

INTEGRATED REPORT 2023

A vibrant blue sky with a bright sunburst on the right side, casting rays across the scene. Below the sky is a vast, textured sea of white and light blue clouds, extending to the horizon. The overall mood is bright, hopeful, and expansive.

Together we innovate,
challenge and explore
the frontiers of the future

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About this Integrated Report

We are working to solve social issues and create new value by developing global and advanced asset businesses.

This Report combines both financial and non-financial information, including an overview of medium-to-long-term value creation, management strategies, financial results, and ESG information, so that our shareholders, investors, and all other stakeholders may become better acquainted with the Mitsubishi HC Capital Group's efforts to sustainably improve our corporate value.



Representative Director, President & CEO

Editorial Policy

This report has been compiled for the benefit of a wide range of readers, including shareholders and investors, and is designed to easily convey and promote a deeper understanding of the business activities, corporate value, and the medium- to long-term vision of the Mitsubishi HC Capital Group, in both financial and non-financial terms. The 2023 edition describes the Group's newly arranged value creation process and presents the 2025 Medium-term Management Plan that it guides. Also note that in editing the report, we referenced the International Integrated Reporting Framework recommended by the International Integrated Reporting Council and the Guidance for Collaborative Value Creation advocated by the Ministry of Economy, Trade and Industry.

Guidelines Referenced

International Integrated Reporting Framework, issued by the International Integrated Reporting Council
 Guidance for Collaborative Value Creation, issued by the Ministry of Economy, Trade and Industry



Reporting Period

Fiscal Year Ended March 31, 2023 (April 2022 to March 2023)
 (Some sections include information on activities before and after the reporting period.)

Reporting Scope

The Company and its subsidiaries and affiliates

Information Disclosure

This report combines and discloses important financial and non-financial information to help readers better understand the Company.

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

Financial Information	<ul style="list-style-type: none"> Investor Relations section of our website Annual Securities Report 	<ul style="list-style-type: none"> Consolidated Financial Highlights Summaries of Financial Results
Non-Financial Information	<ul style="list-style-type: none"> Sustainability section of our website Corporate Governance Report 	<ul style="list-style-type: none"> ESG Data

 **Integrated Report (print, PDF)**

The Integrated Report (print, PDF) can be downloaded here:

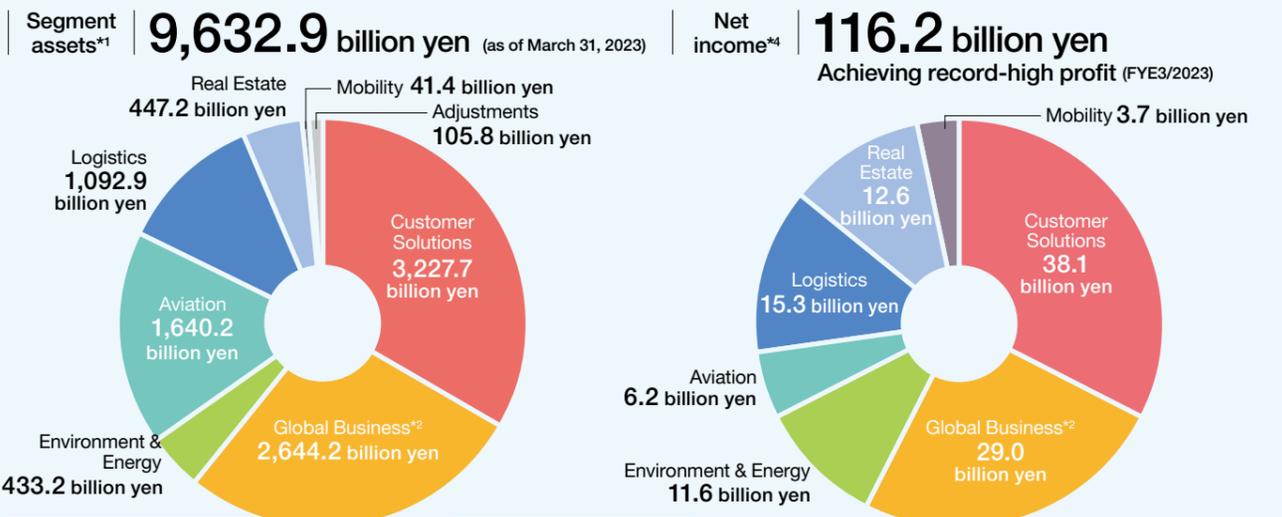
<https://www.mitsubishi-hc-capital.com/english/investors2/library/various-reports/index.html>

Overview of the Mitsubishi HC Capital Group

Figures are for FYE3/2023 or as of March 31, 2023.



External Credit Ratings



Overseas 56%*³ **Domestic 44%*³**

*¹ Segment assets = operating assets + equity method investments + goodwill + investment securities, etc.
*² Profits and operating assets in the Global Business segment do not include overseas profits and assets belonging to other segments such as Aviation and Logistics.
*³ Approximate ratios are shown by counting the Customer Solutions, Environment & Energy, Real Estate, and Mobility segments as domestic, and the Global Business, Aviation, and Logistics segments as overseas, but some segments include both domestic and overseas assets and actual ratios differ from the above.
*⁴ Net income includes negative 600 million yen in adjustments.

Segment Overview Please refer to pages 29 to 48 for details on business strategy.

Leveraging a wealth of accumulated knowledge, we maximize the potential of assets while expanding business globally. The Mitsubishi HC Capital Group is committed to creating new value as a partner that supports customers in their challenges.

Aviation

We provide services to meet the diverse needs of airlines and aircraft maintenance companies around the world, from aircraft and aircraft engine leasing to engine parts sales*⁶.

Customer Solutions

In Japan, our operations are focused on the Customer Business, which provides leasing and other finance solutions for companies and government agencies, and the Vendor Business, which provides finance functions supporting the sales of affiliated vendors (manufacturers, distributors, and so on).

Logistics

We provide customers with assets that support logistics globally, such as marine containers and railway freight cars, through leasing and finance services.

Global Business

In Europe, the Americas, China, and the ASEAN region, we offer a range of finance solutions, including leasing and sales finance, based on the social and customer needs of each country and region.

Real Estate

We offer real estate financing, investment, asset management, and other services for a wide range of asset types, from office buildings and homes to commercial properties, hotels, and logistics facilities.

Environment & Energy

In Japan and abroad, we are rolling out solar, wind, and other renewable energy businesses along with environmental finance businesses. The Group's net capacity of renewable energy is at the top level domestically at 1.2 GW (as of the end of March 2023). We also work on solar corporate power purchase agreements (corporate PPAs)*⁵ in collaboration with partner companies.

Mobility

With the widespread adoption of electric vehicles (EVs) picking up speed and new services such as car sharing and autonomous driving on the rise, the mobility industry faces a major turning point, and we are at the forefront, working with partners around the world providing high value-added automotive leasing and mobility services.

*⁵ Power Purchase Agreement: A mechanism that allows us to install power-generating facilities on facility rooftops or unused land owned by a company or municipality free of charge and then sell the electricity generated to that same company or municipality
*⁶ A business that involves purchasing aircraft engines nearing retirement, dismantling them, and selling each of the repaired parts to maintenance companies and airlines

The Vision of the Mitsubishi HC Capital Group

Basic Management Policy

Our Mission

–Our long-term goal–

Contribute to a prosperous and sustainable future by creating social value through maximizing the potential of assets.

Our Vision

–Objectives to achieve our long-term goal–

- ▶ Solve social issues by developing unique and progressive businesses with consideration for the global environment.
- ▶ Aim for sustainable growth through value co-creation with diverse stakeholders across the globe.
- ▶ Enhance corporate value by evolving our business model through utilizing digital technology and data.
- ▶ Foster an “open, creative and engaging” corporate culture that shapes each and every employee’s motivation and pride.
- ▶ Aim to be a trusted company by complying with laws and regulations, as well as implementing ethical corporate management.

Action Principles

–“Values and mindset to be held” and “actions to be taken” by each and every employee–

Challenge	Challenge ourselves to look forward to the future with a sense of responsibility and commitment.
Digital	Drive digital innovation and expertise.
Communication	Communicate openly and honestly to build mutual understanding and trust.
Diversity	Embrace diversity and respect each other.
Sustainability	Act in harmony with people, society and the earth to create a sustainable world.
Integrity	Maintain the highest standards of ethics and integrity.

Materiality (Material Issues)

Against a backdrop of megatrends such as 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 make efforts to solve numerous issues, such as promoting a decarbonized society and building a circular economy.

Mitsubishi HC Capital has identified the following six materiality (material issues) as priority key challenges that must be addressed to achieve sustainable development of the Mitsubishi HC Capital Group. We identified

materiality through the following three processes: (1) Developed a comprehensive list of ESG challenges based on ISO 26000, the Sustainable Development Goals (SDGs) and related international guidelines and principles, and identified candidates based on their importance in terms of both opportunities and risks to the Company’s business, (2) Confirmed the expectations and requirements of external stakeholders, including key customers and shareholders, to narrow down the candidates, and (3) Identified materiality after discussions of the Sustainability Committee, Executive Committee and the Board of Directors.

Please refer to our website for details.

<https://www.mitsubishi-hc-capital.com/english/sustainability/materiality.html>

Materiality	Why the Group Treats as Highly Material Challenges	Relation to SDGs
 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 services 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.	 
 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 company 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.	   
 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.	 
 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.	   
 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.	 
 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.	 

Our 10-year Vision

As a milestone to our long-term aspirations, we have formulated a 10-year Vision.

The vision functions as a compass showing the way to realizing our mission by achieving three medium-term management plans representing the “hop,” “step,” and “jump” phases.

Our 10-year Vision

Together we innovate, challenge and explore the frontiers of the future

To achieve our mission, continue to be an “innovator (who ventures into unexplored fields and creates innovation)” who challenges the frontiers of the future without being bound by precedents.

Anticipate the changes in society and the business environment including changes in global industrial structures, accelerating digitalization and increasing importance of sustainability, and continue addressing social issues that can be solved only by us through approaches such as SX (sustainability transformation) and DX (digital transformation) with customers and partners.

	FYE3/2022	FYE3/2023	FYE3/2024 Forecast	FYE3/2026 Target
Net income attributable to owners of parent	99.4 billion yen	116.2 billion yen	120 billion yen	160 billion yen
ROA*	1.0%	1.1%	1.1%	approx. 1.5%
ROE*	8.0%	8.2%	7.8%	approx. 10%
Payout ratio	40.4%	40.8%	44.3%	At least 40% <small>(for the duration of the 2025 Medium-term Management Plan)</small>
Financial soundness	A rating	A rating	Maintain A ratings <small>(for the duration of the 2025 Medium-term Management Plan)</small>	

*ROA and ROE are based on net income

Please refer to pages 19 to 28 to learn about our value creation story to realize the 10-year Vision, and pages 49 to 52 to learn about the financial strategies under the 2025 Medium-term Management Plan.





Taiju Hisai

Representative Director,
President & CEO

Profile

In 1985, he joined Mitsubishi Bank (currently MUFG Bank). Since then, he served in various managerial positions globally, in Japan, the U.S., Europe and India. In June 2021, he became a Deputy President and Executive Officer of Mitsubishi HC Capital and from April 2023, he became Representative Director, President & CEO.

Becoming an Innovator That Opens Up the Future of the Asset Business and Co-Creates Value

Bringing out the capabilities of all employees to the fullest to attain 2025 MTMP

I am Taiju Hisai, and I assumed the duties of Representative Director, President & CEO of Mitsubishi HC Capital Inc. on April 1, 2023.

During the previous two years, I was involved in the overall management of Mitsubishi HC Capital as a Deputy President. In that sense, although I have taken the reins as President & CEO since this past April, my actual job duties will not change significantly. Even so, I keenly feel the heavy weight of my responsibilities as the final decision-maker at Mitsubishi HC Capital.

In April 2023, Mitsubishi HC Capital launched its Medium-Term Management Plan for FY2023 - FY2025 (2025 MTMP), which runs for three years. Having assumed the role of President & CEO at the same time as the start of 2025 MTMP, my greatest responsibility is to ensure that we attain the objectives of 2025 MTMP through the strategies and measures set forth in the

plan. My chief role is to stand at the forefront and lead the Mitsubishi HC Capital Group, a large organization consisting of approximately 9,000 employees, and bring out the full capabilities of these employees. In my previous professional career, I spent many years overseas in managerial positions in such countries as the United States, the United Kingdom, and India. During this time, I focused my efforts on how I could motivate my team members who were from different countries with different languages and cultures, and spur them to work toward attaining shared goals.

I think one of the reasons I was selected as President & CEO was so that I could leverage this experience to exercise my leadership to unite Mitsubishi HC Capital Group employees worldwide and surmount the high hurdles we face.

Completion of the business integration process together with our employees and transitioning to a new stage of growth

Mitsubishi HC Capital was born in April 2021 through the integration of Mitsubishi UFJ Lease & Finance and Hitachi Capital, both prominent leasing companies in Japan. The prevailing notion at that time was that the Mitsubishi Group was a “Lord” and the Hitachi Group a “Nobushi,” or a lordless samurai. In fact, we often heard that integrating these two companies, which had different systems, rules, and corporate cultures, would likely be no easy task. Thanks to the hard work of each employee, who occasionally set aside conflicting opinions, we accomplished all the tasks set at the outset of the merger within two years as originally planned as we aim to create something new and achieve synergistic coactions.

Having experienced the challenges of two major corporate mergers during my previous career, I consider our successful business integration nothing short of a

truly miraculous accomplishment. Although we faced differences because Mitsubishi UFJ Lease & Finance had a background in banking and trading house businesses, while Hitachi Capital’s background was in manufacturing businesses, the temperaments of the employees of both companies proved to be more similar than I anticipated. This affinity between the cultures of the two predecessor companies was a huge factor underpinning our successful completion of our PMI.

Over long years, Mitsubishi UFJ Lease & Finance built close partnerships with the Mitsubishi UFJ Financial Group and Mitsubishi Corporation, while Hitachi Capital forged similar ties with Hitachi, Ltd. and other Hitachi Group companies. These strong networks of our forerunners have been firmly inherited by Mitsubishi HC Capital. The integration of the two companies, which possessed different competitive advantages, enables us to mutually

expand our business fields, geographically diversify our portfolio, and create a full lineup of products and services, as well as build an extensive and strong customer base and network that leads the global market. Mitsubishi HC Capital Group currently undertakes business in more than 20 countries and regions. With overseas business accounting for over 50% of the segments' asset balance in FYE3/2023, Mitsubishi HC Capital Group is building a geographically diversified portfolio and demonstrating its presence globally. For example, one of our focus regions is the Americas, where the scale of our U.S.-based Group companies as a whole*¹ ranks among the top in the U.S. non-banking industry*². Building on this solid track record, Mitsubishi HC Capital Group will continue to march toward a new growth stage that maximizes synergies.



Group-wide global discussions are held to maximize synergies on a regular basis.

*¹ Total U.S.-based Group companies in the Global Business, Aviation, and Logistics segments.
*² Company internal survey.

Transforming ourselves to realize Our 10-Year Vision

Work on formulating 2025 MTMP began immediately after I became Deputy President. At first, we held repeated discussions led mainly by Seiji Kawabe, Chairman, Takahiro Yanai, President & CEO and the three Deputy Presidents including myself (all at that time). Despite numerous twists and turns, everyone unanimously focused on the type of corporate group the Company aspired to become over the long term. Additionally, during these discussions, one of our crucial themes was promoting initiatives to raise corporate value over the medium to long term and to realize a price-to-book ratio (PBR) exceeding 1x as a quantitative benchmark of this increased corporate value.

Society and the economy are currently in a time of historic structural change. Given this, perhaps ten years from now people might even say, "By the way, there was once an industry called leasing." To ensure that Mitsubishi HC Capital Group can maintain its presence as one of Japan's premier corporate groups amid this change, in the coming years, we must take on new challenges that go beyond the framework of a leasing

company. With this in mind, we all started our discussions with a shared recognition of the importance of transforming ourselves. In envisioning our future, we began our discussion with a completely blank slate, asking ourselves, "What type of company does Mitsubishi HC Capital Group seek to become when it transcends the framework of a leasing company?"

The manifestation of these discussions was Our 10-Year Vision, "Together we innovate, challenge and explore the frontiers of the future." This Vision embodies our fervent desire to become a company that takes on challenges in yet unexplored domains and continuously takes on challenges not by ourselves but also together with our customers, partners, and various stakeholders. We will boldly tackle the challenge of achieving things that nobody has ever accomplished before. Although we will naturally experience failures along the way, we must never fear failure. We need to continuously act as a reformer and challenger that creates new things motivated by these failures. I believe this attitude will be highly acclaimed by our customers and partners.

We will focus on "sowing seeds" and "gaining a foothold" to achieve sustainable growth during the three years of 2025 MTMP

Mitsubishi HC Capital Group regards the 10-year period for achieving Our 10-Year Vision as consisting of three

phases, Hop, Step, and Jump. We have positioned the current three-year period of 2025 MTMP as the Hop



phase. During this phase, the entire Group will work in unison in "sowing seeds" and "gaining a foothold" to enable us to leap ahead to the subsequent Skip and Jump phases. Specifically, in "sowing seeds" with an eye to the future, we will focus on promoting DX strategies and developing, securing, and utilizing human capital such as global human resources and digital talent. For "gaining a foothold," we will promote issues for sustainable growth, such as the next-generation system structures, including the integration of core systems, and building a talent portfolio strategy that aligns with our management strategy.

Our business portfolio consists of a variety of businesses ranging from traditional core businesses to new businesses with high growth potential and profitability. This portfolio is widely dispersed globally and is becoming a stable and reliable profit foundation based on our solid leasing business with a wide range of customers.

For example, even though our Aviation Business was significantly affected, albeit temporarily, during the period of COVID-19, we were able to secure increased profits on a Group-wide basis thanks to the contribution of the marine container leasing business on the back of growing stay-at-home demand.

Additionally, we must work to transform our business portfolio while accurately responding to the needs and trends of the times to ensure our continued growth as a corporate group. To this end, we will shift focus toward high profitability on a project basis, as well as in business regions and business models. Moreover, by harnessing the knowledge and resources of each organization within the Group, we will implement a policy of focusing across all segments on the four Key Themes of Hydrogen, EVs, Logistics, and Decarbonization Solutions, which will also help solve social issues both domestically and globally.

Realizing CX through the value creation process

Please see pages 21-22 for the value creation process.

To realize Our 10-Year Vision, and ultimately achieve sustainable increases in corporate value, we must fully utilize both financial capital and non-financial capital. Accordingly, in formulating this plan, we first set up the "value creation process" that will serve as our guideline. After redefining our capital, which includes financial

capital, human capital, and intellectual capital, etc., we summarized the flow of capital accumulation and value creation via business activities into our own unique story. Furthermore, in addition to financial targets, 2025 MTMP sets non-financial targets to confirm that non-financial capital is accumulated through our value-creation

process. By properly executing this value creation process, we can achieve CX (Corporate Transformation) through SX (Sustainability Transformation), DX (Digital Transformation), and Business Portfolio Transformation.

The SX we advocate is a concept that involves creating businesses that contribute to the sustainability of the Company and its stakeholders while responding to the SDGs and contributing to the sustainability of the environment and society. In Japan, there is a saying, "Sampo Yoshi," which means benefits for all three sides. Any zero-sum relationship whereby when one party makes a profit and the other party loses is not sustainable over time. Mindful of this, we will pursue ways of business that enable customers, society, and the Group

to co-create and share the fruits of these efforts in keeping with the notion of benefits for all three sides.

DX is now probably a prerequisite for a company's ongoing existence. By utilizing digital technology, we aim to generate profits, improve the efficiency of our business and operations, and pave the way for taking on challenges in new fields. We consider promoting DX to be an essential initiative for companies of today.

