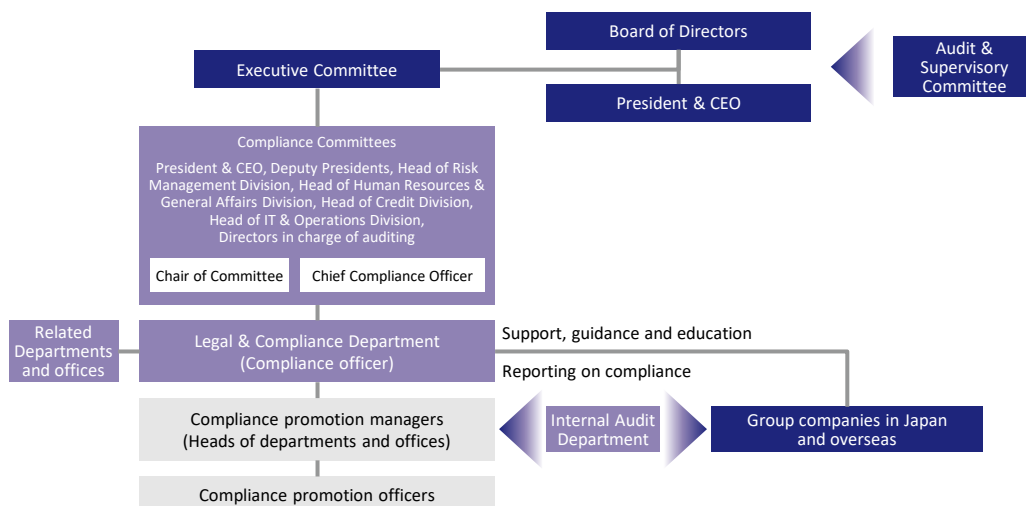
Compliance Initiatives

To ensure that all officers and employees, including those of Group companies, are aware of and share in our common values and our ethics regarding basic compliance, the Board of Directors has established the Mitsubishi HC Capital Group Code of Ethics and Code of Conduct. Furthermore, the Executive Committee has established the Principles for the Prevention of Bribery and Corruption, Principles for Compliance with Competition Laws, Basic Policy on Anti-social Elements, Policy on the Prevention of Money-Laundering, etc., Privacy Policy, and Security Export Control Policy, and has set rules and regulations linked to each policy. We have prepared a Compliance Manual to inform all officers and employees about these policies, rules and regulations, and have made it available on the Company intranet so that it can be easily reviewed at any time.

The Group Code of Ethics establishes fundamental values and ethics to be embraced throughout the Group, and serves as a set of fundamental guiding principles for all officers and employees. All officers and employees of the Group adhere to the Code of Ethics.

Compliance management structure and system

Mitsubishi HC Capital's compliance management structure and system is supervised by the Chief Compliance Officer (CCO), who is responsible for building and operating a Company-wide compliance management structure and system. Under the leadership of the CCO, the Legal & Compliance Department plans and manages internal structures and systems and provides guidance and supervision to divisions and Group companies, as well as guidance on the correction of compliance violations. In the event that a compliance violation is brought to light through a hotline or other means, our basic response policy is for the Legal & Compliance Department to ensure prompt reporting to management, the fulfillment of corporate social responsibility, and the prevention of further harm and recurrences. Depending on the nature of the compliance violation, a third-party organization may be involved in investigations. We strive to investigate the cause of such incidents, formulate and implement measures to prevent recurrences, and further educate employees to raise compliance awareness.



Compliance awareness and training

We provide training to employees on various laws under which the Group has been registered or licensed, including the Money Lending Business Act, the Installment Sales Act, and the Financial Instruments and Exchange Act, and test their comprehension following training. We provide annual training on the Group Code of Ethics and Code of Conduct as well as various other anti-corruption laws, including understanding of bribery prevention, competition law compliance, fraud prevention, insider trading prevention, prevention of transactions with anti-social elements, prevention of money laundering, privacy protection, the Whistleblower Protection Act, security and trade control, and harassment prevention. In addition to the training, we conduct periodic monitoring using separate self-checks, to measure the employees' level of understanding and confirm whether understanding has spread throughout the Group.

Code of Ethics and Code of Conduct

With the Mitsubishi HC Capital Group Code of Ethics and Code of Conduct as our foundation, we are working to ensure comprehensive compliance following clear policies established around each of the key issues facing the Group based on the regulatory regime of each country where we operate.

▶ Major related policies

Mitsubishi HC Capital Group Code of Ethics and Code of Conduct

https://www.mitsubishi-hc-capital.com/pdf/sustainability/variou s_policies/ethics.pdf (Japanese)

https://www.mitsubishi-hc-capital.com/pdf/english/sustainability/variou s_policies/ethics.pdf (English)

Prevention of Fraud and Corruption

The Group complies with laws and regulations relating to prohibition of fraud, corruption, bribery, etc. applicable to countries and areas where the Group operates, and prohibits acts of fraud, entertainment and gifts, giving or receiving bribes, etc. that may invite suspicion or distrust from society.

In addition, all officers and employees of the Group will observe the following:

- Do not conduct any form of corruption such as money laundering, embezzlement and obstruction of justice.
- Fully understand laws and regulations, and not provide entertainment or gifts that may invite suspicion or distrust from society, or offer any money or other benefits for the purpose of gaining any unfair advantage to Japanese or foreign public officials or any other persons equivalent thereto.
- Maintain a firm stance against antisocial forces that threaten the order and safety of the civil society and do not have any relationship whatsoever with them, including business relationships.
- Do not conduct any act that may violate insider trading regulations.
- Do not give or receive gifts to or from business partners that deviate from social norms or sound business practices.
- Do not take advantage of position and authority in the Company to make a demand to business partners, etc. for private profit.

Number of violations related to anti-corruption regulations

There were no violations of anti-corruption regulations that may significantly affect the management of the Group.

Fines for corruption

No payments related to corruption were made, such as payments of fines and other costs related to penalties or compensation.

Whistleblowing System

The Group has set up a Compliance Hotline System as a whistleblowing system for officers, employees, etc. to report and consult about illegal acts, etc. (any act of violation of laws and regulations, internal rules, Code of Ethics, or acts deemed likely to be such by officers, employees, etc.), including corruption.

Under the Compliance Hotline System, contact points have been established which officers, employees, etc. (including those who have resigned) can report to or consult with without any concerns. Internal contact points are (1) a designated person of the Legal & Compliance Department and (2) designated full-time members of the Audit & Supervisory Committee, and external contact points are (1) outside lawyers and (2) an outside consultation service. The outside consultation service receives anonymous reports and consultations.

Employees in managerial positions periodically receive education on the handling of reports and consultations regarding workplace bullying and harassment, violations of laws and regulations, etc.

Subjects of consultations and reports

The subjects include any violations of laws and regulations, internal rules, Code of Ethics or acts deemed likely to be such by officers, employees, etc.

- Acts that could affect the protection of customers' interest
- Acts that could influence conservation of the environment
- Acts that could impact on the assurance of fair competition, such as violation of the Antimonopoly Law
- Acts of providing an unfair advantage, such as bribery of domestic and overseas public servants
- Any other inappropriate acts including violations of laws, regulations and rules and acts that would go against social justice

After receiving a report or consultation, we will carry out investigations with due care to thoroughly ensure confidentiality, the protection of whistleblowers' rights, and the elimination of conflicts of interest.

We prohibit the unfair treatment of the officers, employees, etc. who reported to or consulted with us on the grounds of the reporting or consultation.

Number of internal reports and consultations

		FY2021	FY2022
Number of Internal reports and consultations		46	40
Breakdown			
Management		5	3
Harassment		27	22
Communication		3	4
Compliance		5	6
Other		6	5
Number of cases deemed to be violations			
Management		0	0
Harassment		4	2
Communication		0	0
Compliance		0	0
Other		0	0
Serious violations of laws and regulations			
Management	Number	0	0
	Amount of fine	0	0
Harassment	Number	0	0
	Amount of fine	0	0
Communication	Number	0	0
	Amount of fine	0	0
Compliance	Number	0	0
	Amount of fine	0	0
Other	Number	0	0
	Amount of fine	0	0

Amount of political contributions

No political contributions were made in fiscal 2022.

Tax amount by region

Region	FY2020 (100 million yen)	Ratio	FY2021 (100 million yen)	Ratio
Japan	302	81.7%	279	80.2%
North America	25	6.9%	5	1.6%
Europe and Middle East	23	6.3%	49	14.1%
Asia & Oceania	18	5.1%	14	4.1%
Other	0	0.0%	0	0.0%
Total	370	100.0%	348	100.0%

Environment

Environment Management

Environmental Policy

Basic philosophy

Mitsubishi HC Capital shall conduct business activities in harmony with the environment and society in order to contribute to the creation of a society that can conserve the global environment and achieve sustainable development.

Environmental action guidelines

1. We will provide innovative solutions to society and promote collaboration with stakeholders to solve environmental issues. Additionally, we will comply with relevant laws and regulations to conduct responsible corporate activities that consider people and the global environment.
2. We will pursue services and solutions that contribute to the reduction of environmental impact and the development of society, properly recognize the effects and impacts of these services and solutions on the environment and society, and endeavor to utilize environmentally friendly goods and services.
3. With the aim of becoming a society that is decarbonized and highly recycling-oriented as well as one that is in harmony with nature and contributes to the conservation of biodiversity, we will endeavor to reduce CO₂ emissions through the value chain, improve the efficiency of the use of water, resources, and energy, and minimize the impact on natural capital.
4. In order to build a relationship of trust with the local communities in Japan and overseas where we conduct business, we will work together with society to solve problems and create a society that can balance conservation of the global environment and sustainable development. If an issue should arise in our business activities, we will make it public in a timely and appropriate manner and promptly take measures to prevent recurrence.
5. As a good corporate citizen, we will raise awareness of environmental and social issues and promote environmental conservation activities as well as community/social contribution activities.

Established: April 1, 2021

Revised: May 13, 2022

Environmental Management System

Basic approach

Mitsubishi HC Capital has established the Sustainability Committee as an advisory body to the Executive Committee. We position environmental issues, most notably climate change, as one of our most important management issues and formulate and implement environmental plans accordingly.

Acquisition of ISO14001

Based on ISO14001 standards, we introduced and have been operating our Environmental Management System (EMS) and improving our environmental performance continually since receiving third-party certification in 2001.