In executing "Business Portfolio Transformation," we will extensively review the way we do business from a medium- to long-term perspective with an awareness of the cost of capital. The key to achieving this will be the Evolution and Layering of Business Models, which I will explain next.

overall. With regard to Finance + Services, our policy will be to focus on developing high-value-added services such as subscription services. In the Data Utilization Platform Service, we will utilize data accumulated within the Group that has yet to be effectively utilized to create new services such as inventory optimization and sharing. In the Asset Utilization Business, we will engage in business that leverages the value of assets, such as real estate development and the aggregation business which integrates and manages renewable energy.

Mitsubishi HC Capital Group's "Evolution and Layering of Business Models" is an innovative attempt to

evolve and layer formats into middle-risk, middle-return businesses to increase the profitability and added value of our core Customer Finance and Asset Finance businesses, including the new business of Finance + Services, as well as securing service revenue and business revenue. In particular, over the coming three years, we will strengthen the business foundations of Data Utilization Platform Services and Asset Utilization Business to establish a system that can consistently generate profits at the Step or Jump phases.

Diversification of revenue sources and sophistication of business models through Evolution and Layering of Business Models

Within 2025 MTMP, we have positioned the Evolution and Layering of Business Models as the core of our business strategy. In view of changes in the business environment over the medium to long term, we will pursue business operations and service development that maximize the use of tangible and intangible assets. In doing so, we have visualized this process of Evolution and Layering. Specifically, we have categorized our business into five business models. Using the customer base and profit bases of our founding business of

Customer Finance and Asset Finance as a foundation, we will shift these existing businesses into high-value-added services, namely Finance + Services, Data Utilization Platform Services, and Asset Utilization Business.

In our core Customer Finance and Asset Finance businesses, we will secure stable and continuous income gains from lease income, interest, and commissions and will replace low-profitability assets with high-profitability assets to achieve higher profitability



Pursuing new forms of asset businesses that sometimes compete and sometimes collaborate

We undertake asset businesses globally utilizing both tangible and intangible assets. Among these, we are currently focusing on the leasing business, and our main competitors are naturally domestic and overseas leasing companies. However, competitive relationships are becoming increasingly complex as business fields and business models diversify. Various types of non-leasing companies are now also our competitors, as well as our partners.

For example, the Mitsubishi HC Capital Group is working on projects for revitalizing urban functions and regional revitalization. This includes wide-ranging involvement in large-scale development projects, which were once the exclusive domain of general contractors, trading companies, and major real estate companies. We are also carrying out such renewable energy businesses as solar power and wind power businesses. We are even promoting some businesses in which we go beyond the

framework of a lease provider and serve as a business operator. General contractors and home builders in the real estate development business and general trading companies in the renewable energy business are all strong competitors. Meanwhile, these companies are also our partners with which we sometimes work together to build and operate business schemes.

Furthermore, it is important to build win-win relationships in which all parties involved in the business, including customers, can mutually utilize their respective functions and strengths and enjoy equal benefits. I expect that Mitsubishi HC Capital Group will play a role as a comprehensive financial service provider or project operator and so our business opportunities are expanding more than ever before. The days when Mitsubishi HC Capital Group focused solely on providing leasing functions are in the past. This is precisely why we must work on Evolving and Layering Business Models.

Four initiatives to improve the sophistication of our management foundation

To improve the sophistication of our management foundation, we have set four strategies consisting of fostering and securing human resources, bolstering the financial base and internal organizational base, strengthening the corporate governance framework, and enhancing stakeholder engagement.

I believe the key to Mitsubishi HC Capital Group's further growth over the next ten years will be to effectively allocate and utilize our human resources, which

represent our greatest asset. Formed through the business integration of Mitsubishi UFJ Lease & Finance and Hitachi Capital, which were two companies with different backgrounds, Mitsubishi HC Capital Group possesses human resources in Japan and overseas who are well versed in financial businesses centered on leasing in addition to a large number of employees with specialized knowledge in specific assets and fields that include environmental & energy, aviation, marine containers, and

railway freight car leasing businesses.

Mitsubishi HC Capital Group has positioned human resources as the driving force behind this growth. As such, Mitsubishi HC Capital Group works to further expand and enhance its human resources by both quantitatively securing diverse human resources that include new graduate hires and mid-career hires as well as members who join the Group through M&A and then qualitatively transforming these resources through education and training programs.

In bolstering the financial base and internal organizational base, Mitsubishi HC Capital Group will implement financial strategies that take into account well-balanced growth potential, return on capital, and financial soundness. At the same time, we will work to rebuild our credit screening and management framework in accordance with our business portfolio transformation.

Regarding corporate governance, Mitsubishi HC Capital Group will focus on establishing an effective consolidated management framework and sophisticating its integrated risk management, which is the foundation for our business promotion. Through the business integration, Mitsubishi HC Capital Group has become a global group of companies with bases in more than 20 countries worldwide.

To pursue growth for the entire Group, all employees must share a vision for the future in implementing

strategies and measures based on common goals. A key point in doing so is balancing our centrifugal and centripetal forces. Instead of individually optimizing each business site, we aim for overall optimization as a Group. We will strive to establish effective global governance based on our Consolidated Management Philosophy, which advocates the disciplined growth of the Group.

For stakeholder engagement, we aim to further deepen ESG management through initiatives that address climate change and human rights. Concurrently, we will strive to forge even closer relationships with our stakeholders by disseminating financial and non-financial information in a timely and accurate manner. Recently, we have been receiving an increasing number of questions about our risk management from shareholders and investors in Europe and the United States. Promoting the Evolution and Layering of Business Models is synonymous with increasing risk tolerance. Therefore, we must quantify the risk factors faced by the Group and manage these appropriately through detailed analysis and effective countermeasures. We will continuously strive to minimize volatility in our management and business by smoothly operating a multi-layered risk management framework that includes adopting individual risk measures, ensuring compliance, and implementing internal controls.



Balance sheet optimization is our most important financial theme

Now, I would like to explain the quantitative indicators of the 2025 MTMP.

Mitsubishi HC Capital Group has established financial targets of 160 billion yen in net income, ROA (net income on total assets) of approximately 1.5%, and ROE (net income on equity) of approximately 10% for FYE 3/2026. During the period of 2025 MTMP, we have also set the goal of maintaining a dividend payout ratio of 40% or higher and an “A” credit rating. To attain these high financial targets, we consider one of our most important themes to be optimizing our balance sheet based on well-balanced growth potential, return on capital, and financial soundness.

Mitsubishi HC Capital Group has total assets exceeding 10 trillion yen. We believe we can continue to secure stable funding because we maintain steady performance and a sound financial position through our diversified business portfolio. On the other hand, I do not believe it prudent to increase total assets without limit from the perspective of ensuring sufficient resilience

against sudden changes in the external environment, such as the Lehman Shock in 2008. We recognize that it is essential to improve the quality of our portfolio through the Evolution and Layering of Business Models and thereby raise ROA and ROE.

Furthermore, I believe that improving our price book-value ratio (PBR) is an urgent management issue even though we have not set a specific numerical target. PBR serves as a benchmark for achieving our plans and is also watched closely by the market. Mitsubishi HC Capital Group’s PBR is hovering around 0.8x as of November 2023. I believe we should raise this to 1x as quickly as possible from the perspective of shareholder value. We will make our best efforts to gain even greater understanding and empathy for the Group by accumulating profits through the steady progress of 2025 MTMP and by disseminating the details and results of our initiatives to capital markets and society in a timely manner.

Becoming a company with satisfied employees that is respected by society

Mitsubishi HC Capital’s history spans over half a century counting the founding dates of our two predecessor companies. During this time, we have continuously achieved steady growth by providing a variety of leasing services to industry and society. We are deeply grateful to all our stakeholders for their support that made this growth possible.

We now stand at a major turning point in history. The business environment for companies remains clouded by factors that include rising geopolitical risks such as regional conflicts worldwide, supply chain disruptions, soaring resource and energy prices, ongoing inflation, and volatile fluctuations in exchange rates. Furthermore, AI and DX are reshaping the structure of economic society while there are also strong calls for corporate management to contribute to environmental and social sustainability. To respond appropriately to these issues and contribute to the realization of safe and secure lifestyles, we must create environmental, social, and economic value unique to Mitsubishi HC Capital Group.

Only people can lead and realize the transformation and development of a company. I am confident that realizing the happiness of every employee who supports Mitsubishi HC Capital Group’s value creation will allow us to contribute to society through our business and

services. Our goal is to continue being a company where all employees are satisfied and happy with their work and talk with pride to their families and friends about our Group. We will strive to earn the trust of society and be a respected corporate group by making steady progress with 2025 MTMP and by realizing Our 10-year Vision, “Together we innovate, challenge and explore the frontiers of the future.”

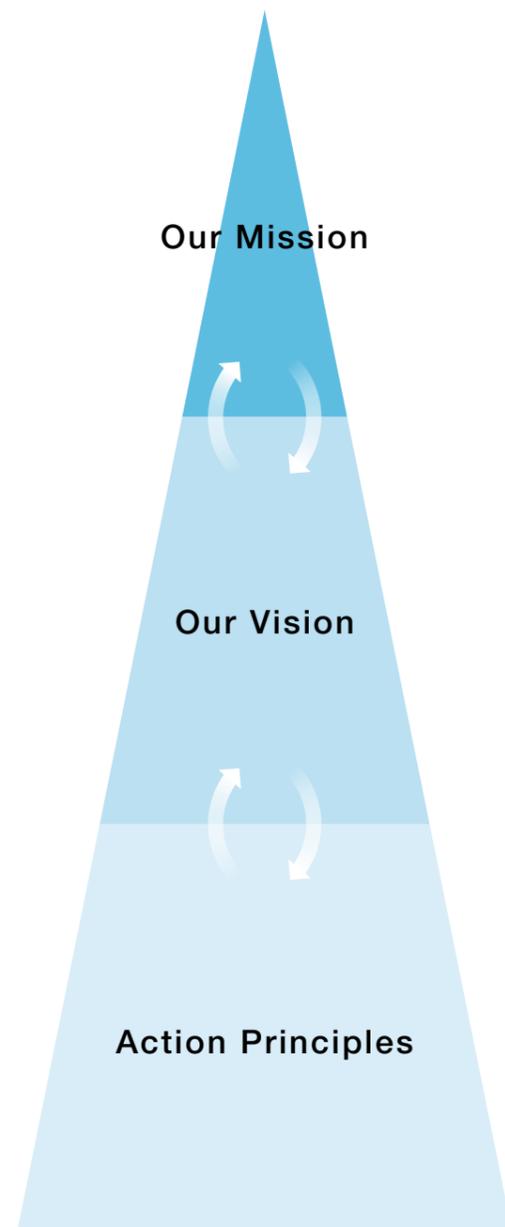
Mitsubishi HC Capital Group has achieved continuous development thanks to the support of numerous stakeholders, including its customers, shareholders and investors, business partners, and the local communities where Group companies have operating bases. We believe that by continuing to further deepen our relationships of trust with our stakeholders, we will be able to achieve healthier and fairer Group management. We would like to ask all our stakeholders for their continued understanding and support of the Group.

Positions of Value Creation Process and Medium-term Management Plan

We have defined the Basic Management Policy as our long-term goal and medium- to long-term management direction, setting out what we aim to do to achieve Our 10-year Vision.

We have refined the Value Creation Process as a summary of how we create value for our stakeholders and then formulated the Medium-term Management Plan for FY2023 to FY2025 ("2025 MTMP") by referring to the Value Creation Process as guidelines.

Basic Management Policy*¹



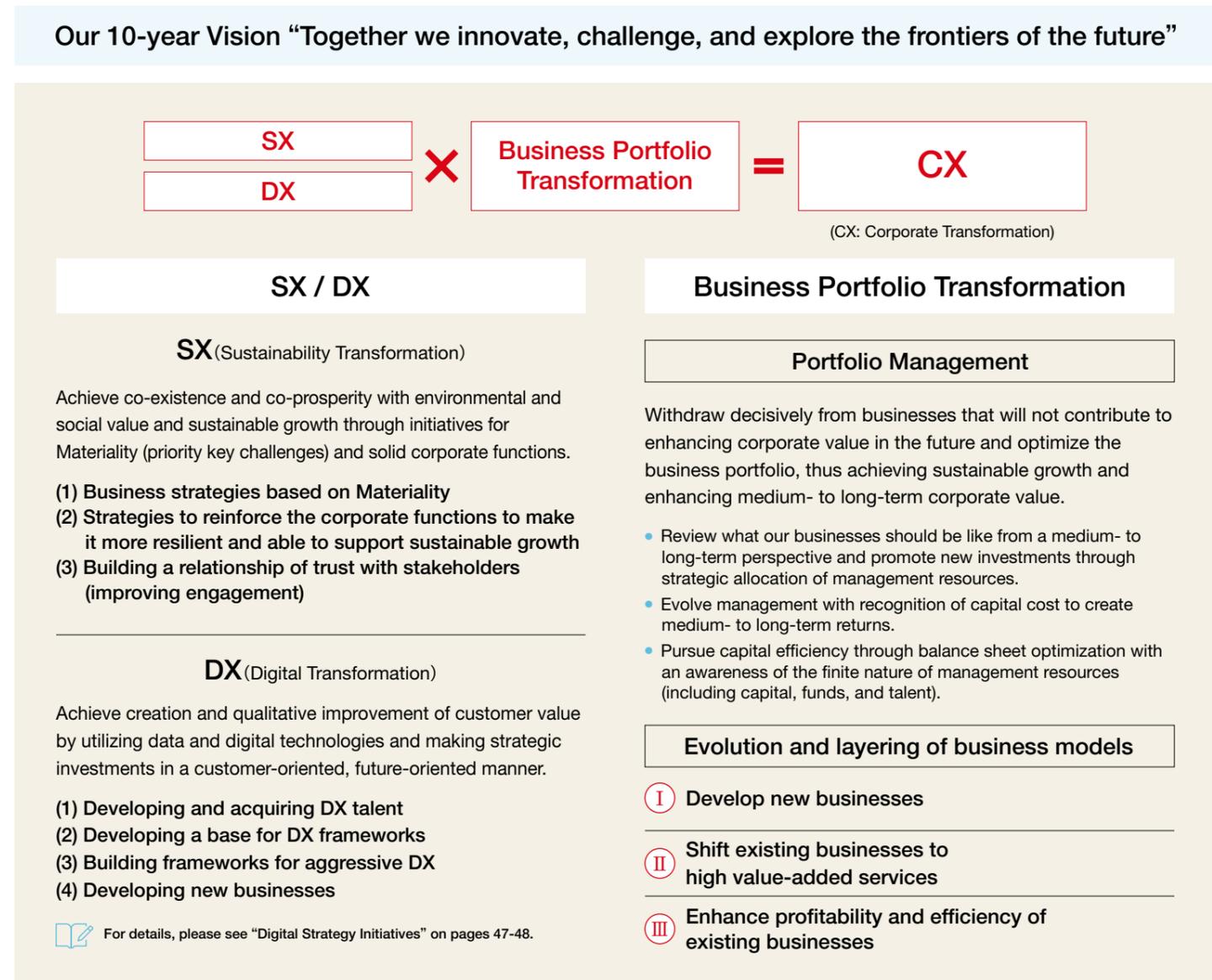
*1 Established on April 1, 2021, Revised on May 16, 2022

Please refer to our website for details.

Basic Management Policy
<https://www.mitsubishi-hc-capital.com/english/corporate/idea/index.html>

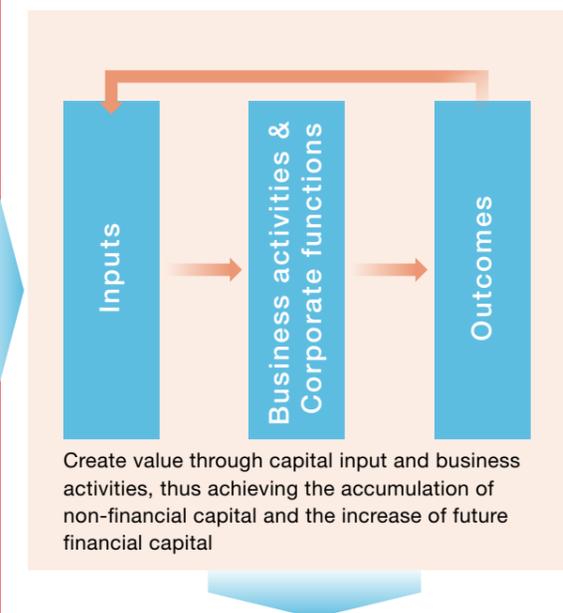
Medium to Long-term Management Direction*²

To achieve Our 10-year Vision, we will promote CX by organically combining SX and DX implemented with measures such as initiatives on our Materiality, the use of data and digital technologies, etc., and Business Portfolio Transformation aimed at realizing an optimal portfolio.



*2 Announced on May 16, 2022

Value Creation Process

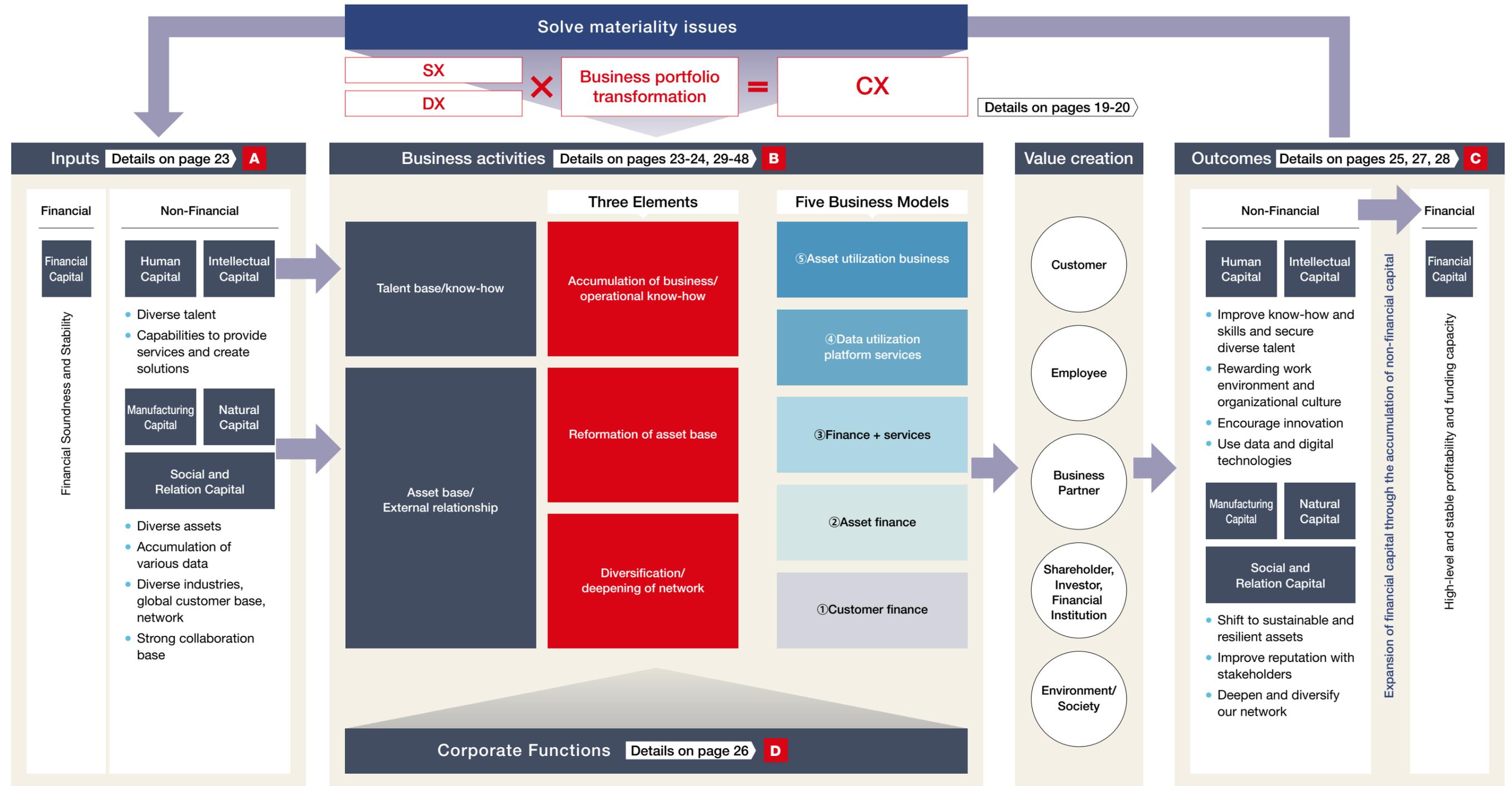


Medium-term Management Plan



Value Creation Process

Our value creation process shows the flow, that is, injecting capital and creating value for stakeholders through business activities, thus achieving CX and solving issues as Materiality while accumulating non-financial capital and eventually expanding financial capital.