To formulate and implement a medium to long-term management strategy in a timely manner by accurately understanding the global and social environmental changes, the Company decided to shift EMS to self-declaration* of conformity in December, 2023.

Incidentally, MHC Reuse Services Corporation (formerly Hitachi Capital Services Co., Ltd.), and Mitsubishi HC Capital UK PLC (formerly Hitachi Capital (UK) PLC) have been certified under the ISO14001: 2015 by third-party certification.

* Self-declaration is one of the formal options according to the ISO 14001 standard, to evaluate and satisfy requirement of ISO international standards by itself with its own responsibility, without depending on the third-party certification.

Compliance with Environmental Laws and Regulations

As a part of its compliance activities, the Mitsubishi HC Capital Group ensures that all executives and employees fully comply with applicable laws and regulations, including those related to the environment, and carries out regular compliance checks.

Category	FY2020	FY2021	FY2022
Violations of Environmental Laws and Regulations	0	0	0
Findings Made by External Parties Relating to the Environment (litigation, exposure, notification, etc.)	0	0	0

(Note) Applies on an Mitsubishi HC Capital Group consolidated basis for fiscal 2021 and beyond.

For fiscal 2020, the upper figures represent the former Mitsubishi UFJ Lease & Finance and its group companies, and the lower figures represent the former Hitachi Capital and its group companies.

Environmental Accounting

(Unit: Millions of Yen)

Category	Efforts	FY2021		FY2022	
		Investment	Costs	Investment	Costs
Business Area Costs	Greenhouse gas (GHG) emission reduction and waste reduction	0.0	1.9	0.0	2.1
Upstream and Downstream Costs	Additional costs required for providing environmentally friendly products and services, green procurement, and recycling	31,300.0	1,012.5	35,800.0	1,037.9
Costs of Management Activities	Environmental data management and aggregation, maintenance and management of the environmental management system (EMS), environmental education, and dissemination of information	2.6	41.9	2.6	47.1
Costs of Social Activities	Cleaning areas around business offices and community environmental conservation activities	0.0	3.0	0.0	3.4

(Note) The above figures pertain to Mitsubishi HC Capital Inc. (non-consolidated basis)

(Note) R&D expenses are not included in light of the nature of operations listed above as they involve no research or development activities.

In fiscal 2022, there were no environmental damage costs.

Addressing Climate Change

Information Disclosure Based on TCFD

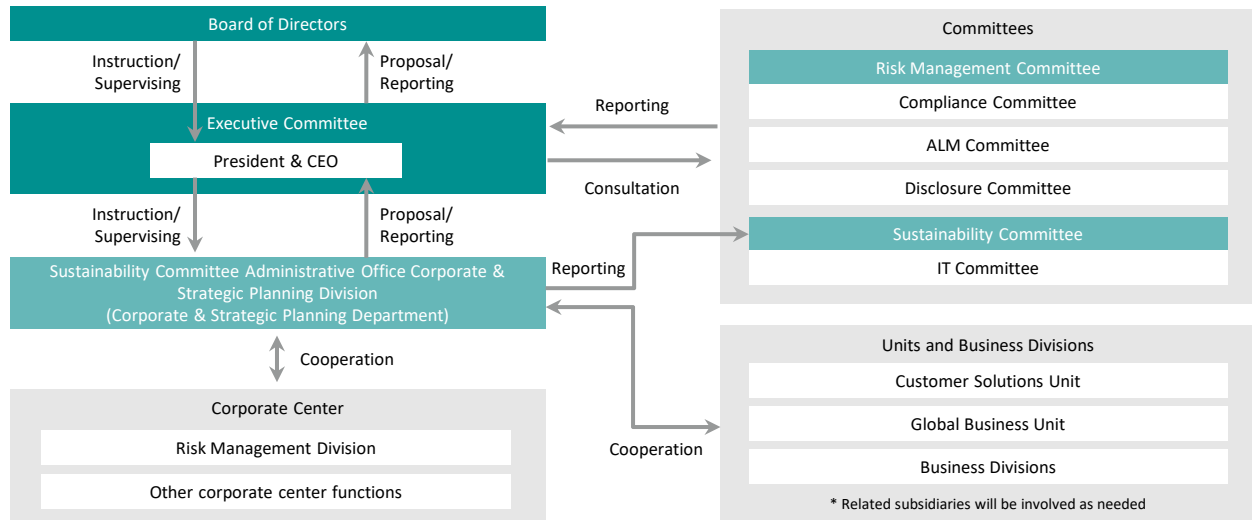
The Group engages to resolve social issues to realize a prosperous and sustainable future society with customers and partners globally. Climate change is considered a significant social issue and exerts a grave impact on the global environment, peoples' lives, and business activities. The Group has identified "promote a decarbonized society" and "realize the circular economy" as priority key challenges (materiality) related to the environment. The Group expressed its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in October 2021, and is intensifying efforts to reduce its GHG emissions. In addition, the Group will work to realize a decarbonized society by contributing to the decarbonization of customers through its business activities.

1 Governance

The Group established the Sustainability Committee in April 2021 to better contribute to the realization of a sustainable and prosperous future. This Committee is considered one of the advisory bodies to the Executive Committee and meets to discuss the climate change issue and other key challenges related to sustainability. The results of the deliberations are reported to the Executive Committee and the Board of Directors. The Materiality announced in December 2021 that includes promotion of a decarbonized society was identified through deliberations by the Sustainability Committee, Executive Committee, and Board of Directors. The Group will promote efforts to identify and manage the impact of climate change on business and reinforce its governance.

Supervision of the Board of Directors and the roles of top management

The Mitsubishi HC Capital Group's Sustainability Promotion Framework



Organizational entities and roles in the sustainability promotion framework

Organizational Entities	Roles
Board of Directors	The Board of Directors oversees measures that relate to Company-wide management, including response policies, action plans, and progress on the Group's Materiality and environmental issues in response to reports on the matters deliberated over and resolved by the Executive Committee and reflects those details when determining important matters such as Company strategy.
Executive Committee	The Executive Committee engages in specific deliberations and resolutions concerning measures that relate to Company-wide management, including response policies, action plans, and progress on the Group's Materiality and environmental issues. Important matters are reported to the Board of Directors.
Risk Management Committee	The Risk Management Committee is chaired by the Head of the Risk Management Division, and its members comprise the President & CEO, Deputy Presidents, Head of the Corporate & Strategic Planning Division, Head of the Treasury & Accounting Division, Head of the Credit Division, Head of the IT & Operations Division, and directors in charge of auditing. The committee manages risks related to overall management in comprehensive and systematic ways. The overall impact of climate change risks, human rights risks, etc. on other major risks is reported to the Executive Committee. In principle, the committee meets quarterly.
Sustainability Committee	The Sustainability Committee is chaired by the Head of the Corporate & Strategic Planning Division, and its members comprise the President & CEO, Deputy Presidents, Head of the Treasury & Accounting Division, Head of the Human Resources Division, Head of the Risk Management Division, Head of the Credit Division, and Head of the IT & Operations Division. The committee formulates long-term plans related to the Group's sustainability promotion, including Materiality and environmental issues, as well as goals and plans of non-financial KPIs. The committee also monitors the progress of each business division and reports important matters to the Executive Committee. In principle, the committee meets twice a year.
Sustainability Committee Office (Corporate & Strategic Planning Department, Corporate & Strategic Planning Division)	The Administrative Office is responsible for drafting and driving the implementation of plans for Company-wide strategy based on the Group's Basic Sustainability Policy. It gathers knowledge from Japan and overseas in the Group's areas of sustainability and reports to the Sustainability Committee and other bodies along with policies and strategies.

2 Risk Management

Regulatory changes, technological innovation, and shifts in business models in line with the transition to a decarbonized society or extreme weather, etc. stemming from global warming may affect our operating results and financial condition in the form of the business failure of business partners due to earnings deterioration and other factors, the decline in value of assets owned by the Group, and in other ways. The Group recognizes climate change risk as one of the critical risks in Company-wide risk management and will promote efforts to properly identify and manage it.

a. Risk management system overview

The Group uses its integrated risk management framework to comprehensively manage risks that could have a substantial impact on investors' decisions.

The important risks managed within the integrated risk management framework include, but are not limited to, credit risks, asset risks, investment risks, market risks, liquidity risks, and operational risks.

To manage envisaged risk factors, the departments overseeing specific risks monitor issues arising from developments in the external environment or other changes, regularly consider measures to address such risks, and then report and deliberate them at meetings of each committee including the Risk Management Committee. In addition, we operate a risk management system in which important matters are reported to and discussed by the Executive Committee and Board of Directors.

b. Classification and examples of impacts of climate change risks

Climate change risks consist of transition risks associated with climate-related regulation tightening and technological innovation, etc. and physical risks associated with extreme weather and changes in climates. The TCFD recommendations classify these risks into the subcategories of policy and legal/technology/market/reputation, and acute/chronic, and present examples of impacts.

The Company recognizes that impacts of climate change risks occur over various time frames such as short, medium and long term through broad transmission routes including existing risks like credit risks, asset risks and investment risks. Furthermore, in addition to direct impacts on the Company's business activities, the onset of indirect impacts through the Company's customers is also possible.

Based on such risk characteristics and details of the TCFD recommendations, the Company categorizes examples of impacts of climate change risks for each of its major risks, also taking into account its risk management framework. Under the integrated risk management system, the Company is also advancing the establishment of a system to identify/assess and manage climate change risks in light of relations with other major risks.

Going forward, the Company will review the risk classification and examples of impacts according to changes in the external environment, and deepen analysis and assessment of climate change risks.

Classification and examples of impacts of climate change risks

Major Risks	Timeframe ^{*1}	Transition Risks	Physical Risks
Credit Risk	Short to long term	<ul style="list-style-type: none"> Deterioration of customers' business environments and increases in MHC's credit costs due to policy and regulatory changes, technological innovations, changes to stakeholders, etc. 	<ul style="list-style-type: none"> Damage to lease assets, collateral assets, etc. and increases in MHC's credit costs due to extreme weather Deterioration of customers' business environments and increases in MHC's credit costs due to climate change (temperature rises, etc.)
Asset Risk	Short to long term	<ul style="list-style-type: none"> Assets becoming obsolete and less profitable or valuable due to policy and regulatory changes, technological innovations, changes to stakeholders, etc. 	<ul style="list-style-type: none"> Direct damage to assets due to extreme weather Deterioration of asset usage environments and utility value (decreased profitability, shorter useful life, etc.) and decline of usage opportunities due to climate change, etc.
Investment Risk	Short to long term	<ul style="list-style-type: none"> Business becoming less profitable or valuable due to policy and regulatory changes, technological innovations, changes to stakeholders, etc. 	<ul style="list-style-type: none"> Direct damage to business value due to extreme weather Deterioration of business environments, profitability, and value due to climate change
Market Risk	Short to long term	<ul style="list-style-type: none"> Impacts of the transition to a decarbonized society on companies and fluctuations in the values of securities, etc. held by MHC 	<ul style="list-style-type: none"> Disruption in financial markets, deterioration of the corporate management environment, fluctuations in the value of securities, etc. held by MHC due to extreme weather and climate change
Liquidity Risk	Short to long term	<ul style="list-style-type: none"> Deterioration of reputation among stakeholders and deterioration of fund procurement conditions due to delayed responses to the transition to a decarbonized society 	<ul style="list-style-type: none"> Disruption in financial markets and the fund procurement environment due to extreme weather and climate change
Operational Risk	Short to long term	<ul style="list-style-type: none"> Increase in regulatory compliance costs due to the tightening of GHG emissions reporting obligations, etc. 	<ul style="list-style-type: none"> Suspension of operations, etc. due to damage caused by natural disasters to business sites, data centers, etc.
Reputational Risk	Short to long term	<ul style="list-style-type: none"> Deterioration of reputation among stakeholders due to insufficient response and disclosure related to climate change 	
Strategic Risk	Medium to long term	<ul style="list-style-type: none"> Failure to achieve strategic targets due to inadequate business strategies related to the transition to a decarbonized society and the impacts of natural disasters and extreme weather 	

* 1 Short term: until 2025, Medium term: until 2030, Long term: until 2050

(Reference) Classification and Examples of Impacts in the TCFD Recommendations

Transition risks: Risks related to the transition to a lower-carbon economy

Type	Environmental Changes Brought by Climate Change	Impacts on Customers/MHC, etc.
Policy and Legal Risk	<ul style="list-style-type: none"> Introduction of carbon tax, etc. Tightening of regulations requiring reporting of GHG emissions Policy changes and regulatory tightening related to competitive power of assets and investment businesses Increase in climate-related litigations 	<ul style="list-style-type: none"> Increase in costs and deterioration of management conditions of customers, increase in MHC's credit costs Increase in regulatory compliance costs Declined value and profitability of assets and investment business Increase in litigation costs
Technology Risk	<ul style="list-style-type: none"> Shift to facilities, machinery, etc. that emit less GHGs Shift to low emission technologies (renewable energy, storage batteries, carbon capture and storage technologies, etc.) 	<ul style="list-style-type: none"> Decline of value and profitability of obsolete assets and investment business Failure of investment in new technology-related assets and businesses Increases in customers' transition costs and MHC's credit costs
Market Risk	<ul style="list-style-type: none"> Customers' behavioral changes Changes in demand-supply conditions in markets 	<ul style="list-style-type: none"> Decline of value and profitability of assets and investment business
Reputational Risk	<ul style="list-style-type: none"> Reputational damage due to delayed response to climate change, insufficient information disclosure 	<ul style="list-style-type: none"> Adverse impacts on fund procurement Adverse impacts on corporate activities and business activities

Physical risks: Risks related to physical changes caused by climate change

Type	Environmental Changes Brought by Climate Change	Impacts on Customers/MHC, etc.
Acute Risk	<ul style="list-style-type: none"> Increase in natural disasters such as typhoons and floods 	<ul style="list-style-type: none"> Damage to assets and investment business due to natural disasters
Chronic Risk	<ul style="list-style-type: none"> Sea level rise along with increased average temperature, etc. 	<ul style="list-style-type: none"> Decline of value and profitability of assets and investment business due to climate change (temperature rise, etc.) Increase in credit costs due to changes in customers' business environments

c. Status of integration into overall risk management

Comprehensive impacts of climate change risks on other major risks are reported to and discussed by the Risk Management Committee. We will advance the reflection of such risks, including risks identified through scenario analysis, in overall risk management by establishing a monitoring system and other means. In addition, the development of targets and plans related to climate change and details of monitoring are reported to and discussed by the Sustainability Committee. Details of discussions of both committees are reflected in the Company's management strategies under the system of monitoring by the Board of Directors so that we can appropriately address the risks from both the perspectives of overall risk management and individual risks.

③ Strategy

The Company identifies risks and opportunities brought by future climate change to the Group, and conducts scenario analysis on transition risks and physical risks for the purpose of appropriately disclosing information and considering future measures.

Scenario analysis is carried out based on limited information and data available at present. We will strive to reflect the analysis in appropriate disclosure by carefully interpreting the results of this analysis, obtaining more information and relevant data through dialogues with stakeholders, and promoting the refinement of analysis methods and expansion of businesses to be analyzed.

a. Overview of the scenario analysis

Overview of transition risk analysis

	Target Sector	Main Segment
Target Sector and Main Segment	Energy (oil, gas, coal, and electric utilities)	Environment & Energy
	Transportation (air freight and passenger air transportation)	Aviation
	Materials and Buildings (real estate management and development)	Real Estate
	* Among MHC's segments, the Customer Solutions segment was included in the subject of analysis because it conducts business activities across target sectors, such as finance solutions business for companies and government agencies, sales financing business provided through collaboration with vendors, real estate leasing business, and financial service business, etc. with business bases located in Japan. Meanwhile, the Global Business segment was excluded from the subject because the business bases of overseas Group companies are located in multiple regions, such as Europe and the Americas, and therefore analysis would require significant work.	
Sector and Segment Selection Method	<ol style="list-style-type: none"> Summarize the relationships between the sectors that have the potential to be significantly affected by climate change and the segments of the Group by referring to the Final Report of the Task Force on Climate-related Financial Disclosures (TCFD) and other information. Select target sectors and segments of analysis by comprehensively considering the asset balance, business characteristics, and amounts of GHG emissions of the Group's segments by sector as well as external professionals' opinions. 	
Scenario	• Net Zero Emissions by 2050 Scenario (NZE scenario) and Stated Policies Scenario (STEPS scenario) published by the International Energy Agency (IEA)	
Analysis Method	• Identify opportunities and risks for a decarbonized society in target sectors and assess business impacts (qualitative analysis)	

Overview of physical risk analysis

Analysis Subject	• Assets for business possessed by the Environment & Energy Business Division, the Real Estate Business Division, and the Group's offices and branches
Scenario	• Shared Socioeconomic Pathways (SSP5-8.5) published by the Intergovernmental Panel on Climate Change (IPCC)
Analysis Method	• Assess business impacts of extreme weather and changes in climates that can occur at the locations of assets for business (qualitative analysis)

b. Results of the scenario analysis

The Business Divisions responsible for the segments targeted for scenario analysis—Environment & Energy, Aviation, Real Estate, and Customer Solutions—have discussed the impacts on our business and confirmed consistency between the results of the scenario analysis and the existing strategic policy.

The Group endeavors to minimize risks and maximize opportunities by taking short- and long-term measures as for risks and opportunities related to climate change. As a result of the transition risk analysis, we recognize the need to appropriately handle risks and opportunities associated with the expansion of renewable energy (Environment & Energy), the shift to low mileage aircraft/engines and low-carbon fuels such as SAF and hydrogen (Aviation), the growing demand for low-carbon buildings (Real Estate), etc. Furthermore, as a result of the physical risk analysis, we anticipate risks including damage caused by disasters to power stations and deterioration of power generating facilities such as solar panels (Environment &

Energy), loss in value of real estate due to intensification of natural disasters and increases in construction/operation expenses and renovation costs (Real Estate), damage caused by disasters to the Group's offices, and increases in operating expenses and insurance costs.

While appropriate countermeasures for climate change risks have been developed, the acquisition of business opportunities has been incorporated into strategies for opportunities brought by climate change. Going forward, we will reflect KPIs related to climate change in the process of implementing the Medium-term Management Plan, and establish a system to regularly monitor relevant trends in Japan and abroad, and the status of initiatives of the Group.

Results of the scenario analysis

Type of Risks/Opportunities		Timeframe ^{*1}	Details of Climate Change-related Risks and Opportunities	Measures to Address Risks/ Measures to Realize Opportunities	
Risks	Transition Risk	Policy and Legal	Short to long term	<ul style="list-style-type: none"> Increased business management costs associated with the introduction of carbon tax and tightening of regulations requiring reporting of GHG emissions, etc. 	<ul style="list-style-type: none"> Reduce GHG emissions by promoting energy conservation, switching to renewable energy-based electricity, etc. at the Group's offices and branches
		Technology	Short to long term	<ul style="list-style-type: none"> Increased depreciation expense and residual value risk of existing assets such as aircraft and aircraft engines 	<ul style="list-style-type: none"> Mitigate impacts by increasing the ratio of new aircraft and aircraft engine models in the portfolio
		Market	Short to long term	<ul style="list-style-type: none"> Increased costs of renovating/repairing existing buildings and development Possibilities of price decline of non-low carbon properties owned by MHC Risk of losing earnings due to delayed response to the demand for low carbon buildings Decline in the electricity sales price due to intensified competition in the renewable energy market 	<ul style="list-style-type: none"> Consider mitigating impacts by passing the cost onto rents Reduce carbon emissions from maintenance and renovation processes (renewing equipment of aged properties (including logistics warehouses), installing power generation equipment such as solar panels, etc.) Introduce and enhance development functions to respond to a low carbon society Consider securing earnings by participating in the storage battery business, etc. while paying attention to regulatory environment, etc.
		Reputation	Short to long term	<ul style="list-style-type: none"> Deterioration of reputation among overseas ESG investors and domestic financial institutions due to delayed response to climate change 	<ul style="list-style-type: none"> Promote reducing the emissions from MHC and relevant supply chains and proactively disclose activities based on the TCFD recommendations, etc.
	Physical Risk	Short to long term	<ul style="list-style-type: none"> Increase in temporary suspension of operations and operation costs Damage to real estate value, increase in operation costs, and prolonged construction period Damage to power generation plants and reduced efficiency of power generation using solar panels and other equipment due to storms, etc., and the impacts on wind power generation business due to changes in wind conditions 	<ul style="list-style-type: none"> Enhance the capabilities to respond to natural disasters by formulating a BCP for minimizing damage Strengthen resilience by taking measures to deal with natural disasters (detailing risks related to leasing, investment, and financing, installing or renovating disaster management equipment, etc.) Consider measures for enabling early recovery by strengthening management framework for MHC's power generation plants 	
Opportunities	Products and Services	Short to long term	<ul style="list-style-type: none"> Expansion of opportunities for low carbon building leasing, investment, and financing businesses and increase in prices and unit rent prices of owned or managed low carbon buildings 	<ul style="list-style-type: none"> Introduce and strengthen development functions to respond to a low carbon society 	
	Markets	Short to long term	<ul style="list-style-type: none"> Expansion of leasing opportunities for energy conservation equipment Increase in leasing opportunities for new models associated with aviation companies' demand for switching aircraft and aircraft engines Increase in leasing opportunities associated with demand for switching airport equipment Expansion of earning opportunities associated with increased demand for renewable energy Expansion of opportunities for renewable energy businesses 	<ul style="list-style-type: none"> Consider increasing the procurement of energy conservation equipment Capture demand by increasing transaction volume of new aircraft and aircraft engine models Offer leasing services in line with customers' demand for switching heat-source equipment, etc. Expand renewable energy generation business in Japan and overseas Expand battery storage and aggregation businesses 	
		Long term	<ul style="list-style-type: none"> Increased leasing opportunities associated with the spread of hydrogen-compatible aircraft Possibilities of gaining earnings from new SAF/hydrogen-related businesses 	<ul style="list-style-type: none"> Capture demand associated with increased transaction volume of hydrogen-compatible aircraft Participate in and support the hydrogen value chain including storage, transportation, production, and filling facilities and clean energy supply and consider initiatives for SAF-related businesses 	