Explanation of Each Part of the Value Creation Process

A Inputs

We have organized the major factors of our important management resources, which have been injected into business activities, by categorizing them into financial capital and nonfinancial capital, respectively.

Financial Capital

A profit base that realizes stable growth and a sound, stable financial foundation based on our ability to raise funds in Japan and other countries are among our most important management resources. Net income for FY2022 stood at 116.2 billion yen, and since the business integration in April 2021, our consolidated net income has continued to reach a new record high every year. We

have thus achieved stable, sustainable growth. In addition, our consolidated total equity, as of March 31, 2023, amounted to 1,551.0 billion yen, with an equity ratio of 14.3%. We have therefore secured the equity needed to firmly maintain financial soundness (credit rating of A).

Non-Financial Capital

Human Capital, Intellectual Capital

These types of capital are core elements of the source of our competitive advantage and the engine for the sustainable enhancement of corporate value. In terms of human capital, we have 8,648 people (consolidated/as of March 31, 2023) with diverse backgrounds who have extensive knowledge of specialized assets, including manufacturing equipment, real estate, and aircraft, and knowledge that enables us to operate leasing and finance related to such assets, as well as service and other businesses.

Concerning intellectual capital, we have accumulated expertise in integrated risk management, credit examination, and ALM (total management of assets and liabilities) related to leasing, investment, lending, and assets, among others, in addition to knowledge of each asset and business domain.

Manufacturing Capital, Natural Capital, Social and Relation Capital
Important matters that are closely related to these types of

capital include our initiatives for achieving decarbonization.

We position these as important management resources among our company-wide sustainability initiatives. We have numerous customer bases in Japan and other countries, have built portfolios (consolidated total assets: 10,726.1 billion yen as of March 31, 2023), which are dispersed in terms of both business and region and have accumulated data related to customers, business operations, and assets. We have an equity-owned power generation capacity of 1.2 GW (as of March 31, 2023) in Japan and other countries through renewable energy generation business using solar power, wind power, and other renewable energy sources. We also have strong business partnerships with Mitsubishi UFJ Financial Group, Inc., Mitsubishi Corporation, and Hitachi, Ltd., in addition to our global network within the Mitsubishi HC Capital Group, which operates in more than 20 countries. They constitute a source of our competitive advantage.

B Business Activities

Three Elements

We have set up the initiatives we need to pursue to overcome our weaknesses while utilizing and enhancing our management resources and strengths as the three elements.

(1) Accumulation of business/operational know-how

We will strive to enhance our business know-how and acquire operational know-how to identify changing customer needs. For example, for new business development or investments, we will enhance the overall Group's capabilities of creating and operating businesses by making use of the skills and experience of our business management human resources, which are our strengths. In addition, to provide value-added services, we will enhance our operational know-how to meet the customer needs for services peripheral to assets, such as maintenance, rental, and subscription services.

which are sustainable and resilient enough to withstand medium- to long-term changes in the operating environment. Further, we will build a database and work to develop a digital solution system, which will enable efficiency improvement and the sophistication of operations, and we will make full use of data.

(3) Diversification/deepening of network

We will build a network with diverse domestic and overseas partners, including Mitsubishi UFJ Financial Group, Inc., Mitsubishi Corporation, and Hitachi, Ltd., to cover the entire supply chain. At the same time, we will provide services in areas that are peripheral to assets rather than only offering finance solutions. We will thus endeavor to deepen our relationship with customers. We will also deepen our network with customers multilaterally as a data platform provider that possesses and utilizes abundant data. We will also aim to evolve into a business partner that solves customers' issues through business operations and investments related to new markets and needs, which existing players have yet to cover.

(2) Reformation of asset base

We will identify assets with low profitability and reduce, withdraw from, and rebuild such assets. At the same time, we will shift to highly profitable assets that are expected to be sought by customers. In addition, throughout the entire supply chain, we will remake our assets into those that consider environmental impact and human rights and

Five Business Models

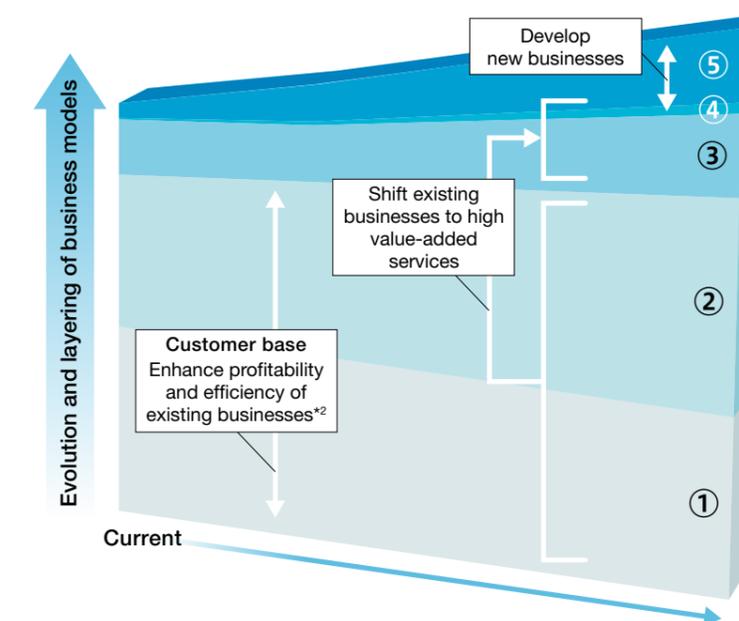
We have classified our business models into five ones: (1) customer finance, (2) asset finance, (3) finance + services, (4) data utilization platform services, and (5) asset utilization business. We will advance the evolution and layering of business models toward the achievement of the business portfolio transformation.

As major targets, we have set enhancing the profitability and efficiency of existing businesses, shifting existing businesses to high value-added services, and developing new businesses. We will advance the evolution and layering of business models by simultaneously driving these three measures.

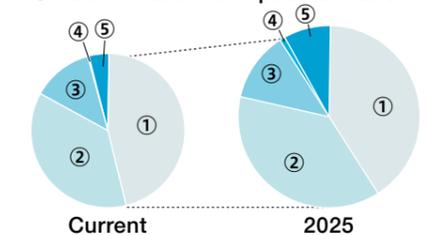
	① Customer finance	② Asset finance	③ Finance+services	④ Data utilization platform services	⑤ Asset utilization business
Business Characteristics	Acquiring income gains from leases, etc., consistently and continuously with leases and lending based on customer credit	Investment and lending mainly in specific marketable general-purpose assets backed by the value of business assets. Gains on sales of owned assets as well as income gain can be acquired	Add maintenance services, AM ^{*1} , etc., mainly to asset finance, and acquire service revenue as well as income gain and capital gain	Utilize data to develop platform businesses and mainly acquire service revenue	Promote business investment utilizing assets, aiming to maximize revenue from those businesses
Examples	<ul style="list-style-type: none"> Finance leases Vendor leases Installation sales Lending 	<ul style="list-style-type: none"> Operating leases Real estate securitization 	<ul style="list-style-type: none"> Operating leases with maintenance services Service solutions such as asset management 	<ul style="list-style-type: none"> Inventory optimization services utilizing data Sharing services utilizing data 	<ul style="list-style-type: none"> Non-FIT renewable energy businesses Real estate revitalization and development investment

*1 AM: Asset Management

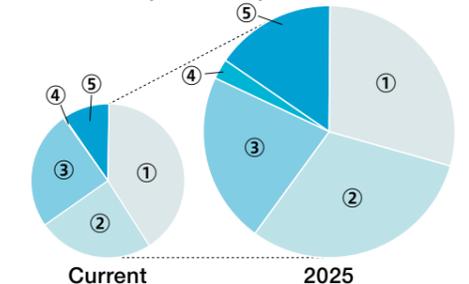
Vision of the Evolution and Layering of Business Models



● Vision of asset composition ratio



● Vision of profit composition ratio



*2 Includes restructuring and withdrawal. Actively accumulate high-profitability assets while selling and reducing low-profitability assets. Evolve into O&D business.

C Outcomes

Expansion of Financial Capital through the Accumulation of Non-Financial Capital

We have set themes that we should aim to address in the future concerning five types of nonfinancial capital (human capital, intellectual capital, manufacturing capital, natural capital, and social and relation capital) so that our value creation process will function, and the accumulation of nonfinancial capital will lead steadily to the expansion of financial capital.

We will accumulate nonfinancial capital by implementing these initiatives, aiming to achieve an expansion of financial capital and, ultimately, the sustainable enhancement of our corporate value.

Theme to Be Addressed (Accumulation of Non-Financial Capital)	Expansion of Financial Capital through the Accumulation of Non-Financial Capital
Human Capital	Improve know-how and skills and secure diverse talent > By accumulating know-how peripheral to assets through the realization of an ideal talent portfolio, grow our businesses and increase profitability.
	Rewarding work environment and organizational culture > Improve productivity, create new businesses that adapt to changing external environments, and realize a company that continues to be chosen by internal and external talent through the continuous improvement of employee engagement.
Intellectual Capital	Encourage innovation > Improve profitability and accelerate growth by developing a framework to encourage innovation and continuing to create new businesses.
	Use data and digital technologies > Steadily execute DX strategies to provide high value-added services and improve productivity, in order to achieve our goal of expanding DX-related new businesses and products.
Manufacturing Capital	Shift to sustainable and resilient assets > Replace with assets whose value is maintained over the medium to long term and improve ROA to increase the value of assets and reduce risks of value being harmed.
Natural Capital	Improve reputation with stakeholders > Improve the reputation with and trust of our stakeholders through appropriate information disclosure and engagement, and reduce capital cost.
Social and Relation Capital	Deepen and diversify our network > Provide high value-added services to our customers and increase profitability by diversifying and deepening our network.

D Corporate Functions

Corporate Functions Strategies

We will focus mainly on the following four corporate function strategies to support the evolution and layering of business models.

Fostering and securing talent >	<ul style="list-style-type: none"> Enhance employee engagement by utilizing surveys, etc. Develop a talent portfolio contributing to the achievement of management strategies (increase the number of talent and qualitatively transform their abilities) Strategically disclose human capital (set goals in line with the HR strategy and communicate goals)
Bolstering the financial base and internal organizational base >	<ul style="list-style-type: none"> Procure stable and competitive funds, expand funding capacity, and enhance the ALM framework Redevelop frameworks for credit examination and management in response to business portfolio transformation Develop optimal IT systems responding to new businesses and business models
Strengthening the corporate governance framework >	<ul style="list-style-type: none"> Promote Group-wide unified management by strengthening the consolidated management framework Enhance integrated risk management in response to business evolution and changes Develop a framework for unified management of internal auditing on a global basis
Enhancing stakeholder engagement >	<ul style="list-style-type: none"> Enhance financial and non-financial information to be disclosed and diversify means to dispatch information Enhance communication with external stakeholders Promote and strengthen efforts for sustainability (promote efforts for climate change and human rights, enhance and communicate ESG-related information)

Frameworks to Promote Transformation

To implement awareness reform aimed at transformation, we will eliminate obstacles to achieving the transformation and speedily promote various initiatives from new perspectives and not simply stay on conventional paths.



2025 MTMP Financial Targets

We have set financial and nonfinancial targets under 2025 MTMP based on business strategies, corporate functions strategies, and frameworks to promote transformation.

Financial Targets
(end of FY2025)

Net income:

JPY 160.0 Bn

(CAGR*1 vs. FY2022: +11.2%)

ROA*2 :

Approx. 1.5%

(vs. FY2022: Approx. +0.4pts)

ROE*2 :

Approx. 10%

(vs. FY2022: Approx. +1.8pts)

Dividend Policy
(2025 MTMP period)

Payout ratio:

40% or higher

- As a general rule, return profits to shareholders by paying dividends
- Increase the total amount of dividend payment through profit growth

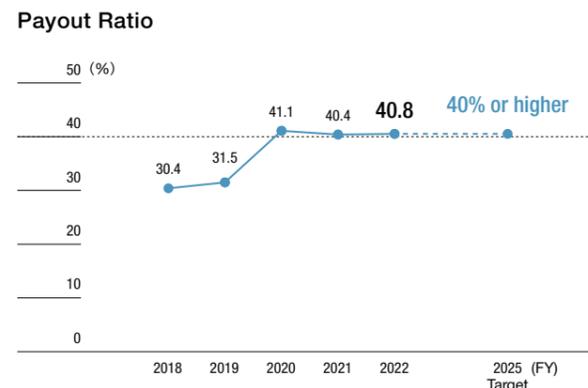
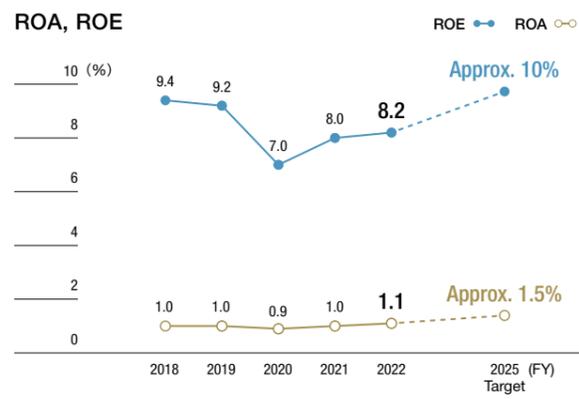
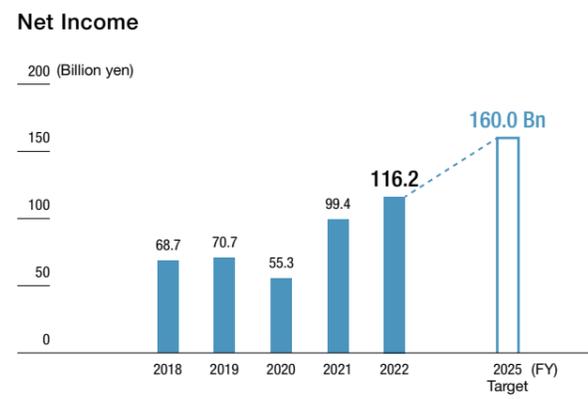
Financial Soundness
(2025 MTMP period)

Maintain

A ratings

- Establish both a sound financial base and an active investment strategy
- Maintain current stand-alone ratings

Exchange rates: (FY2022) USD1=JPY131.43, GBP1=JPY163.15 (FY2025) USD1=JPY130, GBP1=JPY160 *1 CAGR: Compound Annual Growth Rate *2 Net income attributable to owners of parent is used for the calculation of ROA and ROE



	Long-term	Short-term
Japan Credit Rating Agency, Ltd. (JCR)	AA	J-1+
Rating and Investment Information, Inc. (R&I)	AA-	a-1+
Moody's	A3	-
S&P	A-	A-2

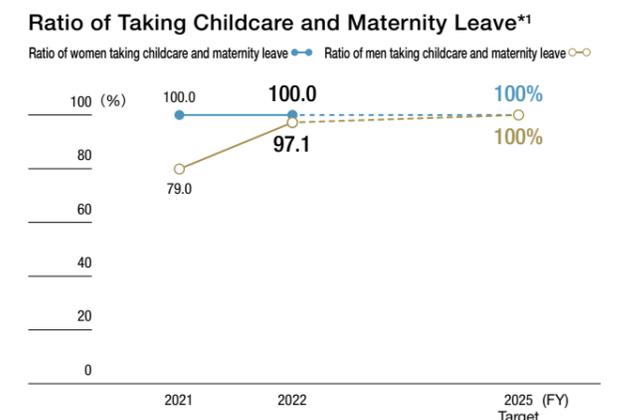
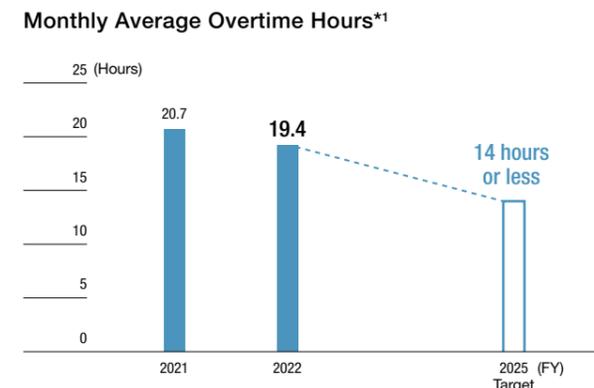
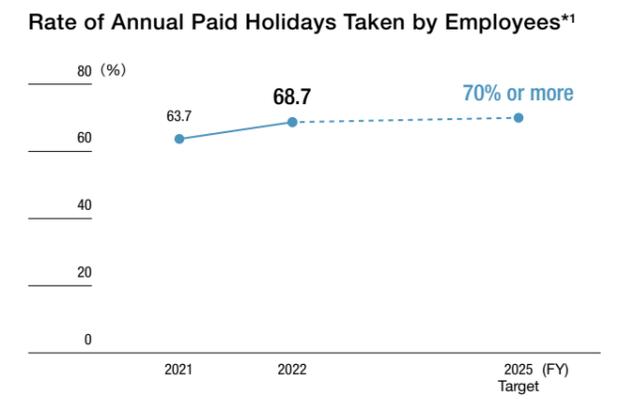
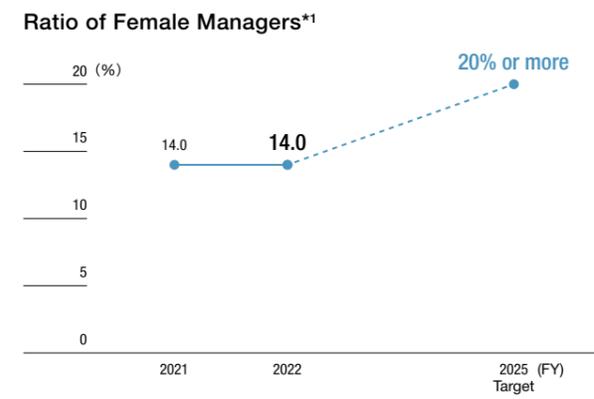
(As of March 31, 2023)

* Mitsubishi UFJ Lease & Finance results from FY2018 to FY2020

2025 MTMP Non-Financial Targets

Capital	KPI	Targets (2025 MTMP)
Human Capital Intellectual Capital	Level of fulfillment of a talent portfolio in line with our management strategies	Formulate the talent portfolio framework and visualize the level of fulfillment
	Results of the employee engagement survey	Refine the survey content and enhance analysis
	Number of new DX-related businesses and products	Develop a base for DX frameworks (develop and acquire DX talent, system investment, etc.)
	Operational efficiency	
	Ratio of female managers*1	20% or more
	Rate of annual paid holidays taken by employees*1	70% or more
	Monthly average overtime hours*1	14 hours or less
Manufacturing Capital Natural Capital Social and Relation Capital	Ratio of taking childcare and maternity leave*1	100%
	GHG*2 emissions amount (Scope 3)	Analyze the categories that have a major impact and visualize Scope 3 emissions
	GHG emissions amount (Scope 1, 2)	-55% in FY2030 vs. FY2019 and net zero in FY2050
	Energy consumption (domestic)	-1% YoY continually

*1 Figures are for the company only. *2 GHG: Green House Gas



Customer Solutions

Contributing to society at a broader level with the provision of a new combination of finance + services as well as data utilization platform services based on our solid and expansive customer base

Segment profit (FYE3/2023)
38.1 billion yen
Group total 116.2 billion yen



Customer Solutions 32.8%

Main business
Finance solutions business for companies and government agencies, energy-saving solution business, sales finance business provided through collaboration with vendors, real estate leasing business, and financial service business

Core strategies in the 2025 MTMP

- To further reinforce our solid customer base, we will enhance the functions provided to customers through our finance solutions while also accelerating the creation of collaborative businesses that combine customers' services with our functions as a business partner recognized by customers
- We will provide new services leading to the evolution and layering of business models
- We will pursue efficiency through the establishment of a new sales process that utilizes data and digital technologies

Segment assets (end of March 2023)
3,227.7 billion yen
Group total 9,632.9 billion yen



Customer Solutions 33.5%

Business Characteristics and Our Strengths in the Market

The Unit operates a customer finance business that provides finance solutions such as leasing and installment sales primarily to Japanese corporations and government agencies, and a vendor business that provides support for the sales activities of affiliated vendors (manufacturers, distributors, and so on) through our finance functions. The unit also provides a wide range of high value-added services that help solve customer issues, including PC lifecycle management services^{*1}, Public Private Partnerships (PPPs) and Private Finance Initiatives (PFIs)^{*2}, sales of used assets with included engineering services^{*3}, and the dismantlement and removal of plants and equipment. From the development of these businesses, we have established a strong industry market share in the leasing of industrial and production machinery for the manufacturing sector and the leasing of commercial, and information and communications equipment for the retail and distribution sectors.