* 1 Short term: until 2025, Medium term: until 2030, Long term: until 2050

④ Metrics and Targets

Based on the recognition that efforts to realize a decarbonized society are an urgent issue, we will set the Group's GHG reduction targets pursuant to the Paris Agreement, and we see the transition to a decarbonized society as an opportunity and actively promote the transition.

In cases where GHG emissions increase significantly in the future due to efforts for new businesses, or where numerical values change while the calculation of GHG emissions of the entire Group including supply chains become sophisticated, and in other cases, the established targets may be reviewed appropriately, however we plan to set the targets so that any targets are in line with the level of the Paris Agreement, in the same way as the targets established this time.

a. The Group's targets for the reduction of GHG emissions

	Short Term (Every Year)	Medium Term (to Fiscal 2030)	Long Term (to Fiscal 2050)
Scope 1 and Scope 2	Energy usage in Japan: -1% compared to the prior fiscal year	-55% compared to fiscal 2019	Net zero

b. Future efforts

For Category 11 (Use of sold products), Category 13 (Downstream leased assets) and Category 15 (Investments) of Scope 3, which are expected to comprise a majority of the Group's GHG emissions, we also consider measurement methods and conduct discussions toward disclosure.

Going forward, we will consider the reduction of GHG emissions of the entire Group, including supply chains, through visualization of the status of GHG emissions related to business transactions, formulation of policy for sectors with high GHG emissions and the transaction plan, and other means.

Environmental Performance

Consumption volume by energy type

Category/Energy Source (Unit)		FY2018	FY2019	FY2020	FY2021	FY2022
Direct Energy Consumption	Gasoline (kl)	741	465	297	744	885
		589	569	444		
	Light oil (kl)	4	8	4	108	146
		36	98	260		
	Kerosene (kl)	0	0	0	29	28
		0	55	51		
	Urban gas (m ³)	40,889	43,871	38,265	394,151	302,335
		386,892	283,812	340,131		
	LPG (m ³)	933	148	0	0	3,936
		19	0	0		
	LNG (m ³)	6,215	5,922	5,354	4,078	4,502
		12,877	6,408	0		
Indirect Energy Consumption	Energy consumption (kWh)	4,890,270	4,123,155	4,294,672	14,168,540	13,424,687
		9,717,773	9,278,931	8,874,748		
	Renewable energy consumption (kWh)	-	-	-	3,308,174	4,450,646
		-	-	-		
	Ratio of renewable energy	0	0	0	23.3	33.2
	Purchased steam, hot water, and cooling water (GJ)	4,482	4,421	4,241	10,601	814
0		0	5,145			

Upper cells: The performance of former Mitsubishi UFJ Lease & Finance Group companies

Lower cells: The performance of former Hitachi Capital Group companies

(Note) The above figures pertain to the Mitsubishi HC Capital Group (consolidated basis).

Consumption volume by energy type (calorific value)

Category/Energy Source (Unit)		FY2018	FY2019	FY2020	FY2021	FY2022
Direct Energy Consumption	Gasoline (GJ)	20,880	16,063	10,276	25,733	30,618
		25,141	19,701	16,474		
	Light oil (GJ)	421	721	421	10,665	5,519
		3,245	8,832	23,433		
	Kerosene (GJ)	0	0	0	1,060	1,039
		0	2,010	1,864		
	Urban gas (GJ)	1,832	1,965	1,714	17,658	13,545
		17,333	12,715	15,238		
	LPG (GJ)	104	16	0	0	437
		2	0	0		
	LNG (GJ)	339	323	292	223	201
		703	350	0		
	Total	23,575	19,089	12,704	55,340	51,359
		46,424	43,608	57,009		

Category/Energy Source (Unit)	FY2018	FY2019	FY2020	FY2021	FY2022
Indirect Energy Consumption (GJ)	53,238	45,528	45,988	151,716	134,658
	96,886	92,511	94,697		
Total Energy Consumption (GJ)	217,790	195,082	195,342	200,441	186,017

Upper cells: The performance of former Mitsubishi UFJ Lease & Finance Group companies

Lower cells: The performance of former Hitachi Capital Group companies

(Note) The above figures pertain to the Mitsubishi HC Capital Group (consolidated basis).

Volume of GHG emissions (scope 1 and 2): Targets vs. results

Short-term GHG Emissions Reduction Target (Unit)	Energy usage in Japan: -1% compared to the prior fiscal year			
Energy Consumption of Domestic Group Companies on a Consolidated Basis (GJ)	FY2021 (base year)	FY2022 result		FY2022 target
	104,991	87,300		103,941
Medium-to Long-term GHG Emissions Reduction target (Unit)	2030: -55% compared to fiscal 2019 2050: Net zero			
Scope 1 and 2 GHG Emissions of the Group on a Consolidated Basis (market basis) (t-CO ₂ e)	FY2019 (base year)	FY2022 result	FY2030 target	FY2050 target
	11,292	7,757	5,081	0

Scope 1 and 2 (Unit: t-CO₂e)

Category	FY2018	FY2019	FY2020	FY2021	FY2022
Scope 1	2,016	1,888	820	3,449	3,211
	2,386	2,389	2,516		
Scope 2 (location basis)	2,784	2,546	2,210	7,880	6,786
	4,936	4,405	4,394		
Scope 2 (market basis)	2,757	2,324	2,336	6,606	4,546
	4,909	4,691	4,853		
Total of Scope 1 and 2 (market basis)	12,068	11,292	10,525	10,055	7,757

Upper cells: The performance of former Mitsubishi UFJ Lease & Finance Group companies

Lower cells: The performance of former Hitachi Capital Group companies

(Note) Per the calculation rules of the GHG Protocol, conversion factors by energy consumption volume are calculated based on the volume of GHG emissions by using global warming potential values set forth in reports issued by the IPCC (Intergovernmental Panel on Climate Change).

(Note) The above figures pertain to the Mitsubishi HC Capital Group (consolidated basis).

Scope 3 (Unit: t-CO₂e)

Category	FY2018	FY2019	FY2020	FY2021	FY2022
Category 1 Purchased goods and services	11,185	4,167	4,653	9,295	7,451
	4,312	4,380	3,191		
Category 2 Capital goods	426	531	490	4,909	5,837
	53,260	43,163	39,585		
Category 3 Fuel and energy related activities not included in Scope 1 or Scope 2	740	637	516	1,464	1,329
	1,280	1,121	1,156		
Category 4 Transportation and distribution (upstream)	Not applicable due to business characteristics				
Category 5 Waste generated in operations	0	0	0	118	71
	704	169	73		
Category 6 Business travel	418	394	0	286	1,096
	723	672	48		
Category 7 Employee commuting	635	646	1,922	2,492	2,518
	1,906	1,933	1,140		
Category 8 Leased assets (upstream)	Not applicable because Scope 3 emissions in this category cannot be distinguished from Scope 1 and 2 emissions				

Category		FY2018	FY2019	FY2020	FY2021	FY2022
Category 9	Transportation and distribution (downstream)	Not applicable because these emissions are allocated to customers				
Category 10	Processing of sold Products	Not applicable due to business characteristics				
Category 11	Use of sold products	Emissions in this category will be considered for accounting going forward				
Category 12	End-of-Life Treatment of Sold Products	Not applicable due to business characteristics				
Category 13	Leased assets (downstream)	Emissions in this category will be considered for accounting going forward				
Category 14	Franchise	Not applicable				
Category 15	Investment (PFI)	0	25	0	0	0
		0	223	0		
Total of Scope 3		13,404	6,400	7,581	18,565	18,302
		62,185	51,661	45,193		

Upper cells: The performance of former Mitsubishi UFJ Lease & Finance Group companies

Lower cells: The performance of former Hitachi Capital Group companies

(Note) The above figures pertain to the Mitsubishi HC Capital Group (consolidated basis).

Output from renewable energy generation facilities in operation (Unit: MW)

Item	FY2020	FY2021	FY2022
Solar	771	907	1,020
	136		
Wind	41	298	340
	187		
Total	813	1,205	1,366
	323		

Upper cells: The performance of former Mitsubishi UFJ Lease & Finance Group companies

Lower cells: The performance of former Hitachi Capital Group companies

(Note) Data calculated for managerial accounting purposes, including the balance of equity-method investment.

The above figures exclude financing projects and comprise output from the solar and wind power generation business, solar power generation under the Power Purchase Agreement (PPA) scheme, and the Virtual Power Plant (VPP) verification business.

Realize the Circular Economy

Major initiatives

Leveraging an extensive track record cultivated in the used market over many years, the Group buys and sells a variety of pre-owned machinery and equipment for semiconductor manufacturing, and pharmaceuticals and medical devices. We also provide services to accurately determine the value of idle equipment and propose its effective utilization and to effectively utilize office equipment (purchase, data erasure, resale).