We also maintain and strengthen business partner relationships with leading companies in each industry, including the Mitsubishi UFJ Financial Group, Mitsubishi Corporation, and Hitachi, Ltd. At the same time, by combining the myriad functions of both former companies, we strive to expand and achieve greater depth in the services we provide to customers while also creating new services.

The market size of the leasing industry has gradually shrunk from its peak of around nine trillion yen, and, in response to the changes to lease accounting standards in 2008 and the

COVID-19 pandemic that developed in 2020, the market further declined in size, but it is today worth around five trillion yen, underscoring the solid need for leasing as a means of funding to support the sustainable economic activities of companies.

To differentiate from other companies in this intensely competitive environment, we must quickly gain a grasp of social issues and the management issues faced by customers and provide the services to help solve them. In particular, against the backdrop of global megatrends such as climate change, population growth, and scarcity of resources, corporations are expected to make such efforts as promoting a decarbonized society and building a circular economy. As one example of an initiative to support the needs of these companies, Mitsubishi HC Capital has utilized a transition loan with MUFG Bank^{*4} to enter into a lease agreement with a domestic operating company to support the company's domestic solar power generation project.

Going forward, a sustainable society and customer value will be our starting points as we work to integrate finance with business services by combining an extensive customer base representing the strengths of our banking and trading house background with strategic partner solutions cultivated through our manufacturer affiliations. In doing so, we will develop and provide high-value-added services that contribute to society and help solve customer issues.

We also run a "Field Leader Project" that aims to build a strong and enthusiastic sales organization and form a group of

professionals with specialized expertise. This voluntary collaborative project enables representatives at sales branches to think up and implement promising measures on their own. We aim to develop a vibrant workplace through exchanges between personnel that transcend organizational boundaries and hierarchies.

^{*1} A service that manages PCs across the series of stages in their lifecycle from selection and installation through to disposal.
^{*2} A method for using private sector funding, management capabilities, and technical capabilities for the construction, maintenance, operation, etc., of public facilities and other locations.
^{*3} A service to perform maintenance or other work on used machinery that has been purchased, and to then transport it to and install it at a sale destination. The service also involves the one-stop provision of work related to the relocation of multiple

plants and equipment of customers, covering the series of steps from removal and dismantlement to transportation, rebuilding, and precision restoration.
^{*4} A finance method aimed at supporting companies engaged in initiatives to steadily reduce greenhouse gas emissions based on a long-term strategy to realize a decarbonized society.



A lively exchange of opinions underway as part of the Field Leader Project.

Medium-to-Long-Term Initiatives

In the medium-to-long term, the leasing industry is expected to undergo changes in the social and business environment on a global basis, such as changes to the industry structure, the acceleration of digitalization, the growing importance of sustainability, and other developments.

Shifting away from its current business portfolio centered on customer finance, such as leasing and installment sales, Mitsubishi HC Capital will develop new services that match customer needs and solve social issues while utilizing data, and provide these new services combined with conventional finance. Regarding those assets in which we have particular strengths, we aim to provide functions and services covering

every stage of their lives. Additionally, to solidify the customer base that has expanded through integration, we will revamp the sales support system and customer data management systems that streamline sales activities while establishing a division of operations between inside sales (non-visit sales) utilizing digital marketing, telephone calls, and email and field sales (visit-based sales). By having these activities seamlessly coordinated, we will raise their efficiency.

In conjunction with these efforts, we will work to improve the profitability of customer finance by strengthening our ability to secure new projects from customers while pursuing an O&D business that combines the sale of existing loans to investors.

▶ Leverage Strengths as a Core Business of Mitsubishi HC Capital to Create Customer-Oriented and Attractive New Businesses and Services

The Customer Solutions Unit, hereinafter "CSU," is a core business of the Company that accounts for roughly one-third of its consolidated net income, primarily through its traditional leasing business. Groupwide, the unit has done business with around 570,000 companies across a wide range of industries. Moreover, to date, a number of businesses have emerged from the bases provided by the CSU, including real estate, environmental, and used asset-related businesses that have grown into their respective business segments today.

Recently, issues faced by customers have undergone dramatic change, from the global restructuring of business environments to the growing importance of sustainability and the acceleration of digitalization. To further reinforce the business bases of the CSU amid these changes, in the 2025 MTMP, we will tackle social issues such as logistics, decarbonization, the circular economy (effective use of assets), and the utilization of data and digital technologies. At the same time, we will learn even more about customer industries, business activities, products, management policies, and other aspects, and emphasize dialogue with customers. In this way, we will respond to customer expectations by developing new and highly attractive businesses and services, such as methods and services to provide valuable assets that help solve issues fundamentally in a customer-oriented manner.



Katsuya Kitahara
Managing Executive Officer
Head of Business Promotion & Strategic Planning Division
Customer Solutions Unit

Global Business

Contribute to solving social issues in each country and region by strategically allocating management resources to reflect regional characteristics

Segment profit (FYE3/2023)
29.0 billion yen
Group total 116.2 billion yen



Global Business **25.0%**

Segment assets (end of March 2023)
2,644.2 billion yen
Group total 9,632.9 billion yen



Global Business **27.5%**

Main business
 Offer finance solutions in Europe, the Americas, China, and ASEAN, as well as sales finance and other services in collaboration with vendors.

Core strategies in the 2025 MTMP

- Provide community-based solutions to social issues and needs in each country and region in collaboration with local partners
- Increase added value by digitalizing business processes and providing digital platforms to vendors and customers
- Increase profitability by enhancing decarbonization businesses such as EVs, charging stations, and solar power generation

Business Characteristics and Our Strengths in the Market

The unit employs more than 4,000 people in four regions (Europe, the Americas, China, and ASEAN). It provides customer-oriented leasing and vendor finance in collaboration with vendors and other finance solutions tailored to the characteristics of each country and region, based on accurate insights into local social issues and customer needs. In addition to finance leases and installment sales, we seek to improve customer satisfaction by adding other services, such as operating leases and vehicle management services with maintenance, and using digital tools to build platforms for customers.

Following the April 2021 merger of Mitsubishi UFJ Lease & Finance and Hitachi Capital, the businesses of the former two companies have been integrated and linked to extend the range of products, services, and assets as well as the operating regions. In addition, we have been trying to create greater synergies such as enhancing business efficiency by reorganizing and consolidating offices in the same county. Specifically, we have begun building the foundations to create a consistent platform and brand by integrating two group companies in Hong Kong in July 2022 and three group companies in the U.S. in April 2023.

Through this integration, we are pursuing efficiency while at the same time transforming our business portfolio by adding higher value to our core businesses and moving ahead with the downsizing and convergence of

non-core or low-profit businesses. By region, we will concentrate our management resources in Europe and the Americas, where the business environment is highly transparent, and accelerate the growth of the Americas business, which has particularly high growth potential.

We will continue to work proactively for a decarbonized society, a growing global need, by accurately identifying the needs of each country and region. We will contribute to solving the issues facing society and our customers by establishing a high-value-added model that leverages renewable energy, EV businesses, data, and assets.



Scene from a global conference where executives from group companies overseas gather to engage in open discussion.

Medium-to-Long-Term Initiatives

Under “Our 10-year Vision,” the unit aspires to play a key role in the Group’s growth in both qualitative and quantitative terms. In doing so, it aims to become known as the Company’s strength, while developing unique, progressive, and distinctive businesses and working in collaboration with the Customer Solutions Unit.

Looking at the business environment going forward, we believe that sustainability demand will increase globally, electric vehicle and hydrogen-related businesses will become more prevalent as part of decarbonization efforts, and demand for digital technologies and other advances in the service sector will rise.

By continuing to transform our business portfolio through the strategic allocation of management resources that capture the essence of each business, we aim to increase earnings and improve ROA while controlling asset growth. While strategies vary depending on the country and region, we will achieve corporate transformation (CX) by adding value to our products, strengthening sustainability-related and decarbonization businesses, and digitizing our operations. We will also look to work together with other business divisions, for instance, in the exchange of personnel, while leveraging the breadth of our business domain and regions of operation.

Continually increase competitiveness in the Americas
 Merged three group companies in the U.S.

On April 1, 2023, three group companies in the U.S. integrated their operations to become Mitsubishi HC Capital America, Inc. We will combine the financial services expertise each company cultivated, bolster business management systems that contribute to the creation of customer value, and boost earnings through business expansion.



Craig S. Weinewuth
 President & CEO
 Mitsubishi HC Capital America, Inc.

The newly integrated Mitsubishi HC Capital America (MHCA) is excited to expand the financial strength, innovation, and capabilities of MHC Group throughout North America as one platform, one brand, and one team. The North American market is the largest economy in the world and MHCA is determined to deliver exponential change consistent with the 2025 MTMP and 10-year vision. To support these redefining efforts and to become a driving force for growth, MHCA will also: (1) Enhance MHC’s brand throughout North America and (2) Realize shared services and synergies with other MHC Group companies.

▶ Leveraging Management Resources Gained through Integration and Collaboration to Achieve Coexistence with Customers Around the Globe

The Global Business Unit, which accounts for roughly one-quarter of the Group in terms of assets and revenues, works together with the Customer Solutions Unit and other business divisions to deliver finance solutions and sales finance in collaboration with vendors across a broad range of geographic areas.

In the 2025 MTMP, the unit will continue promoting the transformation of the business portfolio through the strategic allocation of management resources. In doing so, it will seek to increase earnings and improve ROA. In April of this year, we merged three group companies in the U.S. At present, we are taking steps to bolster profitability by effectively deploying management resources to better streamline operations, integrating the accumulated financial service know-how that each company possesses, and expanding businesses.

Meanwhile, we will create customer value by addressing social issues in each region through strengthening our sustainability-related and decarbonization businesses, achieving CX through digitalization, and collaborating with our partners.



Yasuyuki Hirota
 Managing Executive Officer
 Head of Global Business Promotion Division and Head of China Division
 Global Business Unit
 Director Chairman of Mitsubishi HC Capital Management (China) Limited
 Director Chairman of Mitsubishi HC Capital (Hong Kong) Limited

Aviation

Contributing to decarbonization in the aviation industry through collaboration with customers across a wide range of services, including the leasing of aircraft and engine leasing, and Japanese operating leases

Segment profit (FYE3/2023)

6.2 billion yen

Group total 116.2 billion yen

Aviation 5.3%

Segment assets (end of March 2023)

1,640.2 billion yen

Group total 9,632.9 billion yen

Aviation 17.0%

Main business
Aircraft leasing business and aircraft engine leasing business

Core strategies in the 2025 MTMP

- Sustainably grow and expand a high-quality industry-leading business portfolio through sales and leaseback for aircraft and aircraft engines provided to the leading airlines around the world
- Strongly address changing industry dynamics and customer needs and enhance risk management capabilities by capitalizing synergies within the Mitsubishi HC Capital Group
- Capitalize market intelligence through our strong stakeholders network, and study the prospects for developing new businesses such as sustainable aviation fuel (SAF) and next-generation aviation technologies compatible with our future vision in a decarbonized society and our aviation franchise

Business Characteristics and Our Strengths in the Market

We provide high value-added products and services, such as aircraft leasing, aircraft engine leasing, and engine parts outs (purchasing and re-selling used engine parts), as well as Japanese operating leases*1, to meet the diverse needs of aviation industry customers.

In the aircraft operating lease business, Jackson Square Aviation (JSA), contributes to the aircraft procurement and management activities of major full-service carriers (FSCs) and leading low-cost carriers (LCCs) around the world, with a focus on sale and leaseback (SLB)*2 for new aircraft. The company currently leases over 200 aircraft to around 60 airlines in some 30 countries. Additionally, in the aircraft engine operating lease business, Engine Lease Finance (ELF), leases spare engines*3 to airlines and engine maintenance companies around the world. The Group's Aviation Business mainly owns narrow-body aircraft*4 and its engines, which are in high demand in the market, in order for us to maintain a high quality portfolio that is highly liquid and well diversified.

Our ownership of highly fuel-efficient new-generation aircraft with low CO₂ emissions in our portfolio is among the highest in the industry based on the number of aircraft and we aim to contribute to the decarbonization of the aviation industry by focusing on new-generation engines. To keep abreast of new technology trends

from the perspective of future decarbonization, we have a small investment in a US-based start-up (Universal Hydrogen Co.*5) and also engage in research and development of sustainable aviation fuel (SAF) and other advancements.

*1 An investment product for Japanese corporations to invest in aircraft operating leases for airlines through a partnership agreement ("Tokumei Kumiai Agreement").

*2 A transaction where a customer sells the asset it owns to a leasing company, and the asset is then immediately leased back to the customer. This approach provides benefits to customers, such as raising funds and ensuring flexibility in fleet management strategies.

*3 As engines require regular maintenance, airlines need to maintain a certain number of spare engines to ensure that aircraft operations are not interrupted during those maintenance periods, and leasing is one of the options used to procure them.

*4 Single-aisle aircraft mainly used for domestic and short-distance flights.

*5 In October 2021, the Company invested in a start-up working on the development of hydrogen storage capsules and hydrogen powertrains for hydrogen-powered aircraft.



Medium-to-Long-Term Initiatives

In the aviation industry, passenger demand is rapidly recovering worldwide due to the easing of activity restrictions after the COVID-19 pandemic, despite the negative impact of aircraft part supply chain and labor availability issues combined with rising interest rates and other factors. As a result, business results are also steadily improving for airlines. In terms of the medium-to-long-term outlook for the aviation industry, passenger demand and the number of aircraft are expected to continually rise in line with the growth of the global economy and global population. Additionally, in the future, aircraft manufacturers are expected to take a leading role in advancing the development of next-generation aircraft that facilitate decarbonization.

The Mitsubishi HC Capital Group will leverage the diverse and solid operating platform of its aircraft leasing, aircraft engine leasing, and related operations to expand its business globally. By capitalizing on the post-COVID recovery in passenger demand and further aligning our service offering in our franchise, we will create further group synergy. We will also pursue research and development into new businesses along the themes of next-generation aviation technologies and decarbonization to develop future business.

As part of our vision for the Aviation Business as laid out in our 10-year Vision, we have set the goal of "contributing to solve problems of customers and society through global one team spirit in Japan and overseas, and the provision of high-quality products and services in anticipation of a decarbonized society." In the 2025 MTMP, we will strongly restore and improve further the profitability of the aircraft and engine operating lease businesses while pursuing research and development into new businesses in greater depth, and also further strengthen the management structure of the business overall by enhancing human resources and driving the development of DX and digitalization.



ELF is working to increase the ownership of new engines with good fuel efficiency in its portfolio.

▶ Becoming a Growth Driver by Restoring Profitability while Identifying the Future Direction of Business Portfolio Transformation in Aviation

A decade has passed since Mitsubishi HC Capital strategically started to build the aviation business platform. Over the past years, the industry has undergone significant changes, from the major impact of the COVID-19 pandemic that emerged at the end of 2019, to accelerating efforts to realize a decarbonized society. Even during these tumultuous ten years, we have managed the aviation business with its sights firmly set on solid and continuous business expansion and growth. As a result, despite a temporary decline in business results during the pandemic, we managed to minimize the impact, and the recovery now underway in the aviation industry has been accompanied by steady improvements to our business results.

At the same time, we are pursuing initiatives aimed at realizing a decarbonized society. In the short term, we are making progress in shifting our portfolio to highly fuel-efficient aircraft and engines, and our subsidiary JSA has the highest ratios of new generation aircraft among its competitors. Meanwhile, ELF is strengthening collaboration with engine manufacturers and increasing the ratio of new engines in its portfolio. In the medium-to-long term, we will be contributing to building a decarbonized society through investment and alliances supporting new technologies such as next-generation aircraft and SAF.

In our 2025 MTMP, we aim to be a growth driver by restoring profitability while identifying the future direction of business portfolio transformation in Aviation.



Osamu Muramoto

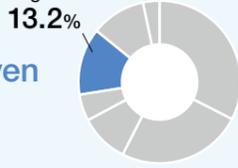
Managing Executive Officer
Head of Aviation Business Division
Chairman of JSA International Holdings, L.P.

Logistics

Constantly seeking to provide value to customers, aiming to evolve into an operating company with a global presence in the area of logistics

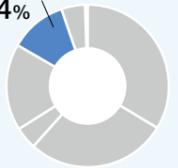
Segment profit (FYE3/2023)
15.3 billion yen
 Group total 116.2 billion yen

Logistics 13.2%



Segment assets (end of March 2023)
1,092.9 billion yen
 Group total 9,632.9 billion yen

Logistics 11.4%



Main business
 Marine container leasing business, railway freight car leasing business

Core strategies in the 2025 MTMP

- Further strengthen the marine container business base through the utilization of digital technologies and other measures leveraging our world-class position in the industry and enhancing not only our leasing but also our container trading functions
- Improve the profitability of the railway freight car leasing business by creating income and capital gains through the shift to the asset O&D model, which combines the optimization of the ratios of owned railway freight cars by type, the sale of some of the assets we hold, and new investments
- Create new growth opportunities that contribute to realizing a decarbonized and circular society

Business Characteristics and Our Strengths in the Market

In this business, we lease and finance transportation equipment such as marine containers and railway freight cars.

In the marine container leasing business, we now provide containers to approx. 300 corporate customers, including major shipping companies, thus delivering value that supports their supply chains. To operate the business globally, we need to allocate the necessary volume of containers to the locations desired by customers. We have, therefore, secured container yards for returning, repairing, storing, and lending containers at ports around the world, and built a global network that enables us to respond promptly to customer needs. In addition, to supply containers promptly, we have our own fleet of containers and offer short-term leasing services, such as leases for periods of less than one year, in addition to services provided through long-term leasing contracts.

A benefit of the use of leasing services for the shipping companies that are our customers is that they can not only reduce financial burdens but also adjust the volume of containers flexibly in accordance with the fluctuation of cargo movements. Supported by this customer demand, about half of the marine containers used around the world are supplied through leasing. In addition, the marine container leasing market is an oligopoly, where the top five leasing companies have an

approximately 80% market share. Thus, there are high barriers to entry into this business.

While the industry has these characteristics, CAI International, our Group company and one of the major leasing companies, is ranked fourth in the world*1 in terms of CEU.*2 It will continue to develop this business in line with the development of global trade.

In the railway freight car leasing business, PNW Railcars, our Group company, has now grown into one of the top 10 leasing companies in North America, leasing approximately 22,000 freight cars to cargo owners, mainly railway companies and major enterprises. Leasing is a dominant means of procurement for railway companies, which need to make many capital investments, including in rails and locomotives.

Railway freight cars are used for up to about 40 years. The length of a single lease period is three to five years. Typically, the lease is continually renewed through the extension of the lease period or a change of lessee.

In this business, we are contributing to the growth of the North American economy as an entity supporting the value created by railway infrastructure, which has a low environmental impact.

*1 Source: Drewry, "Container Census & Leasing Annual Report 2023/24"
 *2 CEU: Cost Equivalent Unit. Conversion unit for various container volumes, calculated on the basis of 1 CEU = average historical price of a newly built 20-foot dry container

Medium-to-Long-Term Initiatives

Toward the achievement of Our 10-year Vision, we have set our vision for this business as "Constantly seeking to provide customer value, aiming to evolve into an operating company with a global presence." We will detect changes in the market and provide solutions taking advantage of advanced knowledge, digital technologies, and other new technologies and the Group's comprehensive strengths ahead of other companies. We will thus help customers around the world create value and contribute to stable consolidated income.

Specifically, we will set the priority task of solving social issues in the area of logistics by reinforcing the bases of existing businesses and developing new businesses. In the marine container leasing business, we will take advantage of our supply capacity, which is based on our world-leading position in the industry, to meet customer demand stably, not only in leasing but also in related businesses such as container trading. We will also reinforce the business base further through the utilization of digital technologies and strengthening internal cooperation within the Group. In the railway freight car leasing business, we will work to improve profitability through portfolio optimization, which is done by replacing freight cars with cars of different types and repairing them, the improvement of the utilization rate, and posting profits on sales made by shifting to the asset O&D model, in which we sell some of

the assets we own and replace them with new ones while keeping the portfolio optimized. Further, we will create new growth opportunities that will contribute to realizing a decarbonized and circular society in new areas as well.

The merger of two Group companies engaged in the marine container leasing business is completed, marking the launch of the business under a new structure



Katherine McCabe
 President
 CAI International, Inc.

The merger of CAI International and Beacon Intermodal was completed in January 2023, and the operational integration is complete. We relaunched CAI, the world's 4th largest container lessor, under new executive leadership but have continued to offer unparalleled service and product quality. Our market strategy is focused on cultivating market intelligence and data analytics to provide innovative and competitive leasing structures to our customers. CAI's mission is to set the standard for industry excellence.

▶ Taking on Challenges to Develop New Services and Business Models while Supporting the Global Economy Every Day

The marine containers and railway freight cars that we deal in are essential assets for transportation with low CO₂ emissions. While the world aims to realize a low-carbon/decarbonized society, demand for containers and freight cars has been growing in proportion to the increase in the transportation volume reflecting the growth of the global economy.

Department members and related people from the operating companies cooperate closely in their efforts every day to improve our services so that customers can use the necessary volume of containers and freight cars when and where they need them, in accordance with their needs. We also operate reliable IT systems because the utilization of digital technologies is essential for the management of a large number of leased assets.

On the other hand, it is also necessary to develop new services and business models to realize better operations in response to customer needs and needs on business sites. In our division, we will continue to take on challenges by always thinking about the creation of an open organization with a high level of psychological safety, where we respect each other and can have unrestricted discussions about anything with anyone so that many ideas unrestricted by precedent will be created.



Hisashi Ishimaki
 Managing Executive Officer
 Head of Mobility Business Division
 Head of Logistics Business Division
 Chairman of CAI International, Inc.
 Chairman of PNW Railcars, Inc.

Environment & Energy

As one of Japan's leading renewable energy business companies, we contribute to the decarbonization of the world while boldly taking on the challenge of building new businesses and developing functions

Segment profit (FYE3/2023)
11.6 billion yen
 Group total 116.2 billion yen
 Environment & Energy 10.0%



Segment assets (end of March 2023)
433.2 billion yen
 Group total 9,632.9 billion yen
 Environment & Energy 4.5%



Main business
Renewable energy business

Core strategies in the 2025 MTMP

- Stable supply of electricity through renewable energy generation and strengthened revenue base through the expansion of power plants
- Improving the added value of in-house power plants through efforts to develop new businesses, such as a battery storage business and generation-side aggregation through renewable energy
- In Europe and the United States, accelerating business expansion through improving development functions in renewable energy generation business

Business Characteristics and Our Strengths in the Market

In response to the global trend towards decarbonization, changes in the business environment and customer needs are occurring. We are globally expanding renewable energy and environmental finance solution businesses.

In Japan, we focus on solar power and onshore wind power generation. In solar power generation, our business to supply electric power directly to customers has gotten into full swing primarily through corporate PPA*1 programs. One such example is a virtual PPA*2 agreement signed between our Group company, Mitsubishi HC Capital Energy, and Tokyo Metro Co., Ltd. in March 2023 to contribute to Tokyo Metro's reduction of CO₂ emissions.

In onshore wind power generation, we have transitioned from a feed-in tariff (FIT) scheme, in which purchase prices for renewable energy are fixed, to a feed-in premium (FIP) scheme that is linked to electricity sales prices and adds certain subsidy amounts. We have also started an aggregation business*3 that provides electric power and non-fossil value*4 through forecasting renewable energy generating and supplying plans. Specifically, our Group company, HSE will switch six plants /

100MW-class wind power plants in total in the Tohoku region from the FIT system to the FIP system, and provides renewable power and non-fossil certificates as an aggregation business operator. This is part of our efforts to supply customers with stable electric power in terms of both price and supply capabilities.

Overseas, in Europe, the United States, and other areas seeing progress with decarbonization, we will tackle renewable energy generation businesses and enhance our development capabilities.

The renewable energy sources owned by the Group in Japan amount to 1.2GW (net capacity in operation, as of the end of March 2023), one of the highest among Japanese power companies, and we intend to maintain this provision in the future. The Group believes it has a key mission to not only create renewable energy but also provide customers with non-fossil value. As renewable energy can easily be affected by environmental factors when it is generated, we will pursue the development of a new business aimed at stably supplying electricity by utilizing electricity demand and supply, weather and other data combined with storage batteries, electricity retailing, and aggregation.

Medium-to-Long-Term Initiatives

Looking from a medium-to-long-term perspective, we believe that renewable energy will become even more important globally. We also predict that business will expand in the electricity value chain, driven by technological innovations.

To achieve Our 10-year Vision under those circumstances, the division has set the goal of "continuous contribution to decarbonized society while building a sustainable revenue base."

In Japan, we will strive to achieve market growth with a focus on solar and onshore wind power. Ten years from now, we will have secured around 2.5GW in generating capacity, developed a solid operating based under an environment of rising renewable energy value, and will be maintaining our position as one of the leading renewable energy generation business operators. We will also establish an electricity service business by accurately identifying changes in electricity systems and maximizing the power generating assets we possess.

Overseas, mainly in Europe and the United States, we will expand our renewable energy business from development to operation by collaborating with local

renewable energy companies with development capabilities and develop a scalable and value-added electricity business.



Manyo-no-Sato Wind Power Plant (Fukushima Prefecture)

*1 A mechanism that allows companies to purchase electricity derived from renewable energy generating facilities from retail electric suppliers or power generation companies over the long term at fixed prices
 *2 An agreement to transfer non-fossil certificates related to renewable energy-derived electricity
 *3 Businesses that manage the supply of electricity generated at power plants and control supply-demand balance, and operators of such businesses.
 *4 Non-fossil value refers to the value of electricity generated using methods that do not emit CO₂. Non-fossil certificates are issued for the environmental value of electricity generated using non-fossil fuels such as renewable energy.

Contributions to Solve Global Environmental Issues as an Industry Leader in Achieving Transformation

The division helps to promote a decarbonized society through its renewable energy business. We maintained power plants with a combined capacity of 1.3 GW in Japan and overseas, mainly solar and onshore wind power, and we are expanding as one of the leading operators in Japan.

The trend toward decarbonization is proceeding at a rapid and irreversible pace, bringing significant changes to customer needs and the business environment that surrounds us. The division views these "changes" as "opportunities," and the division's entire workforce is committed to the evolution and layering of our business models. Specifically, we have led other companies in shifting from the FIT scheme to the FIP scheme in Japan, and we are already making use of the FIP scheme in the operation of wind power plants with around 100 MW of capacity. In addition, we are actively working on the development of new functions and expansion into new areas, including an "aggregation business" that utilizes generation capacity prediction functions, "a corporate PPA business" to directly supply green electricity to customers, and a "battery storage business" needed to ensure the stable power supply, as part of our drive to become an industry leader in achieving transformation. We will also participate in business in European and US markets where progress is being made on decarbonization, in an effort to help solve global environmental issues.



Takuji Naruse

Managing Executive Officer
Head of Environment & Energy Business Division

Real Estate

Contributing to building sustainable social infrastructure by maximizing the potential of real estate and creating and providing social and economic value

Segment profit (FYE3/2023)
12.6 billion yen
 Group total **116.2 billion yen**

Real Estate **10.9%**

Segment assets (end of March 2023)
447.2 billion yen
 Group total **9,632.9 billion yen**

Real Estate **4.6%**

Main business
 Real estate financing business, real estate investment business, real estate asset management business

Core strategies in the 2025 MTMP

- Create business opportunities by increasing capabilities to enhance value through investment and lending and strengthening development of eco and society-friendly assets
- Enhance investment in logistics facilities development by increasing sourcing and leasing pipelines
- Differentiate our asset classes and address investors' needs related to ESG, etc., aiming to enhance and expand the asset management business

Business Characteristics and Our Strengths in the Market

We are working to expand this business based on the three core businesses of real estate financing, real estate investment, and real estate asset management, with a focus on the domestic market.

In the real estate financing business, we source deals from senior lenders,*1 which mainly includes mega-banks, Japanese and foreign-affiliated sponsors*2, and asset management companies and provide mezzanine loans*3 for many projects.

In the real estate investment and real estate asset management businesses, we began real estate revitalization investments leveraging the expertise we have cultivated by turning around projects where construction had been suspended mid-way in the aftermath of the 2008 global financial crisis and having revitalized and enhanced the value of problematic projects involving issues such as difficulties in acquiring tenants.

In 2016, we established Mitsubishi HC Capital Realty, which engages in real estate development and revitalization investment, and Mitsubishi HC Capital Realty Advisers, which engages in real estate asset management, including the management of private REITs (real estate investment trusts). We have since been expanding our business field by integrating finance, investment, and asset management.

In the hotel sector of the real estate investment business, a specialized team consisting of former hotel management company employees works closely with operators to increase the value of assets by implementing measures to improve the sales price and occupancy rate of hotel rooms.

In the area of industrial, we are expanding the industrial development investment by incorporating an asset management company specializing in the industrial real estate field into the MHC group. We have also imple-

mented pioneering initiatives, including the development of large-scale industrial and cold warehouses for multi-tenants. For example, in 2018, we took a stake in CenterPoint Development (which became a wholly-owned subsidiary in April 2023) and established Logi Flag Development with our business partner.

In this way, we now operate businesses with business models in which we work to generate income and capital gains through three core businesses, focusing on office, residence, retail, hotel, and industrial.

The strengths of our group lie in our ability to continue and operate our businesses in any environment by devel-

oping these three businesses in a well-balanced manner.

Further, we will contribute to the promotion of a decarbonized society and the establishment of resilient social infrastructure by implementing initiatives for eco-friendly real estate and BCP*4-conscious real estate for its tenants.

*1 A senior lender is a lender who provides a senior loan that has priority in the repayment over other credits. A senior creditor who provides a mezzanine loan.

*2 A sponsor is a party who leads a project, such as the largest investor.
 *3 A mezzanine loan is a loan whose repayment is a lower priority than other credit obligations. In return for the high risk, such as the acceptance of the rescheduling of principal and interest repayments, a high-interest rate that is commensurate with the risk is set.

*4 BCP stands for business continuity plan. It is a plan under which the measures for continuing important operations even in critical circumstances, such as terrorism, disaster, or system failure, are stipulated.

Medium- to Long-term Initiatives

In the medium to long term, the position of real estate as an investment asset will remain unchanged, and both domestic and overseas real estate markets are expected to continue growing.

In this background, in the real estate business, we will concentrate our resources on the three core businesses, building a framework that enables us to create new business opportunities and realize the transformation of our business portfolio, and at the same time, demonstrating a significant presence in the real estate market and further promoting the improvement of our ROA.

We will also strengthen investment in and the development of eco- and society-friendly assets, focusing mainly on offices and industrial, to add value to our portfolio.

In order to realize our vision of where we would like to be in 10 years, in this business we will create and maximize the social and economic value of real estate as infrastructure for daily life and industry, thereby providing convenience, safety, and comfort to the global society, local communities, and people and contributing to build sustainable social infrastructure.

Contributing to Building Sustainable Social Infrastructure by Creating and Maximizing the Social and Economic Value of Real Estate

Our 10-year Vision at the Real Estate Business Division is to be a player who can create and maximize the social and economic value of real estate and contribute to building sustainable social infrastructure.

In the investment business, we engage in not only real estate development but also eco- and society-friendly real estate revitalization investment, in which existing properties are renovated and used effectively instead of being demolished. In the financing business, we also attach importance to the ESG perspective when providing financing.

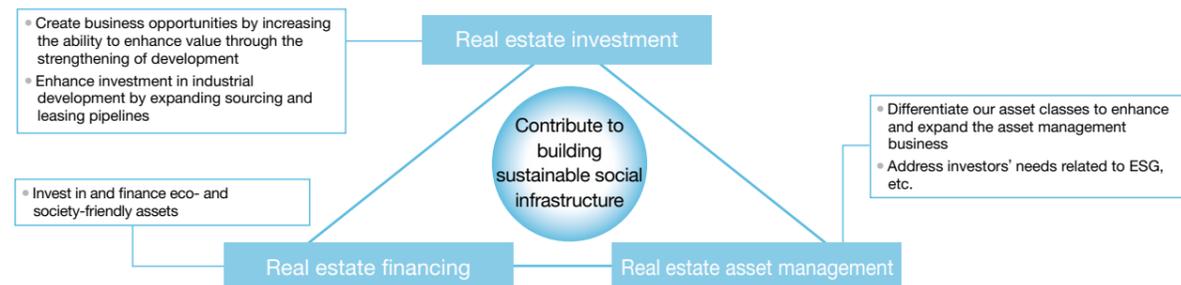
In the asset management business, we will expand assets under management through existing private REIT businesses and the new funds to meet investor needs, among other initiatives, to contribute to building sustainable social infrastructure through long-term asset management.

In addition, we are enhancing SX and DX initiatives in each business. For example, we are proactively cooperating with a hospitality-related DX operator to improve the operational efficiency of hotels in which we invest, as well as considering the automated operation of cold warehouses with unfavorable labor conditions, thus playing a part in efforts to resolve the material issues that we face.



Katsuji Okamoto
 Managing Executive Officer
 Head of Real Estate Business Division

Overview of the Real Estate Business



*Initiatives in are core strategies.

Mobility

Providing domestic and overseas customers with the integrated services needed to introduce and operate EVs, thus contributing to their decarbonization efforts

Segment profit (FYE3/2023)
3.7 billion yen
Group total **116.2 billion yen**

Mobility **3.3%**

Segment assets (end of March 2023)
41.4 billion yen
Group total **9,632.9 billion yen**

Mobility **0.4%**

Main business
Mobility-related businesses focused on auto leasing and fleet management services

Core strategies in the 2025 MTMP

- Develop and commercialize integrated services that can extensively provide functions necessary for introducing and operating EVs, such as constructing charging facilities networks, reusing automotive batteries, and supplying renewable energies
- Smoothly create synergy through the merger of two automotive leasing companies in Japan
- Expand our mobility business base by collaborating with strategic partners in the ASEAN region, etc.

Business Characteristics and Our Strengths in the Market

In this business, we provide total services related to vehicle management operations, including maintenance and insurance, beyond the framework of finance, such as leasing and installment sales. We provide services in which we handle tasks on customers' behalf, such as taking automobile-related procedures, thus supporting the movement of people and goods and playing a role in the automotive industry.

In Japan, Mitsubishi Auto Leasing and Mitsubishi HC Capital Auto-Lease merged in April 2023. We thus integrated the two companies' solid customer bases, extensive experience, expertise, and other resources. We are working to produce synergies and strengthen the business further. In addition, to expand the business in the ASEAN region, we are also building a platform in Malaysia and Thailand with Ayvens (formerly ALD Automotive/LeasePlan), a leading global sustainable mobility player in the auto leasing industry, as our strategic partner. Meanwhile, in Indonesia, we engage in a wide range of operations, not only auto leasing but also used car auction business.

The business environment surrounding mobility is at a major turning point, including the expansion of new services such as CASE*1 and MaaS*2. Under these circumstances, we are working intensively on EV-related business under 2025 MTMP. We have built and are striving to commercialize an integrated service that makes it possible to extensively provide the functions necessary for introducing and operating EVs, such as

constructing charging facility networks and supplying renewable energies.

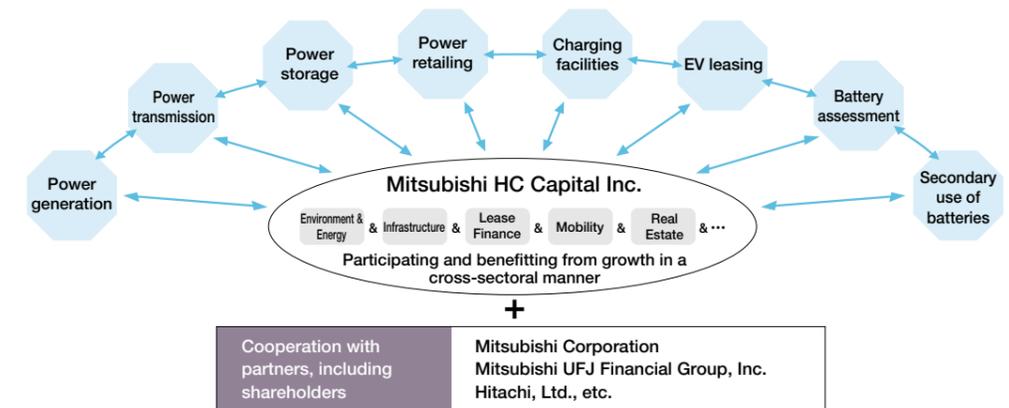
We will play a central role in building an urban infrastructure platform that provides one-stop energy management and mobility services, by working together with the relevant internal departments and leveraging alliances with our partner companies, including our major shareholders. In doing so, we will harness our track record and experience in support of environmental contributions that we have developed, such as support for the introduction of eco-friendly vehicles and CO₂ reduction.

*1 CASE: An acronym for Connected (internet connection function), Autonomous (autonomous driving), Shared & Service (car sharing), and Electric (electrification), which expresses what next-generation automobiles should be like

*2 MaaS (Mobility as a Service): Services that make mobility more convenient for people by using IT to seamlessly combine all means of transportation



Conceptual rendering of an integrated service that can provide the extensive range of functions necessary for introducing and operating EVs



Medium-to-Long-Term Initiatives

The popularization of EVs has made great progress in Japan, as in the United States, Europe, and China. The number of new EVs registered in Japan, which is currently around 30,000, is expected to increase to 1,540,000 by 2035.

In this background, we provide customers who have been using ICE (Internal combustion engine) vehicles or hybrid vehicles with a service that facilitates the smooth shift to EVs. We aim to provide integrated services as a package of EV-related services by demonstrating the Group's comprehensive strength through collaborations with the Environment & Energy Business Division, which drives the renewable energy business, the Real Estate Business Division, with which we can cooperate in installing charging

facilities, and the Customer Solutions Unit, among others.