The used market has also benefited from technological advances that facilitate the distribution of good quality equipment and facilities, and a growing number of customers are looking to adopt used equipment from a cost-cutting perspective. However, with the speed of new product development accelerating, the production side is facing issues with caching surplus equipment and reducing the costs of installing new equipment, and, at the same time, companies are facing growing demands to reduce waste generation.

The Mitsubishi HC Capital Group uses its nationwide information network to propose the effective utilization of used equipment and facilities in ways that properly reflect market value, contributing to the reduction of waste and working to realize a circular economy that fully utilizes the new value of assets.

We are also working on the circulation of plastic resources to comply with the Act on Promotion of Resource Circulation for Plastics, which went into effect in April 2022. Meanwhile, we are working to reduce food loss and CO₂ emissions in Japan by providing sales support, financing for installation, and operational support for unmanned vending machines known as “Fuubo Food Loss Reduction Boxes” provided by ZERO Co., Ltd.

Social

Human Rights Initiatives

Basic Policy on Human Rights

The MHC Group Code of Ethics and Conduct includes sections on “Respect for Human Rights and the Environment,” and the Code of Conduct states, under “Human rights” that “Consistent with the fundamental spirit of respect for humanity, no employee engages in any discriminatory action or human rights violation on the ground of gender, sexual orientation, age, nationality, race, ethnicity, political opinion, beliefs, religion, social status, lineage, illness, or disability.”

Furthermore, we support and respect international norms concerning human rights, labor, the environment and anti-bribery, including the Universal Declaration of Human Rights, the International Covenants on Human Rights (International Covenant on Civil and Political Rights; International Covenant on Economic, Social and Cultural Rights), the UN Guiding Principles on Business and Human Rights (Ruggie Principles), and ILO Declaration on Fundamental Principles and Rights at Work. We strive to respect the human rights of all stakeholders under these basic principles on human rights.

The Group's compliance manual states, under “Respect for human rights and the prohibition of discrimination,” that “All Group employees must respect basic human rights and must not engage in any discriminatory action or human rights violation on the ground of gender, sexual orientation, age, nationality, race, ethnicity, political opinion, beliefs, religion, social status, lineage, illness, or disability.” Within this section, under “Eliminating harassment,” it further states, “All Group employees should respect one another as professional partners and must work to eliminate all forms of harassment, including sexual harassment, harassment related to pregnancy, and abuse of power.”

Human rights policy

We at the Mitsubishi HC Capital Group recognize that conducting business with the utmost respect of human rights is a major challenge, and we will fulfill our responsibilities in this matter across all our business activities.

Through dialogue and collaboration with relevant stakeholders, we will exclude exploitative labor practices such as modern slavery, forced labor, human trafficking, and child labor, from the Group's businesses and supply chains.

We will address human rights risks relevant to our businesses earnestly and appropriately to fulfill our obligations to respect human rights in a manner expected of global companies, aiming to realize a society that respects human rights.

We will realize a flexible working style and respect a diversity of values, and strive to create a comfortable environment in which each and every individual can demonstrate their maximum potential. (excerpt)

Established: September 22, 2022

▶ Please refer to the below for details.

https://www.mitsubishi-hc-capital.com/pdf/english/sustainability/various_policies/human_rights_policy.pdf

Human rights due diligence

In recent years, many countries have rapidly advanced human rights legislation that imposes a duty of respect for human rights on corporations. The Guidelines on Respecting Human Rights in Responsible Supply Chains issued by the Ministry of Economy, Trade and Industry in September 2022 require companies to (1) formulate a human rights policy, (2) undertake human rights due diligence, and (3) build a relief or complaint mechanism as the pillars of efforts to respond to human rights. As mentioned above, the Group has addressed these three human rights issues by formulating and publishing its Human Rights Policy. With regard to human rights due diligence, our Human Rights Project has designed a system that started operating in November 2023.

In terms of efforts to address human rights due diligence, we have, as a prerequisite, identified the areas of critical risk* listed below. The system design incorporates the following two elements.

1. Screening business partners based on information regarding concerns about human rights violations
We have established a mechanism for identifying clients, suppliers, and other business partners where information exists regarding concerns about human rights violations in areas of critical risk.
2. Eliminating the risk of human rights violations through dialogue with business partners (engagement)
Where concerns have been identified through screening, we open a dialogue (engagement) with the business partners

and, by concerning the actual situation and their responses, we encourage them to respect human rights initiatives. The main objective of human rights due diligence is to prevent and reduce human rights risk in our corporate activities by using dialogue to improve and enhance human rights awareness at our business partners. Through repeated dialogue with business partners, we gain experience in how to handle human rights due diligence and effectiveness.

* Identifying areas of material risk

There are various types of human rights issues. Since it is important for our Group to identify the risks and to respond effectively, we have determined that the following areas present serious risk to the Group in light of the principles and recommendations of the United Nations Global Compact principles.

Occupational Health and Safety

Forced Labor and Human Trafficking

Child Labor

Discrimination and Gender

Impacts on Surrounding Areas

Initiatives in FY2022 and their results

The Group educates and raises awareness among all employees about human rights and also provides training on human rights as they relate to certain jobs and business operations. We ensure respect for human rights through these efforts. Specifically, we provide e-learning sessions (twice a year) for all employees including those from Group companies to raise awareness about human rights, and also integrate human rights training into new employee training, rank-based training, and specialization-based training such as credit screening and A/R management training. In fiscal 2022, five human rights lectures were given in various training programs over 28 times, in which 586 employees participated in total. The e-learning course covered themes such as human rights issues for women, foreigners, and people with disabilities and harassment in the workplace. In Japan, 9,972 employees undertook the courses. In addition, there were 161 entries to the human rights slogan contest held in November, including from 15 domestic Group companies, and 46 employees were awarded.

Respect for freedom of association and collective bargaining

We respect the ILO Declaration on Fundamental Principles and Rights at Work, which states that member countries have obligations to respect, promote, and realize the effective recognition of the freedom of association and collective bargaining. Our Human Rights Policy states as below in 1. Global Standards to be Respected and Upheld.

We respect the human rights described in the Universal Declaration of Human Rights, the International Bill of Human Rights (International Covenant on Civil and Political Rights and the International Covenant on Economic Social and Cultural Rights), and the ILO Declaration on Fundamental Principles and Rights at Work which stipulates core labor standards.

Basic Policy for Talent

The Company recognizes that accumulating and utilizing human capital is an important issue to improve corporate value through the realization of its Basic Management Policy and the Medium- to Long-term Management Direction. In particular, to realize the SX/DX and business portfolio transformation shown in the medium- to long-term management direction and achieve performance indicators targeted by the Group, the Company will secure and utilize necessary human capital in terms of both quality and quantity. In fiscal 2022, we started visualizing human capital and began considering the gap between the human resources needed to achieve SX/DX and business portfolio transformation and the status of our human resources, in terms of both quality and quantity.

Human capital strategy

Themes that we want to accomplish

In securing and utilizing human capital (a qualitative shift in human resources and securing the quantity of human resources) we uphold two themes to be accomplished in the medium to long term.

<p>What We Want to Accomplish (a) Fulfillment of a Talent Portfolio Develop and Secure Human Resources Contributing to the Company's Realization of Strategies (Quality and Quantity)</p>	<p>We define the quality and quantity of human resources necessary to realize the medium to long-term management direction and visualize a talent portfolio. We understand the disparities between our necessary human resources and current human resources in terms of quality and quantity and implement measures for filling them to supplement necessary human resources.</p>
<p>What We Want to Accomplish (b) Improvement in Employee Engagement Create an Environment Where Employees Work Together to Promote Value Creation</p>	<p>The Company creates an environment where employees take pride in their work and make discretionary efforts to work, there is a comfortable working environment where employees can utilize their capacities, and diverse employees are respected to enable employees to work together to promote value creation. We clarify issues to achieve and promote measures to continuously realize the status of high employee engagement.</p>

Details of initiatives

With regard to the above two themes to be accomplished, during the Medium-term Management Plan period until FY2025, we will give priority to working on the two matters of the human resource management base and the creation of a system for improvement in engagement. We will produce a qualitative shift in human resources by reconstructing our human resource management base and maintain high levels of employee engagement. Thus, we will secure the quantity of human resources we require.

Reconstruction of the Human Resource Management Base	<p>The Company has collected/accumulated information on human resources and used it for utilization of human resources (allocation and development) to date. Going forward, for “What we want to accomplish (a) fulfillment of a talent portfolio,” we will reconstruct the human resource management base, define types of human resources necessary to realize the Medium- to Long-term Management Direction, and then further understand human resources and conduct the human resource development that contributes to a qualitative shift.</p> <p>In understanding human resources, we handle qualitative factors such as experience, knowledge, skills, and competency in addition to the quantitative perspective, including the number of employees. In human resource development (qualitative shift), we identify qualitative issues to fulfill a talent portfolio and take measures for capacity development.</p> <p>Moreover, we will improve the accuracy of matching between human resources and jobs by systematically organizing information on jobs, in addition to information on human resources, to further ensure that the right people are placed in the right jobs</p>
Creation of a System for Improvement in Engagement	<p>The Group has identified current issue areas by conducting an engagement survey and implemented improvement activities to date. Going forward, with KPIs set as indicators for engagement surveys, we will actively set challenges by establishing and utilizing a system to manage results, causes, and processes and promote measures.</p> <p>We will continuously realize the status of high engagement as the entire Group, ultimately securing the quantity of human resources.</p>

Indicators and targets

To achieve the target themes, we will formulate a talent portfolio framework, visualize the degree of fulfillment, and refine the content of engagement surveys to develop a more sophisticated analysis.

Specifically, we will monitor outcome measures by setting outcome-indicating KPIs and cause/process-indicating KPIs, while also identifying key causes and processes and implementing effective measures to meet targets.

Basic Policy for Labor Practices

Through dialogue and collaboration with relevant stakeholders, our Group will exclude exploitative labor practices, such as modern slavery, forced labor, human trafficking, and child labor, from the businesses and supply chains of the Mitsubishi HC Capital Group.

Compliance with labor laws

We respect the ILO Declaration on Fundamental Principles and Rights at Work and comply with labor laws.

Development of labor-management relations and labor relations

We will promote mutual cooperation between employees and between employees and the Company, and strive for the sound development of the Company’s business. We are working to maintain and develop appropriate labor-management relations by organizing an employee association for the purpose of improving the economic standing of employees through the maintenance and improvement of labor conditions.