We also expect progress to be made in the intensification of competition in new services, reflecting the emergence of new competitors and progress in digital technologies, and moreover, the acceleration of entries from different industries and the commercialization of new business models in CASE overall, among other developments. Aiming for an efficient mobility business that supports the movement of people and goods globally with a low environmental impact, we will advance demonstration projects with partners with a view to the commercialization of the business while pursuing other initiatives to help address social issues.

Contributing to Realizing a Decarbonized Society through Auto Leasing, Aiming to Build an Ecosystem for Next-Generation Mobility

We aim to help realize a decarbonized society through auto leasing. We are working to build an integrated services, one that provides the extensive range of functions necessary for introducing and operating EVs, in accordance with customer needs, instead of only leasing EVs as vehicles.

While this requires cooperation and sharing and the joint use of data and information with other internal divisions and external partners, we will make further use of information and digital technologies because EVs are, by nature, highly compatible with digital technologies. In addition, because the level of progress in the shift to EVs differs considerably among countries and regions, we investigate and study advanced examples from overseas countries and apply them to our business.

New and unprecedented ideas are required to realize an ecosystem for next-generation mobility, including energy management. At our division, we will continue to take on challenges to create new business models by always keeping in mind the creation of an open organization with a high level of psychological safety, where we respect each other and can have unrestricted discussions about anything with anyone.



Hisashi Ishimaki

Managing Executive Officer
Head of Mobility Business Division
Head of Logistics Business Division
Chairman of CAI International, Inc.
Chairman of PNW Railcars, Inc.

Key Themes to Be Addressed across Segments

At the Mitsubishi HC Capital Group, we have defined and discussed key themes to be addressed with concerted efforts across segments to facilitate the evolution and layering of business models, which is aimed at achieving Our 10-year Vision.

We came up with this approach while we were looking for a way to overcome silo thinking and working and instead produce a vision for the future that transcends boundaries between divisions.

Specifically, we have identified four areas: hydrogen, EVs, logistics, and decarbonization solutions. We will work to address the social issues associated with these themes and create social value with partner companies, rather than by the Group working alone, helping to realize a prosperous and sustainable future.

Hydrogen

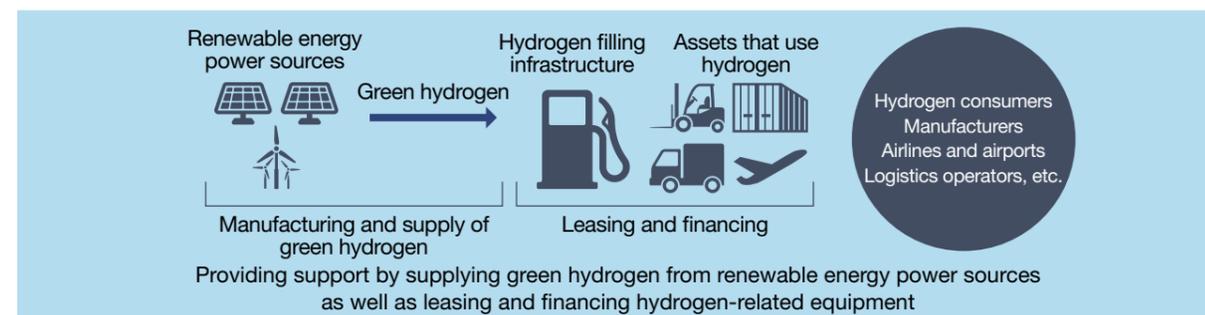
As a leading holder of renewable energy power sources in Japan and an asset business company with a diverse customer base, we will contribute to building a hydrogen supply chain with green hydrogen at the core.

The hydrogen market is set to expand from 2030 onward. As a leading holder of renewable energy power sources in Japan, in order to contribute to the development of a hydrogen supply chain, we will consider manufacturing green hydrogen by leveraging our experience in renewable energy generation businesses and the assets we possess to support customers' use of hydrogen by leasing and financing hydrogen-related equipment. We will create business opportunities while exploring the possibility of cooperation with key players in the supply chain, where hydrogen is produced, transported, and used.

As a first step toward realizing this goal, we are focusing on a business model of local production for local consumption, in which hydrogen is manufactured in places close to where it is needed. We will consider participation in demonstration projects with partner companies, among other measures, aiming to accumulate know-how in the business.

We will also look at expanding the business to address social issues faced by our customers, focusing on the fact that the number of assets that use hydrogen will increase in various areas.

Support for introduction, including financing for hydrogen-related equipment



In October 2021, we invested in Universal Hydrogen Co., a US company developing hydrogen storage capsules and engines (power trains) for hydrogen-powered aircraft.

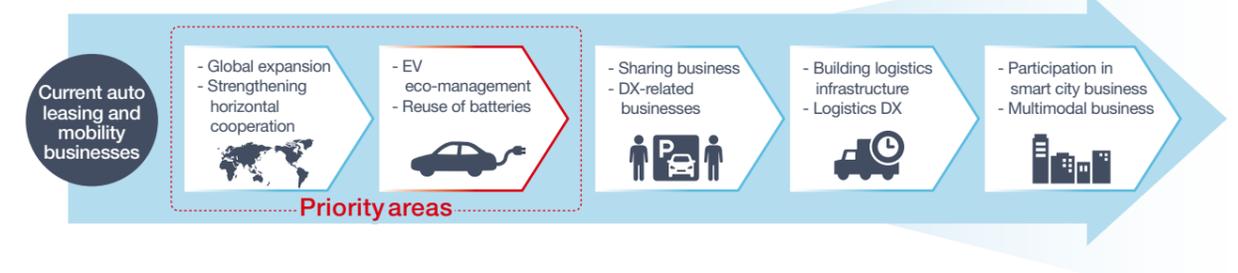
EV Related Business

We will provide integrated EV services that can extensively provide the functions necessary for introducing and operating EVs, such as building charging infrastructure, reusing automotive batteries, and supplying renewable energy, beyond only leasing EVs.

Given the possibility of developing businesses stemming from EVs, we will start by focusing on EV-related businesses, including charging facilities and batteries, strengthening cooperation within the Group and with

external partners. We also envisage the development of a unique new service and business model that connects and combines different industrial fields through data collection and analysis that leverage digital technologies.

Aiming to achieve the Mitsubishi HC Capital Group Materiality through the mobility solutions business



As part of this initiative, in Japan, we are enhancing functions for the eight constituents in the fan-shaped conceptual rendering of the integrated EV service ("Conceptual rendering of an integrated service that can extensively provide the functions necessary for introducing and operating EVs" on page 42) and developing services by using the Group's project to replace company-owned vehicles with EVs as an opportunity for a demonstration experiment.

We will continue to develop charging solutions adapted to parking spaces in a range of specifications and forms, which is the largest obstacle to customers' shift to EVs at present, and advance initiatives to extend the lifetime cycle of automotive batteries, including

monitoring their health conditions and maintenance and management of battery life. We will also address the diverse needs and issues faced by customers by combining functions held by the Group and cooperating with external partner companies to enhance our services, such as supplying renewable energy using the in-house power plants of Mitsubishi HC Capital Energy.

In addition, with respect to initiatives to realize the fan-shaped conceptual rendering, we are conducting studies for a demonstration experiment in Europe, a region that is leading the way with the introduction of EVs, in collaboration with partner companies. We hope to expand to other overseas regions in the future.

Example of initiatives

In September 2023, in the switching of company vehicles used at our Chushikoku Branch to EVs, Mitsubishi Auto Leasing and Mitsubishi HC Capital Energy, which are Group companies, began to provide an integrated one-stop service that permits customers to introduce EVs and renewable energy

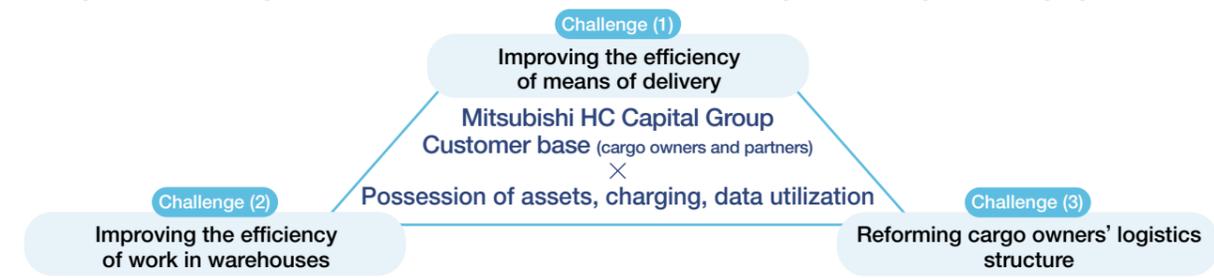
without bearing the initial cost. With this service, Mitsubishi Auto Leasing provides EV leasing and fleet management services, while Mitsubishi HC Capital Energy supplies power with non-fossil value together with charging infrastructure.

Logistics

We will build and provide optimal logistics solutions based on customer needs.

The 2024 problem will emerge due to new regulations to be imposed under the Act on the Arrangement of Related Acts to Promote Work Style Reform. This will pose a wide range of issues to the logistics industry, including a decline in transportation capacity and the need to reform cargo owner companies' logistics structure and revise their forms of transportation. At the Mitsubishi HC Capital Group, we will help customers maximize logistics efficiency and improve productivity by starting with the following solutions.

- (1) Systematization of transportation: Providing solutions for improving the efficiency of transportation and delivery operations, sharing the operations, and reducing waiting time for loading
- (2) Logistics DX and standardization: Labor saving for logistics facilities/equipment or shifting to unmanned operation using robotics, etc.
- (3) Building a logistics network: Developing solutions aimed at providing high value-added logistics services by establishing, consolidating, and closing logistics bases

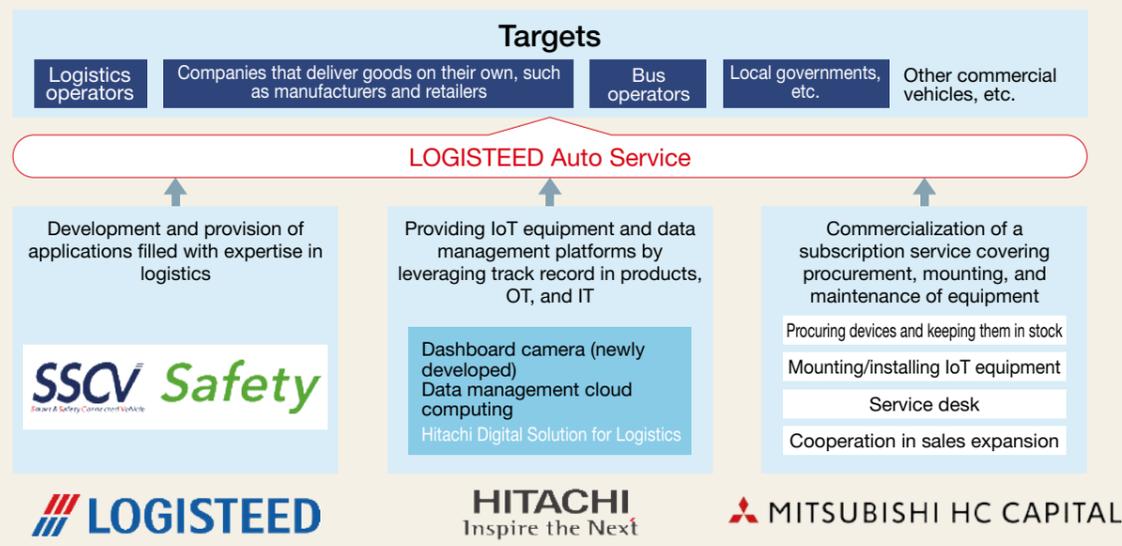


Example of initiatives

As part of initiatives for the systematization of transportation and logistics DX, LOGISTEED Auto Service, Ltd., which is jointly funded by LOGISTEED, Ltd. and Mitsubishi HC Capital, provides SSCV-Safety*1 as a subscription service. Aimed at building an accident-free society, this service visualizes drivers' physical conditions and the travel of trucks by using IoT and AI. We thus support labor at

logistics work sites with many analog operations as well as traffic control operations, such as the allocation of vehicles, from the viewpoint of DX.

*1 SSCV-Safety (Smart & Safety Connected Vehicle): SSCV-Safety is the core function of the transportation digital platform of LOGISTEED, Ltd. This service is provided in combination with Hitachi Digital Solution for Logistics, a logistics solution from Hitachi, Ltd. We are responsible for managing the process from the procurement of devices needed to provide the service to their installation, maintenance, and replacement, and collecting service fees related to the money flow.



Decarbonization Solutions

We will offer diverse solutions as a total service provider in the decarbonized society.

While moves toward decarbonization are rapidly changing from a social issue to a compelling business challenge, we believe that a key mission of the Mitsubishi HC Capital Group is to provide optimal decarbonization solutions to our stakeholders. To fulfill this mission, we will cooperate with partner companies to further

enhance our existing services and accelerate the development of new services. We will create new value by integrating data and solutions, which we have cultivated over many years, to co-create businesses with partner companies, enhance our lineup of solutions for customers, and provide them as one-stop services.



At the Mitsubishi HC Capital Group, we provide solutions tailored to customer needs in terms of both supply and consumption in the energy value chain by cooperating with various partner companies. We thus help customers solve their decarbonization issues.

We have now launched the development of a one-stop service, including proposals for facility replacement and the introduction of renewable energy, which will be given by introducing systems for monitoring, managing, and controlling energy and facilities and analyzing data. It will be a service in which we manage

customers' energy and facilities in an integrated manner to contribute to further reductions in CO₂ emissions.

We are also supporting renewable energy supply and customers' initiatives to contribute to carbon neutrality through the Jikotaku Support Service ("Jikotaku Support," self-consignment support)*2 from Godo Kaisha RenetS, which we established through a joint investment with REZIL Inc. (formerly Chuo Electric Power Co., Ltd.), among other services, in addition to a PPA scheme with Mitsubishi HC Capital Energy.

*2 See the example of the initiative below for details of Jikotaku Support.

Example of initiatives

While demand for renewable energy is growing, companies are facing issues such as a lack of space for installing renewable energy power plants on their premises or roofs and a lack of know-how in self-consignment for supplying electric power generated in remote locations to their own facilities (supplying power generated at their own facilities to facilities, etc. in another area via a power transmission and distribution network possessed by an electricity transmission and distribution operator).

In response, we established Godo Kaisha RenetS through a joint investment with REZIL Inc.

and began to provide Jikotaku Support, a one-stop service supporting the self-consignment of low-voltage electricity from solar power with a low environmental impact.

With this service, we provide one-stop support, from the development, maintenance, and management of a power plant to operations needed for self-consignment, such as procedures with a general electricity transmission and distribution operator, a leasing agreement on the power plant, calculation of its predicted power output, and submission of a power generation plan.

Initiatives for Digital Strategies

DX that the Mitsubishi HC Capital Group Aims to Achieve

At the Mitsubishi HC Capital Group, we aim to achieve the creation and qualitative improvement of customer value by utilizing data and digital technologies in order to realize Our 10-year Vision. With the key points being human capital, the ability to provide customer value, and

productivity, under the 2025 MTMP, we will strive to develop and acquire DX talent and develop a base for the DX framework to build the foundation, thus generating results from building an aggressive DX framework and developing new business.

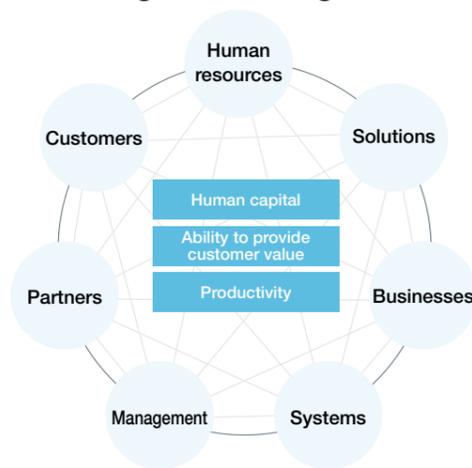
The definition of DX at the MHC Group

At MHC, DX means the creation and qualitative improvement of customer value by utilizing data and digital technologies from customer- and future-oriented perspectives in order to realize our goal amid the ever-changing external environment of the Group.

Our vision: what are the aims of DX at MHC?

Through DX, we aim to realize the happiness and growth of our employees, maximize the potential of our assets, and provide our customers with emotion and joy.

Continuously improve the uniqueness and superiority of our three strengths by combining data and digital technologies with seven elements



DX strategies under 2025 MTMP

Building a foundation	(1) Developing and acquiring DX talent	<ul style="list-style-type: none"> Company-wide DX talent development (raise the baseline for DX literacy) Develop and acquire DX experts Support DX talents' activities and initiatives, providing output opportunities
	(2) Developing a base for the DX framework	<ul style="list-style-type: none"> Aggressive investment in DX Build a framework that supports DX Save time by dramatically improving operational efficiency
Generating results	(3) Building an aggressive DX framework	<ul style="list-style-type: none"> Improve sales efficiency and strengthen customer base Provide new customer value by leveraging our customer base and data Strengthen frontline capabilities to generate and propagate seeds
	(4) Developing new business	<ul style="list-style-type: none"> Strengthen the development framework for new businesses and products Strengthen DX partnership and network Promote business and product development through data utilization

Examples of Businesses Utilizing DX

Participation in a business aimed at DX of the warehousing industry

We participate in a business aimed at DX of the warehousing industry jointly with Mitsubishi Corporation, Mitsubishi Corporation LT, Inc., U Tokyo Innovation Platform Co., Ltd., Prologis, Inc., Mitsui Fudosan Co., Ltd.*, and Mitsubishi Estate Co., Ltd.

Gaussy, which operates the business, addresses issues faced by the logistics industry, such as labor shortages and the dependence on individual skills, with Roboware, a subscription service that enables anyone to use robots easily for warehousing operations, and WareX, a sharing service that permits anyone to use vacant warehouse spaces easily. We provide functions including financing and asset possession and management, which we have cultivated over many years, thus delivering efficient, highly convenient services tailored to customer needs and tackling issues faced by the logistics industry, such as the effective utilization of resources.

*The investor is 31VENTURES Global Innovation Fund II (corporate venture capital of Mitsui Fudosan)

Conclusion of a capital and business alliance with a company engaged mainly in the research and development of robot services for the food industry

We have signed a capital and business alliance with Connected Robotics Inc. We provide companies introducing robots developed by Connected Robotics with comprehensive services needed to build a robot-friendly environment and make effective use of the robots, thus working to popularize robots and help improve productivity in the domestic food industry.

Meanwhile, we are focusing efforts on robot-related projects subsidized by the Ministry of Economy, Trade and Industry, such as driving research and development for building a robot-friendly environment in indoor facilities and participating in a demonstration for automating the process of placing prepared food on plates in food factories. Under this alliance, we will build service models tailored to customer needs by leveraging our strength, namely our ability to build solutions.

Measures to Promote Understanding of DX Internally

Metaverse Experience Session, a side project of the DX community

We experienced Metaverse, an emerging technology, firsthand, to generate ideas on new business without being constrained by daily operations.



Initiatives for supporting corporate transformation through DX

We implement a number of measures for corporate transformation through DX driven by management, such as holding an interactive workshop with external experts.



Measures for Promoting DX Initiatives

Introduction of a DX point program

We grant points, which can be exchanged for employee welfare benefits, for DX initiatives by employees. We have also established a program under which a certain percentage of the total granted points are appropriated by the Company for donations as a social contribution, thereby driving DX initiatives.

Development of a budget system for driving DX strategies

To facilitate quick and agile DX initiatives in each division, we have developed a budget system under which authority to approve a budget up to a certain amount is transferred to each division, thus facilitating DX initiatives across the company.