Basic Policy for Diversity Promotion

We position the promotion of diversity as an important management strategy for the further expansion of the Group’s business domains and global operations. One of our action principles is “Diversity: Embrace diversity and respect each other.” With this as the foundation, we aim to realize a vibrant organization that can create new value by bringing together a diverse group of human resources who represent a broad range of individual attributes such as nationality, age, and gender; and differences in life stage, experience, and values; and who can leverage one another’s strengths and bring out the most out of each person’s motivation and talents.

Specific initiatives

We have implemented various initiatives so that employees with diverse attributes and values can play active roles. Please refer to the below for specific initiatives.

► Diversity Promotion Initiatives

https://www.mitsubishi-hc-capital.com/english/sustainability/social/employees_and_families.html

Basic Views on Human Resources and the Employee Welfare Benefits System

Our human resources system gives greater importance to job duties and rewards employees with heavier job responsibilities. Excluding junior employees who are in the initial stage of development (those who are in their first to sixth years since being hired as new graduates), grades and remunerations of non-managers as well as managers vary according to the job responsibilities to be assumed. The objective is to develop and enhance human resources while maximizing the performance of the entire organization by placing the right person in the right place, regardless of the year they entered the Company and their experience. Meanwhile, the objective of the employee welfare benefits system (company housing, allowances for employees posted away from their family and child-rearing, child-raising/daycare subsidies) is the support for the living of employees. In principle, we provide uniform benefits to employees who meet the prescribed conditions, regardless of their type of employment, title, grades, etc.

Employees

Item		FY2018	FY2019	FY2020	FY2021	FY2022
Number of Employees (Persons)	Total	2,269	2,290	2,342	2,235	2,182
	Male	1,445	1,435	1,460	1,361	1,307
	Female	824	855	882	874	875
Number of Employees: Male-to-female Ratio	Male	64%	63%	62%	61%	60%
	Female	36%	37%	38%	39%	40%
Number of Temporary and Non-permanent Employees (Persons)	Total	257	263	283	187	284
	Male	74	77	96	148	104
	Female	40	38	35	39	37
Composition of Employees (By Country/Region)	Total	2,271	2,290	2,342	2,235	2,182
	Japan	2,262	2,280	2,335	2,229	2,174
	Europe	2	1	0	0	0
	Americas	5	7	6	4	5
	China	0	0	0	0	0
	ASEAN	2	2	1	2	3
Number of Non-Japanese Employees (Persons)	-	-	-	-	-	20
Ratio of Employees by Age Group	Under 30	18.8%	19.1%	19.4%	18.5%	16.9%
	30-39	30.6%	31.1%	29.5%	31.7%	31.3%
	40-49	28.7%	28.0%	27.5%	28.1%	28.5%
	50-59	20.0%	19.7%	20.8%	20.4%	21.9%
	60 or higher	1.9%	2.1%	2.9%	1.3%	1.6%
Average Service Time (Years)	Total	15.3	15.1	15.6	15.5	15.8
	Male	16.7	16.5	17.1	16.5	16.7
	Female	12.8	12.7	13.2	13.8	14.4
Average Age (Years)	Total	40.0	40.1	40.9	40.4	41.0
	Male	41.8	41.9	42.8	41.8	42.4
	Female	37.0	37.2	37.8	38.2	38.9

Managers

Item		FY2018	FY2019	FY2020	FY2021	FY2022
Number of Managers (Persons)	Male	-	-	-	394	362
	Female	-	-	-	64	59
Ratio of Female Managers	Total	-	-	-	14.0%	14.0%
Ratio of Mid-career and Non-Japanese Managers	Mid-career	-	-	-	-	24.9%
	Non-Japanese	-	-	-	-	0
Female Managers in Positions Equivalent to Subsection Chief (Team Leader) (Persons)	Total	-	-	-	-	363
Number of Managers in Profit-earning Divisions (Persons)	Male	-	-	-	288	254
	Female	-	-	-	40	45

Salaries and remunerations

Item		FY2018	FY2019	FY2020	FY2021	FY2022
Average Annual Salary (All Employees/Million Yen)	Total	7.8	8.0	8.3	8.7	9.2
Gender Wage Gap of Regular Employees (Average Wage of Females/Average Wage of Males)	Total	-	-	-	-	65.4%
Average Annual Pay by Gender/Position (Million Yen)	Managers					
	Male	-	-	-	-	12.8
	Female	-	-	-	-	10.3
	Non-managers					
	Male	-	-	-	-	9.5
	Female	-	-	-	-	6.5
Initial Wage from FY2023	Bachelor	270,000 yen/month (career-track positions entered in Apr. 2023)				
	Master	290,000 yen/month (career-track positions entered in Apr. 2023)				
Ratio of Standard Salary of New Hires to the Minimum Wage of Tokyo/Weighted National Average * Neither of the courses has a gender requirement. There is no difference in wages between regions of hiring	Career-track positions	Tokyo (as of October 1, 2023): 162% Weighted national average: 179%				
	Business professionals	Tokyo (as of October 1, 2023): 118% Weighted national average: 131%				

Hiring and employment

Item		FY2018	FY2019	FY2020	FY2021	FY2022
Number of New Hires by Age (Total of New Graduate and Mid-career/Persons)	20-29	-	-	-	61	32
	30-39	-	-	-	13	9
	40-49	-	-	-	5	6
	50-59	-	-	-	1	0
Hiring of New Graduates (Persons)	Total	75	75	72	58	30
Ratio of Mid-career Hires	Total	39.5%	40.5%	44.2%	27.5%	36.2%
Ratio of Female New Graduate Hires for Career-track Positions	Total	-	-	-	43.1%	56.7%
Ratio of Female Hires	Total	-	-	-	33.8%	48.9%
Employment of People with Disabilities (FY Ending in March/Persons)	Total	47	52	59	62	70
Employment Rate of People with Disabilities (Annual Average/Persons)	Total	2.1	2.2	2.2	2.4	2.5
Number of Reemployments (Persons)	Total	26	30	41	54	54
	Male	25	30	39	48	48
	Female	1	0	2	6	6
Turnover Rate (Voluntary)	Total	3.7%	3.0%	2.4%	3.4%	2.4%

Use of various systems

Item		FY2018	FY2019	FY2020	FY2021	FY2022
Rate of Maternity and Parental Leave Taken	Total	100%	100%	100%	100%	100%
Number of Employees Taking Reduced Working Hours (Persons)	Total	125	133	131	163	161
Number of Employees Taking Childcare Leave (Persons)	Total	94	118	94	82	105
Rate of Employees Taking Childcare Leave (Males)	Total	65.9%	104.7%	62.0%	82.3%	97.1%
Rate of Employees Taking Childcare Leave (Females)	Total	105.3%	106.3%	96.2%	103.3%	97.4%
Return-to-work Rate after Childcare Leave (Females)	Total	-	-	-	100%	97.8%
Number of Employees Taking Family Care Leave/Time off (Persons)	Total	2	3	0	17	9
Total Days of Family Care Leave Taken by Employees Who Took Leave (Days)	Total	-	-	-	-	25

Working hours and holidays

Item		FY2018	FY2019	FY2020	FY2021	FY2022
Total Working Hours per Employee (Annual/Hours)	Total	-	-	-	-	1945.5
Working Hours Exceeding a Statutory Limit per Employee (Annual/Hours)	Total	-	-	-	-	232.6
Monthly Average Overtime Working Hours per Employee (Hours)	Total	-	-	-	-	19.4
Rate of Annual Paid Holidays Taken	Total	68.4%	66.1%	59.2%	63.7%	68.7%
Number of Annual Paid Holidays Granted (Days)	Total	-	-	-	-	19.8
Number of Annual Paid Holidays Taken (Days)	Total	-	-	-	-	13.6

* The data of the tables in page 36 to page 38 are those of the total of the former MUL and the former HC for FY2018 to FY2020, and those of MHC for FY2021 to FY2022

Various systems for realizing work-life balance

For achieving the MHC Group's Our Vision and "Realize health lifestyles that promote positive wellbeing," which is one of our materiality (priority key challenges), we are working to maintain and improve the health of employees by implementing health and productivity management, and to create a workplace where employees can work in active roles and exercise their capabilities to the fullest. We have established systems of flexible working hours without core hours, hourly paid leave, work from home, reduced working hours for childcare/family care, subsidies for child-raising/daycare fees, etc., which can be used by all employees.

Overview of performance evaluation system

We have conducted (1) "performance evaluation" to evaluate the results of the fiscal year and (2) "competency evaluation" to evaluate behavioral characteristics once a year respectively, aiming to maximize the performance and promote the growth of every employee as well as optimizing their treatment based on fair evaluation. Both evaluations are based on the processes of self-evaluation and evaluation by managers. Evaluation results are communicated to the employee from their managers in interviews or other opportunities, and both parties confirm both positive points and negative points.

Talent development programs

Program	Number of Participants	Time (Minutes)*	Cost (Yen)
[DX Talent Development Program] AI/Data Analysis Workshop	27	12,015	577,778
[DX Talent Development Program] DX Mind Training	934	207,815	8,263,639
[DX Talent Development Program] IT Software Basic Training	109	24,253	2,386,362
[DX Talent Development Program] Innovation Workshop	13	11,570	1,660,000
[DX Talent Development Program] Design Thinking Workshop	149	132,610	5,900,000
[DX Talent Development Program] Digital Marketing Basic Training	356	158,420	11,057,548
[PC Skill Improvement Short Seminar] Excel Data Aggregation Seminar (Functions)	34	4,080	450,874
[PC Skill Improvement Short Seminar] Excel Data Aggregation Seminar (Pivot Table)	24	2,880	450,873
[PC Skill Improvement Short Seminar] PowerPoint Design Seminar (General Layout)	33	3,960	450,873
[Business English Improvement Seminar] Strengthening Skills for Online Meetings in English	5	600	450,873
[Business English Improvement Seminar] Seminar for Increasing Motivation for English	28	3,360	450,873
GES (Middle Management Program)	7	15,120	1,922,728
GMS (STEP1)	31	33,480	3,822,731
ISMS Training	8	480	0
MHC Business School	17	75,650	12,150,000
Assertive Communication Training	97	43,165	3,126,444
Online English Conversation Program (RareJob Inc.)	76	169,100	3,828,811
Career Training 35	15	6,675	0
Career Training 45	13	5,785	0
Global Career Training	51	34,043	1,460,577
Global Communication Skills Improvement Program	12	45,390	3,150,000
Global Adaptability Training	7	6,230	1,872,000
Career Advancement Training	21	14,018	711,169
Self-Management Basic Program	74	32,930	3,856,000
Diversity Management Training	154	34,265	3,355,926
Design Thinking Program	44	58,740	3,000,000
National Staff Training	4	2,670	1,420,000
Training on Administrative Departments for Business Professionals	64	14,240	0
Training on Interest Rates/Profitability for Business Professionals	104	23,140	0

Program	Number of Participants	Time (Minutes)*	Cost (Yen)
Basic Financial Analysis Training for Business Professionals	69	61,410	2,999,874
Basic Legal Training for Business Professionals	73	16,243	0
Basic credit Decision Training for Business Professionals	53	47,170	0
Business English Program (LR Course)	6	9,345	2,298,949
Business English Program (Speaking Course)	13	20,248	2,298,949
Basic Training on Project Finance	72	16,020	1,011,733
Middle Age Career Training	76	33,820	2,845,000
Mentor Training	23	20,470	2,120,000
Mentoring Program	3	1,335	692,000
Life Plan Seminar	206	45,835	750,000
Life Plan Seminar 50	50	11,125	1,193,153
Life Plan Seminar 55	95	21,138	692,525
Leader Assessment Training	17	15,130	5,328,258
Leadership Training	23	20,470	1,935,652
Logical Thinking Training	11	4,895	756,250
Intercultural Competence Training	12	2,670	770,000
Hitotsubashi University Finance Leadership Program	1	3,560	2,500,000
Basic Management Training	56	62,300	4,440,000
Hypothesis Verification Project	14	31,150	9,189,600
Overseas Representative Seminar (Managers)	1	445	280,000
Overseas Representative Seminar (Non-managers)	6	2,670	280,000
Online Learning for Managers on Harassment Prevention	442	61,880	4,411,000
Training for Managers on the Development of Female Employees	21	4,673	0
Integrity Training for General Managers of Branch Offices	87	19,358	5,956,785
Training on the Improvement of Operation Management Capability	82	36,490	2,403,121
Keidanren's Seminar to Support Women's Advancement	2	1,780	330,000
Career Training for Junior Employee	51	45,390	4,058,666
Female Career Forum	41	9,123	1,457,529
Seminar to Support Career Advancement of Female Managers	2	2,670	220,000
Career Advancement Training for Female Employees	25	11,125	83,770
Information Collection/Analysis Training	10	4,450	756,250
Credit Examination/Management Seminar	13	5,785	142,500
Training for Newly Appointed Managers	24	32,040	1,546,351
Integrity Training for Newly Appointed Management	36	8,010	1,086,567
Training for Newly Appointed Senior Managers/Section Managers (Talent Management Training)	25	11,125	1,232,000
Training on Logical Composition and the Way of Speaking for Better Communication	12	5,340	756,250
Interpersonal Communication Training	39	26,033	2,170,201
Interpersonal Skills Enhancement Training	31	13,795	948,394
Pre-retirement Workshop	36	8,010	539,000
Training by the Japan Machine Tool Distributors Association	4	890	654,545
Training to Enhance Problem-solving Thinking Based on Target Setting	95	84,550	6,547,896

Program	Number of Participants	Time (Minutes)*	Cost (Yen)
Training on Problem-solving and Execution Ability	14	6,230	0
Nomura's Management Strategy Seminar for Top Management	1	8,900	2,220,000
Nomura's Management Strategy Seminar for Female Leaders	2	5,340	2,010,000
Nomura Management School (Management and Finance)	1	2,225	650,000
New Hires Induction Training	30	213,600	18,920,089
New Hires Basic Training (Summer)	30	200,250	3,108,205
New Hires Basic Training (Winter)	30	66,750	3,108,205
Safe Driving Training	30	9,000	2,584,111
Follow-up Training for Second-year Employees	58	51,620	0
Training for Newly Appointed General Managers	11	9,790	1,131,011
Mitsubishi Marketing Association (General Manager Seminar)	1	1,113	54,993
Mitsubishi Marketing Association (Subcommittee)	2	7,565	54,993
Next-generation Leader Development Program	10	20,025	3,777,048
Nomura's Management Strategy Seminar for the Digital Era	1	3,560	730,000
Digital Literacy Improvement Program (Udemy)	2,918	1,298,510	23,023,000
Training for Employees with Disabilities	80	17,800	2,075,000
	7,688	3,938,923	216,905,502

* Minutes for training multiplied by the number of participants

Training and support for acquisition of qualifications

Item		FY2021	FY2022
Average Hours of Training per Employee (Annual/Hours)	Average	-	30.1
	20-29	-	60.9
	30-39	-	23.9
	40-49	-	21.4
	50-59	-	24.5
	60-69	-	55.7
	Male	-	30.6
	Female	-	29.3
	Managers	-	18.9
	Non-managers	-	32.8
Average Days of Training per Employee (Days)	Total	-	4.1
Average Cost of Training per Employee (Annual/Yen)	Average	-	99,407
	20-29	-	214,446
	30-39	-	83,193
	40-49	-	67,280
	50-59	-	75,823
	60-69	-	94,827
	Male	-	107,044
	Female	-	87,999
	Managers	-	72,387
	Non-managers	-	105,866
Ratio of Employees Who Took Training	Total	-	99%
Total Hours of Training (Hours)	Total	-	68,474
Types of Training (Types)	Total	-	3
Training Participants (Persons)	Total	-	2,157
Participants in the Next-generation Leader Development Program (Persons) (Participants in FY2022/Participants Who Were Appointed to Managers in FY2022)	Total	-	10/3
Employees Who are Eligible for Incentives for Acquiring Official Qualifications and Acquired Qualifications (Persons)	Total	-	670

Employee satisfaction regarding talent development

Item		FY2021	FY2022
Employee Satisfaction Regarding Talent Development Systems (pt)	Total	64.6	65.0

Employees eligible for the shareholding system for officers and employees

Employees and senior temporary employees of Mitsubishi HC Capital Inc. and its domestic subsidiaries are eligible for enrolling in the employee stock ownership plan.

Occupational Health and Safety

Basic Views on Occupational Health and Safety

We have defined the Basic Policy for Health and Safety Management as below.

Based on the unchanging basic principle of ensuring the health and safety of all employees above all else, we will actively implement health and safety initiatives to encourage every employee to always prioritize health and safety, ensure safe activities, and reduce risks autonomously. Thus, we will establish a comfortable work environment in which every employee can work in active roles.

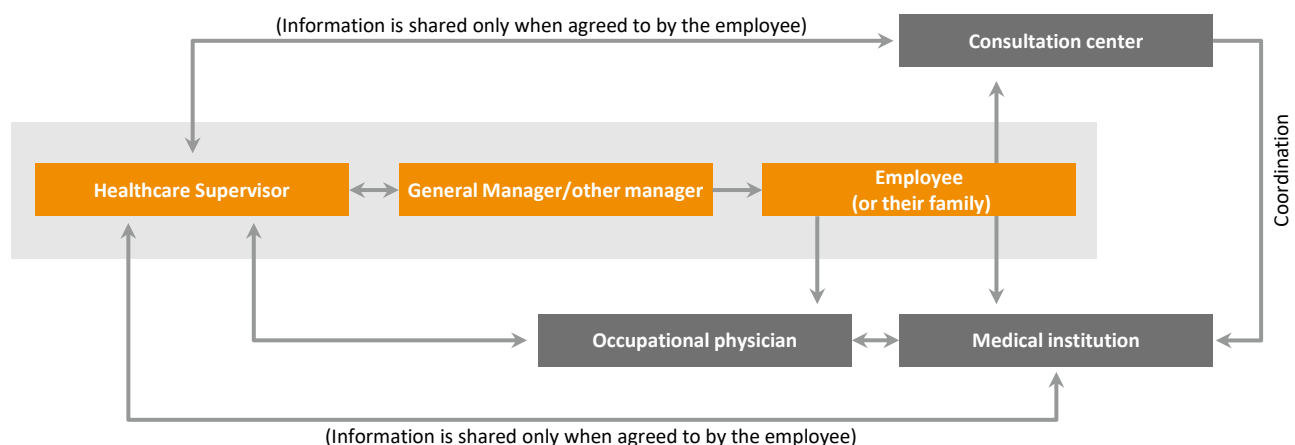
Furthermore, we have defined priority items in the Health and Safety Activity Guidelines as below.

- (1) Sharing of the basic principle and policy for health and safety in each workplace
- (2) Ensuring legal compliance and Basics and Ethics
- (3) Ensuring safety when natural disasters occur
- (4) Promoting health and productivity management
- (5) Further improvement of mental healthcare
- (6) Promoting efforts for eliminating vehicle accidents
- (7) Improving health and safety standards on a global basis

Health and safety activity promotion framework

Health Committee members are appointed as representatives of employees and attend monthly Health Committee meetings. The Basic Policy for Occupational Health and Safety Management is instilled in each workplace via the Committee members in order to raise awareness the of health and safety of all employees. In Health Committee meetings, agenda items are appropriately set and discussed, based on advice and instructions from exclusive public health nurses. In addition, by assigning Healthcare Supervisors to each office, we are aiming to adequately manage stress and maintain the physical and mental health of each employee, and to improve the wellness and performance of our workplace.

Health and safety activity promotion framework



Maintenance and promotion of health

Our Vision states that we aspire to “Foster ‘open, creative and engaging’ corporate culture that shapes each and every employee’s motivation and pride.” Based on this vision, we strive to help employees reduce their risk of illness and maintain and improve their health, which we believe is crucial to ensuring that they can exercise their abilities to the fullest. We have developed a healthcare system comprising self-care, line care overseen by supervisors, and care provided by internal healthcare staff (human resources representatives) that incorporates industrial physicians, public health nurses, outside counseling services, and other specialized organizations. Through this system, we aim to help all employees maintain and improve their health.

Please refer to the below for details.

► Health Improvement Measures

https://www.mitsubishi-hc-capital.com/english/sustainability/social/employees_and_families.html

Occupational safety and health data

Item		FY2022
Rate of Getting Regular Checkups	Total	100%
Number of Serious Accidents	Total	0
Number of Industrial Accidents	Total	6
Number of Fatalities Related to Industrial Accidents	Total	0
Industrial Accident Frequency Rate	Total	0%
Annual Industrial Accidents Rate per 1,000 Workers	Total	0%
Rate of Lost Time Accidents	Total	0%
Lost Time Accident Severity Rate	Total	0%
Cases of Telephone Health Counseling Service Being Used	Total	47

Health risks

Item		FY2022
Mental Health Issues (Number)	Total	31
Mental Health Issues (Rate)	Total	0.98%
Rate of Workers Feeling Stressed	Total	9.0%

Social Contribution

Together with Local Communities

In line with our Social Contribution Activity Policy, we place importance on the environment, human development, welfare and health, safety and security, and regional contribution, and we continuously conduct activities that allow us as a corporate citizen to contribute to the local community in regions worldwide, such as charity and volunteer work.