Message from the CFO



Pursuing Healthy and Sustainable Growth with Disciplined Financial Strategies and Strengthened Group Governance

Haruhiko Sato

Director, Managing Executive Officer
Head of Corporate & Strategic Planning Division
CFO

Achievements and challenges during the two years following our business integration

Over two years have passed since Mitsubishi HC Capital's business integration. One of our major achievements during this period was the successful completion of the post-merger integration (PMI) process exactly on schedule. The smooth progress in integrating our sales and corporate departments has enabled us to strengthen both our offensive and defensive capabilities. The two-year PMI process and the formulation of our first Medium-term Management Plan (2025 MTMP) after the business integration proceeded in tandem. During this time, we held active discussions at various levels ranging from top management to employees, and I believe this dialogue contributed tremendously to fostering a sense of unity within the MHC Group.

Furthermore, during this period, we encountered and overcame various domestic and overseas headwinds. We worked to strengthen our existing businesses while focusing on quickly achieving profitability

of a large-scale M&A project and reducing credit costs. Thanks to the success of these strategies and measures, we achieved a record-high profit in FYE 3/2023, as we posted strong financial results that clearly underscore the effectiveness of our responses. Even during the COVID-19 pandemic, when markets stagnated, we persisted with our earnest efforts to evolve our business model and I believe our excellent business results were the fruition of this hard work.

Meanwhile, our business integration has significantly expanded the scale of the consolidated Group, including its business portfolio and regions. This means that strengthening group governance is also an important issue in achieving sustainable growth. We previously formulated a Consolidated Management Philosophy that incorporates various policies, such as emphasizing financial discipline on a consolidated basis. We will now work to further permeate this on a global basis.

Financial strategies for achieving the targets set in 2025 MTMP

Following the two-year period of our PMI process, we formulated the 2025 MTMP that runs through FYE 3/2026, and we announced this plan in May 2023. Within the 2025 MTMP, we have set high financial targets and believe that improving ROA is essential for achieving these targets. Improving ROA is no easy feat for a company that undertakes the asset business. Therefore, we have made the evolution and layering of business models the centerpiece of its business strategy in the 2025 MTMP. While building on the strong customer base and revenue base of our core businesses of corporate finance and asset finance, we will continue our business portfolio transformation by focusing on "strengthening and increasing the efficiency of existing businesses," "shifting existing businesses to high-value-added services," and "developing new businesses." In doing so, we will increase the weighting of our businesses away from traditional low-risk, low-return businesses toward middle-risk, middle-return business areas.

As a financial strategy for this purpose, appropriately balancing financial soundness, return on capital, and growth potential will be important.

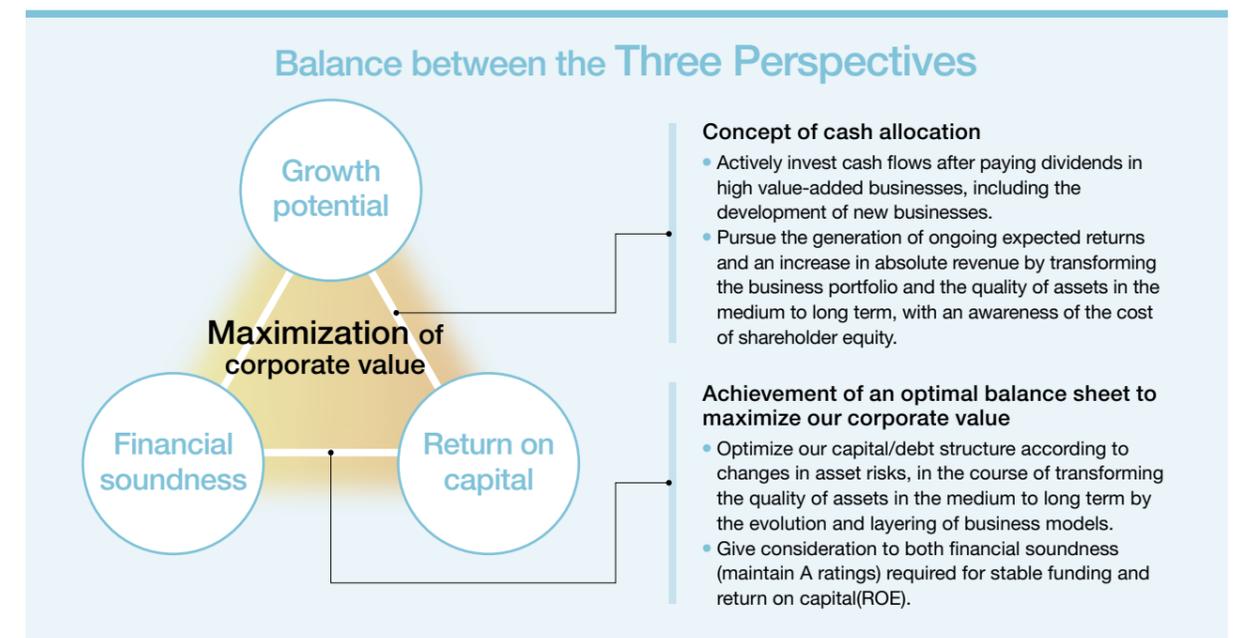
First of all, regarding our financial soundness, we recognize that financing is the lifeline for Mitsubishi HC Capital, which undertakes an asset business that utilizes a variety of tangible and intangible assets

exceeding 10 trillion yen. To take on the challenge of middle-risk, middle-return businesses, I believe it is extremely important that we preserve our financial soundness, including maintaining an A rating, which is one of the financial targets of the 2025 MTMP.

Although we need to appropriately expand capital to promote the evolution and layering of business models while maintaining financial soundness, simultaneously pursuing return on capital (ROE) is also essential. In other words, this means we must raise the overall return on capital by ensuring improvements in profitability that exceed our expansion of capital. To do so, "management with an awareness of cost of capital" is crucial. Although the company has been putting this into practice in the past, we will continue efforts to improve our company-wide return on capital by aiming to achieve profitability that exceeds the cost of capital set for each department and business.

On the other hand, just pursuing a balance between financial soundness and return on capital could fall into diminishing equilibrium. Mindful of this, maintaining growth potential by allocating capital after paying dividends to growth investments is also important.

In this way, we will continue emphasizing a balance among financial soundness, return on capital, and growth potential and will strive to optimize its balance sheet as it aims to maximize corporate value.



Maintaining financial discipline and realizing stable financing

As I mentioned, we recognize that financing is the lifeline for the company, which carries out the asset business. Therefore, to ensure we maintain financial soundness, we have established a system that allows it to appropriately respond to changes in the external environment, such as rising interest rates and exchange rate fluctuations, through ALM (comprehensive asset and liability management) based on financial discipline on a consolidated basis. Moreover, we have established a system that allows us to maintain business without major impact, even in the event of a crisis. This system includes implementing thoroughgoing “predictive management” using two analytical approaches consisting of

risk scenario analysis for the future and analysis of the current situation based on past market trends while always having contingency plans in place in the event of an emergency.

On the basis of this financial soundness, we continue to aim for stable and competitive financing and an expansion of our financing capacity. For these purposes, our policy is to maintain a balance between direct financing from the market and indirect financing from financial institutions, while also working to diversify financing methods, financing regions (domestic and overseas), and financing sources.

Our approach to increasing PBR

One of Mitsubishi HC Capital’s important management tasks is to increase PBR to more than 1x as quickly as possible. We asked ourselves what we must do to increase PBR. I believe the answer is to increase corporate value by fully utilizing our financial and non-financial capital.

Regarding financial capital, I believe it is important to sustainably improve ROE along with growth in absolute revenue and to foster growth expectations through “management with an awareness of the cost of shareholders’ equity.” In this sense, we have no current plans to implement share buybacks to improve ROE in the short term. With abundant investment opportunities for growth at present, our policy is to allocate capital after dividend payments to growth investments, which will lead to sustainable improvements in ROE.

At the same time, by accumulating non-financial capital, we will raise expectations for the company’s growth potential and lower our cost of capital to raise our PER and improve our PBR. Therefore, in our recently announced 2025 MTMP, we position our “value creation process” as a guideline for the three medium-term management plans and express how the company will accumulate non-financial capital while setting non-financial targets to measure the degree of capital accumulation.

We expect that the accumulation of financial capital and non-financial capital through the promotion of these initiatives will lead to value creation and this will ultimately enable an increase in our share price and PBR.

Basic policy for shareholder returns and strengthening relationships with stakeholders

Our basic policy is to return profits to shareholders by distributing dividends. Furthermore, we are aware that the market has high expectations that we will increase returns, so we have set a target dividend payout ratio of 40% or higher during the 2025 MTMP as a level that enables us to both accumulate capital and raise shareholder returns.

In strengthening relationships with shareholders and other stakeholders, we will respect the interests of minority shareholders while seeking to fully utilize our collaboration in finance, customers, and business with our major shareholders, Mitsubishi UFJ Financial Group, Inc. and Mitsubishi Corporation, as well as our business partner, Hitachi, Ltd., to increase corporate value.

Aiming to evolve our business model

The environment surrounding us will likely remain difficult in the foreseeable future. Even so, I believe that completing our PMI provides us with a golden opportu-

nity at present in the sense that the conditions are ripe for further transformation and taking on challenges. So we asked ourselves what is needed to spread the



momentum for change throughout Mitsubishi HC Capital and further energize the Company. The result of serious discussions of this question is “Frameworks to Promote Transformation” advocated in the 2025 MTMP, which encompasses initiatives such as the “Innovation Investment Fund” and the “In-house Entrepreneurship Program”.

The “Innovation Investment Fund” is based on our conviction that new mechanisms are needed to quickly incorporate the know-how and business models of

startup companies to the evolution and layering of business models. The “In-house Entrepreneurship Program” provides a “stage” where each employee can consider and take on new challenges as his or her own business. Each of these initiatives serves as the stage for verifying and materializing the future business hypotheses and future asset business envisioned by the group. We have expectations that these initiatives will become an important piece in transforming our group’s business.

In conclusion

We will maintain a healthy balance sheet with discipline while boldly promoting transformation. To maintain that balance, I place great importance on being fair. Occasionally conflicts arise between maintaining financial discipline and driving transformation. To achieve common goals that transcend the standpoints of both sides, I will continue initiatives without forgetting fairness.

When attending financial results briefings and participating in various IR activities, I have received com-

ments from shareholders, investors, and many other market participants expressing their expectations of Mitsubishi HC Capital in the future. As a Director in charge of corporate and financial strategy, I am determined to devote all my efforts to promoting transformation aimed at achieving the group’s sound and sustainable growth and maximizing corporate value based on solid ALM and a risk management system. I would like to ask all of our stakeholders for their continued support.

Efforts toward sustainability—among them, protecting the global environment, respecting human rights, developing human resources, and embracing diversity—are essential responsibilities to society that corporations should fulfill.

As demonstrated in its value creation process, through its business activities, the Mitsubishi HC Capital Group works to strengthen and accumulate non-financial capital, such as human capital including human resources, natural capital including the global environment, and social and relation capital including human rights, and by extension, to expand its financial capital. We believe this approach is important to enhancing corporate value.

The section highlights the efforts of the Group to enhance non-financial capital to help shape a prosperous and sustainable future society together with stakeholders, and continue to achieve long-term growth.

Environmental Initiatives

The Mitsubishi HC Capital Group has declared its goal to “contribute to a prosperous and sustainable future by creating social value through maximizing the potential of assets.” To achieve this goal, we have established an Environmental Policy and pursue initiatives to tackle environmental issues.

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

- 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.
- 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.
- 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.
- 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.
- 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

Efforts to Solve Materiality

In December 2021, Mitsubishi HC Capital identified Materiality (Material Issues) as priority key challenges which must be addressed to achieve sustainable development of the Mitsubishi HC Capital Group.

Please refer to page 6 for details.

As materiality related to the environment, we have established “Promote a decarbonized society” and “Realize the Circular Economy.” We aim to reduce our environmental impact across the entire supply chain and work with stakeholders to solve environmental issues through corporate activities.

Promote a Decarbonized Society

Climate change is a major challenge that needs to be resolved in order for a sustainable society to become a reality. The Group believes that for any company to survive moving forward, it must work to solve this problem through its business activities. Furthermore, the Group is aware of the importance of earning the trust of stakeholders through proper disclosure of information and supports the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

Information Disclosure According to Four Disclosure Items Suggested by TCFD Recommendations

1. Governance

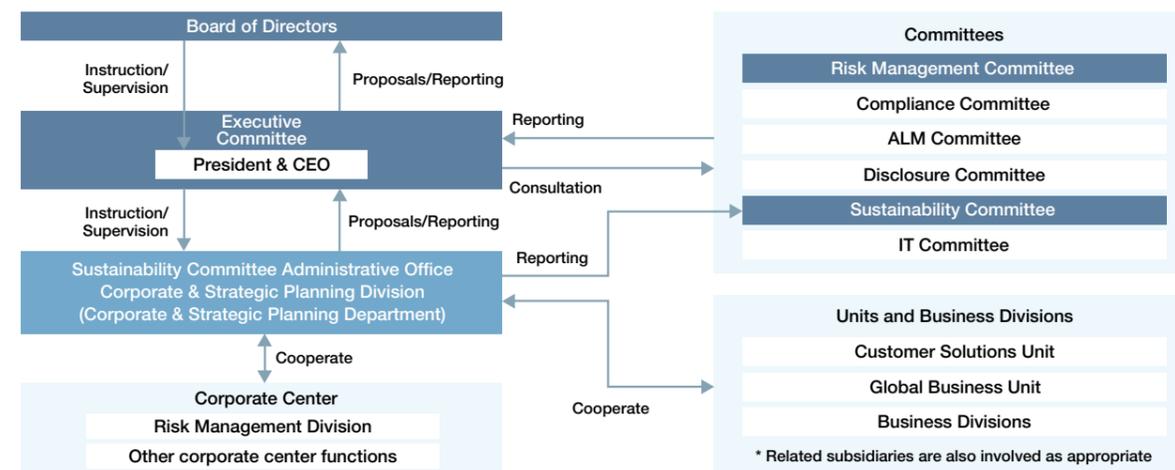
The Sustainability Committee was established in April 2021 with the launch of the Group to better contribute to the realization of a sustainable and prosperous future. This Committee is considered one of the advisory bodies to the Executive Committee and meets to discuss the climate change issue and other key challenges related to sustainability. The results of the deliberations are reported to the Executive Committee and the Board of Directors.

The 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 concerning 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, 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 business failure of business partners due to earnings deterioration and other factors, decline in value of assets owned by the Group, and others. 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.

Risk Management System Overview

The Group uses the “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.

 Please refer to page 85 for details on the Risk Management section.

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

3. Strategy for Action on Climate Change

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.

The 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 refinement of analysis methods and expansion of businesses to be analyzed.

risks into the subcategories of policy and legal/technology/market/reputation, and acute/ chronic. The Company recognizes that impacts of climate change risks occur in 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 sorts out 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.

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 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.

Results of the Scenario Analysis

We 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), shift to low mileage aircraft/engines and low-carbon fuels such as SAF and hydrogen (Aviation), 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.

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 greenhouse gas 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 the case where greenhouse gas emissions increase significantly in the future due to efforts for

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.

new businesses, or where numerical value changes while calculation of greenhouse gas emissions of the entire Group including supply chains are sophisticated, and other cases, the established targets may be reviewed appropriately, but we plan to set the targets so that any targets are in line with the level of the Paris Agreement, just like the targets established this time.

The Group’s Targets for Reduction of Greenhouse Gas 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

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 greenhouse gas emissions, we also consider the measurement method and conduct discussions toward disclosure.

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

Realize the Circular Economy

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, re-sale).

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 Resources 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 unattended vending machines known as “Fuubo Food Loss Reduction Boxes” provided by ZERO Co., Ltd.



U-MACHINE’s Resource Center helps make a circular economy a reality by servicing end-of-lease properties.

Human Rights Initiatives

Mitsubishi HC Capital Group recognizes that human rights and labor practices are important issues for achieving its mission and expanding its business footprint globally. We strive to carry out business activities while respecting the human rights of all people.

 Please refer to our website for details.

Human Rights Initiatives
<https://www.mitsubishi-hc-capital.com/english/sustainability/social/index.html>

Respect for Human Rights as a Critical Issue

Our 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 grounds of gender, sexual orientation, age, nationality, race, ethnicity, political opinion, beliefs, religion, social status, lineage, illness, or disability.”

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, politi-

cal 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.” In September 2022, we formulated our Human Rights Policy based on the United Nations Guiding Principles on Business and Human Rights.

Aiming to realize a society that respects human rights, we are proactively and continuously engaged in business activities that consider internationally recognized standards for human rights to fulfill our responsibilities with respect to human rights, as is expected of global companies.

Human Rights Policy (Opening statement)

We at the Mitsubishi HC Capital Group recognize that conducting business with the utmost respect for 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 businesses and supply chains of the Mitsubishi HC Capital Group.

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, respect a diversity of values, and strive to create a comfortable working environment in which every individual can demonstrate their maximum potential.

 Please refer to our website for details.

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

Human Rights Training and Raising Awareness

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, 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, 5,647 employees undertook the courses.

Response to the Modern Slavery Act in the UK

Based on the Modern Slavery Act enacted in the UK in 2015, Mitsubishi HC Capital UK PLC, our Group company in the UK has published an Anti-Slavery and Human Trafficking Statement on its website about efforts to prevent slave labor, human trafficking, and similar human rights violations.

 Please refer to our website for details. (English only)

<https://www.mitsubishihccapital.co.uk/media/mfddmxxa/2023-mhcuk-anti-slavery-statement.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 two elements listed on the right.

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 confirming 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 enhance its effectiveness.

* Identifying areas of critical 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.



Message from the Human Rights Project Members

To design a system for human rights due diligence, the Human Rights Project holds regular discussions with staff at each department involved in operating the system and strives to formulate more sophisticated responses. To ensure respect for human rights across the entire Group, we are preparing to improve and strengthen our systems, including fact-finding surveys at Group companies in Japan and overseas. We are also devising measures for human rights education and awareness-raising as well as internal publicity to support employees to deepen their understanding of human rights.



Members of the Human Rights Project discussing human rights responses in our Group.

Human Capital Initiatives

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 (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.

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)	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.
What we want to accomplish (b) Improvement in employee engagement Create an environment where employees work together to promote value creation	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.

Details of Initiatives
 With regard to the above themes to be accomplished, 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 by creating a system for improvement in engagement. Thus, we will secure the quantity of human resources we require.

Details of Initiatives	
Reconstruction of the Human Resource Management Base	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. 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. 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.
Creation of a System for Improvement in Engagement	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. We will continuously realize the status of high engagement as the entire Group, ultimately securing the quantity of human resources.

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.

Developing and Securing Human Resources to Fulfill the Human Resource Portfolio

With our Basic Management Policy as a guide, we are constantly developing human resources to realize strategies, such as business development that goes beyond leasing and finance. The basic framework of our training system consists of rank-based training in conjunction with global, DX, and diversity training.

In rank-based training, we conduct various forms of training tailored to junior, mid-level, and management-level employees to develop their knowledge and improve their capabilities. At the same time, we conduct training along the lines of multiple themes related to global operations, DX, and diversity. We are committed to continually revising and further advancing the training system in the interest of producing a qualitative shift in our human resources.

Furthermore, to support career advancement, we have a system that allows employees to change career tracks, and an in-house job posting program through which employees can apply for the jobs they want to do. We also offer a career development program that helps employees' self-directed efforts to develop their skills through training open to all employees and self-development support.

As the abilities and expertise required by each area of business become more diverse, we have put in place the necessary company-wide interpersonal skills training programs and conceptual skills training programs needed for organization and project management. In addition, each business division has introduced its own customized technical skills training and training rotation plans through which employees can systematically gain experience within their divisions. Further, we operate meetings where these initiatives are discussed and examined to share and refine human resource development and succession plans (the cultivation of successors to top management positions), ensuring that our various training programs are accompanied by measures designed to enhance training outcomes.