Major social contribution programs and the number of participants/hours of activities (Japan)

Date	Activity	Number of Participants	Breakdown		Notes	Per Person
			MHC	Group Company		Hours (H)
September 16, 2022	LTA (Learn, Think, Action) Project	28	19	9		1.50
June 1-30, 2022	Charity blood donation	49	36	13		1.00
July 5-15, 2022	Support for artists with disabilities Artbilty	317	-	-	Unknown as participants were anonymous	0.05
October 1, 2022	The Forest of Mitsubishi HC Capital Group	32	25	7		1.50
December 18, 2022	FIT for Charity Run	159	114	45		3.00
February 3-4, 2023	Volunteer snow removal	32	27	5		6.00
July 20, 2022/September 13, 2022/ November 10, 2022/March 9, 2023	Cleanup activity (Nishi-Shimbashi)	62	19	43		0.75
October 2, 2022	Cleanup activity (Kaihinmakuhari)	22	22	0		0.75
Total		701	262	122		

Positive impacts on communities brought about by the Company and benefits to the communities

Program	Type	Activity Details	Activities in FY2022	Results and Issues
LTA (Learn, Think, Action) Project	-	The purpose is so that employees are able to participate in volunteer activities with a full understanding of the meaning of social contribution activities, etc. Participants learn, think and act regarding actual social issues related to the activity through lectures and workshops held by experts.	Target volunteer program: The Forest of Mitsubishi HC Capital Group Number of participants: 28 officers and employees of the Group. In the project this year, before the forestation activity by employees, an online lecture and a workshop regarding the relationship between forests and environmental issues and SDGs were held, by inviting an external expert.	Implemented as planned. This was the first project, but participants were able to participate in the volunteer activity with a full understanding of why the activity is significant. In the next fiscal year, we will increase target volunteer programs for this project, and also handle themes other than the environment.
Fostering a Forest That Produces Less Pollen: The Forest of Mitsubishi HC Capital Group	Human development Welfare and health Regional contribution	We have participated in a project led by the Tokyo Development Foundation for Agriculture, Forestry, and Fisheries to foster forests that produce less pollen through corporate partnerships since FY2019. This project aims to gradually replace varieties of Japanese cedar and cypress that release a great deal of airborne pollen with varieties of cedar and other trees that produce less pollen in the man-made forests of Tokyo's Tama region. In the first year, we replanted around 700 Japanese cedar and cypress tree saplings, and after that we have been continuing with our forestation work, such as weeding.	Schedule: October 1, 2022 Location: Kurabonesawa, Kamiongatamachi, Hachioji City, Tokyo Number of participants: 32 officers and employees of the Group Amount of donation: 2,000,000 yen (forest maintenance cost) We obtained the Forest Management Support Certification of the Tokyo Forestation Contribution Certification System of Tokyo Metropolitan Government, because our contribution to forestation and 221.13t of carbon absorption through our forestation activity were highly evaluated.	Implemented as planned. We were able to contribute to the growth of trees by weeding over three hours. By combining with the LTA (Learn, Think, Action) Project, employees' motivation to contribute to the environment was improved. In the next fiscal year, we are considering soliciting the participation of employees' families including children for educating the next generation.

Program	Type	Activity Details	Activities in FY2022	Results and Issues
Charity Blood Donation	Human development Welfare and health Safety and security	We conducted a blood donation activity by designating the month of June, in which World Blood Donor Day (Jun 14) is celebrated, as MHC Group Blood Donation Month. We also matched blood donations by donating money to the WFP (United Nations World Food Programme) by placing 5,000 yen for each person who donated blood.	Schedule: June 2022 Number of participants: 35 officers and employees of the Group (incl. 3 of overseas Group companies) Amount of donations: 245,000 yen These donations were used in WFP's school feeding program, where 5,000 yen can provide school lunches for one child for an entire year.	Implemented as planned. This year, we asked for participation in blood donation to overseas Group companies as well. In the next fiscal year, we will improve this activity such as by extending the period, aiming to achieve further contribution by increasing participants including from overseas Group companies.
FIT for Charity Run	Environment Human development Welfare and health Safety and security Regional contribution	This charity run even raises money for charitable organizations which have only limited fund-raising capabilities, through sponsorship money and entry fees from participants. It has been held since 2005 by like-minded individuals in the financial industry and intended to be a powerful expression of the industry's collective commitment to making a positive contribution to the community.	Schedule: December 18, 2022 Location: Japan National Stadium and online Number of participants: 159 officers and employees of the Group Amount of donations: 1,454,000 yen	Participated in the event as planned. Six employees ran for the event's executive committee comprised of like-minded individuals and participated in the management of the event. We were able to be actively involved in the event. In the next fiscal year, in addition to contribution through the participation in the event, we will prepare opportunities for officers and employees who participate to deepen their understanding of the charitable organizations to which we donate.
Volunteer Snow Removal in Special Heavy Snow Areas	Human development Safety and security Regional contribution	Since FY2018, we have taken part in volunteer snow removal over two days for the houses of seniors living alone in Obanazawa City, Yamagata. During the COVID-19 pandemic, we refrained from conducting the activity on site, and held an online social event with local residents instead and kept our relationship.	Schedule: February 3-4, 2023 Location: Four areas of Obanazawa City, Yamagata Number of participants: 32 officers and employees of the Group Number of houses from which we removed snow: Eight private houses and three public facilities	Implemented as planned. As COVID-19 has settled down, we were able to cooperate and exchange with local residents by removing snow while asking the residents for instructions. We will continue this activity in the next fiscal year and expand opportunities of and areas for snow removal, aiming for further contribution.
Support for Artists with Disabilities: Artbility	Human development Welfare and health	We are sponsoring the Artbility Awards, a program to support artists with disabilities managed by Tokyo Colony, a social welfare corporation, and confer the Mitsubishi HC Capital Special Award. The award offered by the Company is given in recognition of artists who share our pioneering, ambitious spirit and continuously take on bold new challenges. The recipient of the award is decided by a vote of employees. In addition, artworks registered are used in a variety of media, and the royalties generated are paid to the artists.	Media in which artworks were used: Shareholder communication for the 51st term, interim shareholder communication for the 52nd term, 2023 calendar (wall, desk) * Approx. 60% of royalties were paid to artists Employees voted: 317 (1 vote by 1 employee) Amount of donations (support money): 800,000 yen	Implemented as planned. In the next fiscal year, we will further raise employees' awareness to increase the number of votes. We will also consider further returns to artists through the use of artworks.
Cleanup Activity	Environment Regional contribution	We have continued cleanup activities across Japan, aiming to contribute to the areas nearby our offices and to the environment. By working on cleanup activities for the communities close to us, we aim to contribute to the improvement of the environment and beatification of the streets and raise employees' awareness of environmental conservation.	Schedule: July 20, 2022/September 13, 2022/October 2, 2022/November 9, 2022/March 9, 2023 Location: Minato-ku, Tokyo (around the Nishi-Shimbashi office), Mihama-ku, Chiba City, Chiba Prefecture (around the Makuhari office) Number of participants: 84 officers and employees of the Group Number of activities held: Five times in total	Implemented as planned. As COVID-19 has settled down, we resumed the cleanup activity, and many officers and employees participated. We will continue the activity in the next fiscal year and beyond, aiming to contribute to the communities close to us and raise employees' environmental awareness.

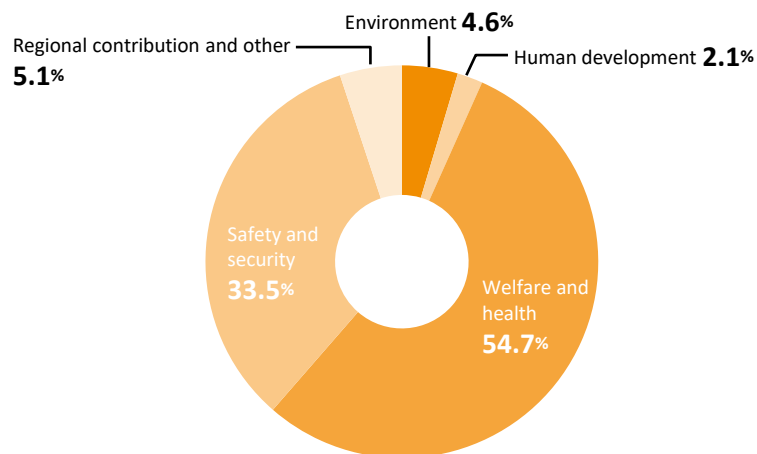
Social contribution activity-related expenses

As a “Social Values Creating Company”, we have engaged in various activities which contribute to help resolve social issues. Social contribution activity-related expenses for fiscal 2022 totaled around 120.68 million yen on a consolidated basis.

Social contribution activity-related expenses of the MHC Group

Category	Figure	FY2020	FY2021	FY2022
Environment	Expenses (Yen)	3,920,000	5,005,829	5,571,519
	Ratio	8.0%	4.8%	4.6%
Human Development	Expenses (Yen)	2,940,000	2,464,615	2,524,900
	Ratio	6.0%	2.4%	2.1%
Welfare and Health	Expenses (Yen)	30,870,000	11,530,120	66,040,491
	Ratio	63.0%	11.0%	54.7%
Safety and Security	Expenses (Yen)	9,800,000	62,887,196	40,444,944
	Ratio	20.0%	60.1%	33.5%
Regional Contribution and Other	Expenses (Yen)	1,470,000	22,800,851	6,106,530
	Ratio	3.0%	21.8%	5.1%
Total (Yen)		49,000,000	104,688,611	120,688,384

Expenses related to social contribution activities by category in FY2022



Expanding Access to Finance

Introduction of Mobile Applications and Diversification of Distribution Channels

MHC provides MileOn, a service which enables customers to complete a series of lease-related transactions from requesting estimation, applying for credit, closing contracts, and the management during a contract period online. Wide-ranging customers including corporations and sole proprietors can use this service.

Please refer to the below for details (Japanese only).

▶ MileOn

<https://www.mitsubishi-hc-capital.com/lp/mileon/>

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