Additionally, training based on common Groupwide themes and certain training tailored to junior employees (compliance-related training, new employee training, communication training, and so on) is run on a Group basis, including for the employees of Group companies who wish to take part.

Global talent development

As a global company with firm roots in each country in which it operates, the Mitsubishi HC Capital Group focuses on developing global talent to support its operations. In Japan, we provide not only training to acquire language skills but also cross-cultural training to build an understanding of different cultural backgrounds around the world and promote smooth collaboration with employees at overseas offices and local partners. We are working to enhance a training system that ties directly to employees' daily work.

In addition, we encourage junior employees to cultivate a global perspective through training that fosters interest in working overseas. We have an ongoing overseas trainee program that dispatches junior staff to other countries every year, which creates opportunities for them to come into direct contact with overseas businesses.

Through this system, junior employees gain practical experience overseas while we develop and expand our future global core talent base.

For employees at overseas offices, we provide training to promote understanding of Mitsubishi HC Capital's Basic Management Policy, including Our Mission, and to achieve better engagement with the Mitsubishi HC Capital Group. We also provide training that brings together local employees from various countries and regions to nurture camaraderie across the Group.

Digital talent development

The promotion of DX and the development of digital talent is important if we are to realize Our 10-year Vision.

To develop digital talent, we assess all employees and officers yearly to visualize their level of DX and then provide e-learning and ability-based training to enhance their DX literacy. We also encourage employees to acquire various qualifications.

We also select DX experts with high-level expertise and a reform-oriented mindset from among employees with a high level of corresponding skill and background, regardless of seniority or position, and place them in more practical training programs in terms of both offensive and defensive approaches to operations to further accelerate the development of related talent.

Recruiting and developing professional talent

To advance the evolution and layering of our business model, in mid-career recruitment we seek talent irrespective of gender, nationality, or other factors, hiring experienced professionals from each industry in which the Group operates. We also engage in recruitment activities that cast a wider net to attract potential talent.

As measures to enhance our recruitment framework, we have developed schemes for referral-based recruitment in response to employee introductions and alumni recruitment to re-hire employees who have resigned in the past as part of efforts to recruit from a diverse pool of talent and secure sufficient quantities.

Diversity and Inclusion Aimed at Enhancing Employee Engagement

We position the promotion of diversity and inclusion as an important management strategy for the further expansion of the Group's business domains and global operations, with our basic policy to foster a vibrant organizational culture that can create new value by bringing together a diverse group of human resources who can leverage one another's strengths and bring out the most of each person's motivation and talents.

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.

Promoting women's participation and advancement

We have formulated an action plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace and strive to promote women's success. We have introduced systems that encourage the long-term employment of women and support their career development through rank-based training, dispatch to external training, and other opportunities. As a numerical target, the Company has set the goal of raising women's representation in management positions (section manager or above) to 20% or more by the end of fiscal 2025.



"Eruboshi" mark
Mitsubishi HC Capital was awarded the second-level "Eruboshi" mark from the Minister of Health, Labour and Welfare in recognition of its excellence in the implementation of initiatives to promote women's active participation and advancement in the workplace, which fulfill the certification standards established under the Act on Promotion of Women's Participation and Advancement in the Workplace.

On the development front, we train generalist human resources geared to function in various departments, but we also develop and cultivate professionals to lead business areas. As our business has grown more sophisticated and globalized in recent years, we have focused on the enhancement of advanced specialized skills that are required in each area.

We believe a recruitment and development plan for professionals from a medium- to long-term perspective is essential and hold meetings with various business divisions operating in key areas to promote discussions on (1) a training system that includes a predetermined job rotation and (2) strategic and proactive external recruitment.

Employing people with disabilities

We position the employment of people with disabilities as part of ensuring the success of diverse human resources. We have established the Business Associate Employment System that provides a pathway for contract employees who have worked for the Company for at least one year to become permanent employees. We offer career paths after becoming permanent employees, fair evaluation and employment conditions under a goal management system, regular consultations and continuous education and training. We provide a workplace where employees can work at ease in an active role, as we develop human resources able to contribute to enhancing corporate value.

In addition, by conducting education and training for managers who work with and supervise employees with disabilities, with a focus on correct knowledge of, understanding of, and support for employees with disabilities, we are embedding inclusive work practices among teams of employees with and without disabilities.

Work-life Balance

Aiming to reduce long working hours and control the total number of hours worked, the Company has set numerical targets for the rate of annual paid holidays taken by employees and monthly average overtime hours, and are working to realize work-life balance. In addition, we pursue initiatives to improve work efficiency, including systems that enable flexible working styles such as flex-time working hours, work from home, and telecommuting. As a system that allows employees to work based on their individual circumstances, we have also developed schemes for volunteer leave, as well as child and family care leave.

In April 2023, we introduced health promotion leave and further enhanced the programs we offer to support and advance individual employee health.

Support for balancing work and childcare

We are working to expand the support system and create a workplace environment that enables employees to balance work and childcare.

Employees taking childcare leave are provided with a tablet device with access to the Company intranet and can participate in roundtable discussions with others also on childcare leave. This enables them to return to work more seamlessly after their period of leave. In addition, the Human Resources Department holds career interviews for returnees aimed at supporting proactive career development while maintaining a balance between work and childcare.

We also actively work to encourage men to participate in childcare through initiatives including the setup of a childcare leave consultation desk and publication of a childcare leave guidebook targeting male employees, and have set the goal of having 100% of eligible male employees use childcare leave by the end of fiscal 2025.



Platinum "Kurumin" Mark

Mitsubishi HC Capital was awarded the Platinum "Kurumin" mark by the Minister of Health, Labour and Welfare in recognition of having fulfilled the required standards under the Act on Advancement of Measures to Support Raising Next-Generation Children. Going forward, we will enable our employees to choose from diverse working styles according to their individual life stage and environment, such as the need to balance work and child raising. By doing so, we will promote the development of structures and a corporate culture in which they can perform to the best of their abilities and achieve professional success.

 Please refer to our website for details.

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

Certified as a Health & Productivity Management Outstanding Organization (Large Enterprise Category)

In 2023, we were certified as a Health & Productivity Management Outstanding Organization in the large enterprise category for the fifth consecutive year. The Certified Health & Productivity Management Organization Recognition Program recognizes large enterprises, SMEs, and other businesses engaged in particularly outstanding health and productivity management practices to take action based on health issues and implement initiatives to advance health as advocated by the Nippon Kenko Kaigi organization.

We have also met the standards for all evaluation items, including initiatives to achieve appropriate work-styles, such as a healthy work-life balance, and the involvement of industrial physicians and public health nurses to maintain and advance employee health.



Message from the Diversity Promotion Office

To realize a workplace environment in which each employee can flourish

The Company positions diversity and inclusion as one of its key management strategies and is making every effort to develop an environment in which each employee can maximize their individual motivation and talents.

With measures to champion the success of women in the workplace, along with improvements to systems that help employees balance work with home life and the introduction of telecommuting and flextime systems, we are working to develop a work environment that enables efficient work.

To realize a work environment in which every employee, each boasting a diverse array of attributes, values, and backgrounds, can flourish, we will continue to promote diversity and inclusion in the future.



Members of the Diversity Promotion Office

Message from the Head of Human Resources & General Affairs Division

Aiming to Become an Organization that Encourages Challenge and Growth and Enables Each Individual to Play an Active Role

In April 2023, the Mitsubishi HC Capital Group integrated the human resources systems of its two predecessor companies and launched a new human resources system. This system aims to build frameworks to promote transformation as advocated in the 2025 MTMP toward realizing Our 10-year Vision, “Together we innovate, challenge and explore the frontiers of the future.” As a chief feature, this new system supports each employee in taking on challenges and achieving growth based on the concept of realizing innovators.

Takashi Yamaguchi

Managing Executive Officer
Head of Human Resources & General Affairs Division
Deputy Head of Risk Management Division



A new human resources system for acquiring and developing the human resources we desire

Mitsubishi HC Capital formulated the Basic Management Policy in April 2021 and added the Action Principles in May 2022. This prescribes the values and mindset to be held and actions to be taken by each and every employee of the Company.

Accordingly, in keeping with the Action Principles, the Human Resources Department has defined the human resources we desire based on five perspectives, consisting of Customer-oriented, Professionalism, Creation and Transformation, Leadership, and Human Resource Development.

To acquire and develop human resources based on these five perspectives prescribed in the Action Principles, the new human resources system strengthens the elements of merit-based appointments and compensation based on job standards. As our business domains

expand and job content diversifies due to our recent business integration, we are moving from a system centered on “job functions” toward one that emphasizes “job duties” to shift to a compensation system that reduces seniority-related factors.

By establishing this new system, I hope to encourage every employee to take on challenges and achieve growth within the Company and increase their independence. In the future, we will position the Action Principles as a set of values and a mindset that each employee should possess and work to foster a common awareness throughout the Group, including overseas Group companies, as we aim to be an organization where employees of different backgrounds, such as in gender, nationality, and age, can mutually respect each other and play active roles.

Action Principles

Challenge	Challenge ourselves to look forward to the future with a sense of responsibility and commitment.
Digital	Drive digital innovation and expertise.
Communication	Communicate openly and honestly to build mutual understanding and trust.
Diversity	Embrace diversity and respect each other.
Sustainability	Act in harmony with people, society and the earth to create a sustainable world.
Integrity	Maintain the highest standards of ethics and integrity.

Identify disparities in quantity and quality aspects and enhance our human resources

As a specific measure, we are starting out by identifying disparities between the human resources we desire and our current human resources in terms of both quantity (recruitment) and quality (development).

Regarding quantity, we are undertaking mid-career recruitment activities that extend beyond work-ready human resources to identifying those with potential, in addition to strengthening new graduate recruitment. We are also focusing on employee retention by working to create an environment where employees can work more comfortably. Specifically, besides improving employee engagement, we are implementing measures to maintain and improve the motivation of senior employees and introduce a rehiring system to encourage the re-employment of employees who have unavoidably left the Company due to family and other circumstances. By broadening our business domains through business integration, the domains in which our employees can take on challenges have also expanded. To support all employees as they take on challenges and strive for personal growth, we will establish a system to evaluate employees from multiple perspectives.

In terms of quality, we will gather job information as well as information on our employees such as their experience, knowledge, skills, competencies, and personalities, and arrange this information into a database. By doing so, we can better match people and job duties (the right person in the right place) and will develop education and training programs based on the characteristics of employees.

Moreover, through a program to seek business ideas and the intra-entrepreneurship program, we are creating environments in which employees can take on new challenges on their own in new fields. This includes establishing opportunities to support the creation of business models that go beyond leasing and finance. Furthermore, we are reorganizing our training system by verifying ideal human resource development based on hierarchical levels for our young, mid-career, and management-level employees from the perspectives of DX, globalization, and diversity. I recognize that it is our responsibility as the Human Resources Department to enhance the mindsets toward change and the ability of employees to identify various issues through these efforts.

Building a talent portfolio in line with our management strategies

The Career Inventory, which is implemented once a year, is a system in which employees report on their envisioned careers so that we can support them in realizing such careers. Under this system, employees report on matters such as what they aim to become, how they perceive their own characteristics and aptitudes, what kind of environment they seek for attaining growth, and their envisioned career path to achieve this. The system aims to raise the level of fulfilment of a talent portfolio in line with our management strategies, one of the Non-Financial Targets of the 2025 MTMP. By undertaking this process, we hope to provide opportunities for

employees to reconsider their future visions, of which they are usually unaware. The information we receive is put into a database and used for resource allocation.

In striving to improve work efficiency through DX, we must transform people’s creativity so that it can be adapted to a variety of jobs. To realize a qualitative transformation that enables every employee to demonstrate their value, a major challenge is to transform the mindset of the entire Group and permeate the Vision. To do so, the Human Resources Department will strive for good communication with employees.

Establishing an environment to increase employee engagement

Under the 2025 MTMP, we have set KPIs of establishing an environment to increase employee engagement, raise the ratio of female managers, increase the rate of annual paid holidays taken by employees, and reduce monthly average overtime hours. We will work to permeate this throughout the Company by quantifying the results of the

KPIs and increasing the target values. These initiatives embody a message about achieving results through balanced work styles from the perspectives of work-life balance and health management. I believe this is an important initiative that companies should pursue in promoting sustainable management.

Aiming for a workplace where everyone can work in active roles

President & CEO Hisai has declared both internally and externally that Mitsubishi HC Capital aims to be a company where each employee is positive and happy, a company that is respected by society, and a company that employees can take pride in with their family and friends. I also feel that President & CEO Hisai’s blog, which he publishes internally, is very meaningful in reducing the distance between top management and employ-

ees. As the Head of Human Resources & General Affairs Division, I would like to increase the number of contact points with each office and maintain close communications. By establishing a friendly atmosphere in which employees can easily call out to each other, we will strive to create a work environment where everyone can feel comfortable expressing and discussing their opinions and ideas and where everyone can work in active roles.

Message from the Chairman of the Board



We will deepen discussions with the executive team in both “offensive” and “defensive” areas for increasing corporate value over the medium term.

Drawing on my experience as president in implementing the business integration, including the Post Merger Integration (“PMI”), as the non-executive Chairman of the Board, I will strive for the smooth operation of the Board of Directors and the Governance Committee as an advisory body as well as the Nomination Committee and the Compensation Committee as consultative bodies. We will also ensure that the Board of Directors reliably fulfills this role to attain the objectives of the Medium-Term Management Plan for FY2023-FY2025 (“2025 MTMP”) and ultimately achieve Our Mission.

Takahiro Yanai

Director, Chairman
(Chairman of the Board)

Mitsubishi HC Capital designated the first two years after the business integration in April 2021 as the period for the PMI. One of our priority issues during this stage was to deepen mutual understanding between the two predecessor companies. At the same time, the Board of Directors also ascertained the overall picture of the integrated company from a variety of perspectives by discussing numerous proposals based on conservative and broad-based standards for items to be submitted to the Board of Directors. Through this process, each member of the Board of Directors has gained a deeper understanding of the Company. In FYE3/2023, the second year of the integration, active discussions were held when formulating the Medium-Term Management Plan. In this manner, along with our defensive-oriented discussions focused on risk management, we have gradually deepened “offensive” discussions that contribute to our strategy formulation.

Regarding the governance system design of Mitsubishi HC Capital, the Company has established the Governance Committee as an advisory body as well as the Nomination Committee and the Compensation Committee as consultative bodies to the Board of Directors. These are voluntary committees, with the majority of the Nomination Committee and Compensation Committee composed of Independent Outside Directors, however, by stipulating that the Board of Directors shall attach high importance to resolutions by each committee, we have established a system under which the opinions of Independent Outside Directors are firmly reflected in the Company’s important decision-making.

In FYE3/2023, the Nomination Committee discussed the selection of a successor in the event of a change in the president, while the Compensation Committee discussed re-evaluating the executive compensation system from the perspective of stakeholders. The Board of Directors reached conclusions in line with the results of each resolution. The Governance Committee serves as an advisory body to the Board of Directors and primarily evaluates the effectiveness of the Board of Directors and discusses improvement measures

based on this evaluation. For example, we have received feedback regarding the operational aspects of the Board of Directors, such as providing better explanations prior to deliberating on important proposals, and we are taking improvement actions to enhance the effectiveness of the Board of Directors. Based on these evaluations of effectiveness, we plan to review the standards for items to be submitted to the Board of Directors in the second half of FYE3/2024, delegate as many matters as possible to the executive team, and ensure that the Board of Directors spends sufficient time on deliberating themes of higher importance in terms of governance and strategy.

Meanwhile, to steadily execute the role of the Board of Directors, Outside Directors are actively implementing on-site inspections. We will deepen discussions at board meetings by observing business sites in Japan and overseas and listening directly to group executives and employees, including the management teams of overseas subsidiaries. In the future, we will continue to increase opportunities for on-site inspections, including those for ourselves.

The 2025 MTMP features the major theme of “transformation” toward exploring the frontiers of the future without being bound by precedents while considering significant changes in the external environment. To realize this “transformation,” we aim to create a corporate culture that does not fear failure.

Taking on this challenge naturally involves risks. With this in mind, the Board of Directors needs to strengthen its defensive functions to appropriately monitor risks. Concurrently, each director should leverage his or her own specialized knowledge to provide appropriate advice to the executive team, and I believe that our offensive functions that support the implementation of this strategy will assume an even greater degree of importance.

As the Chairman of the Board of Directors, I will make my utmost efforts to ensure the smooth operation of the Board of Directors to enable the Board of Directors to engage in both offensive- and defensive-oriented discussions and implement governance that meets the expectations of various stakeholders.

Dialogue with Independent Outside Directors

Toward further raising the effectiveness of the Board of Directors and advancing governance

We held a roundtable discussion with five independent Outside Directors, who exchanged wide-ranging opinions on various topics. These ranged from their assessment of the process for formulating the Medium-term Management Plan for FY2023 - FY2025 (“2025 MTMP”) to the key points of governance, the future expectations of Mitsubishi HC Capital, and the ideal business model that transcends the framework of the leasing business.



Hiroyasu Nakata
Director
(Independent Outside Director)

Yuri Sasaki
Director
(Independent Outside Director)

Koichiro Hiraiwa
Director, Audit & Supervisory Committee Member
(Independent Outside Director)

Hiroko Kaneko
Director, Audit & Supervisory Committee Member
(Independent Outside Director)

Masayuki Saito
Director, Audit & Supervisory Committee Member
(Independent Outside Director)

Post Merger Integration (“PMI”) is a cornerstone of growth

Q : During these past two years following the merger, you have successfully completed the PMI as originally planned. What are your thoughts about the issues that lie ahead?

Saito Under the new system created through the merger of the former Mitsubishi UFJ Lease & Finance and the former Hitachi Capital, our pro-forma rule-making has nearly been completed, and we are about to enter a maturation process. As we do so, first of all, everybody must thoroughly acquaint themselves with each other in Japan and at the overseas companies we have acquired. We also need to respect each company’s corporate culture while management must clearly present and implement shared values. This process should enable optimal integration and result in the creation of “one team.” The management team has a solid understanding of our current position, and in the future, it will likely advance steadily in the present direction. I will continue to fully contribute to this process by providing my advice and support.

Hiraiwa Generally speaking, it is said that it takes 30 years to truly unify a company through integration after a merger. To put this into better perspective, this is the same amount of time for a new employee to eventually become an executive. While this might very well be true, I also feel that we cannot spend such a long time on our integration process. 2025 MTMP has been formulated based on the solid foundation of Our Mission. I am sure all employees agree with this thinking. This is precisely why I believe 2025 MTMP has great significance and originality. To realize Mitsubishi HC Capital’s Our Mission, it is important to embed the respective corporate cultures and traditions cultivated by each company into the new management structure.

Saito Mitsubishi HC Capital now has great potential because it laid the cornerstone for significant growth during the past two years of PMI. Mitsubishi HC Capital will firmly “sowing seeds” and “gaining a solid foothold” as set forth in 2025 MTMP over the next three years, which is designated as the plan’s “Hop” phase, so that it can transition smoothly to the successive “Step” and “Jump” phases.

Frank discussions in formulating 2025 MTMP that strongly promotes Our Mission

Q : How do you assess the details and formulation process for 2025 MTMP?

Saito In discussing 2025 MTMP, we first drew an image of our 10-Year Vision and then backcasted from there to identify what we need to do now. I learned about this concept of backcasting from then-President & CEO Yanai. I think this plan serves as a suitable management strategy that is aligned with the times. Within the plan, I am focusing particularly on synergies generated through the integration of the two predecessor companies. I think the most important point will be to leverage the strengths of both companies and deploy synergies, especially in overseas operations.

Kaneko The plan was repeatedly discussed at meetings of the Board of Directors and careful considerations were made internally in advance. We held various discussions from the dual perspectives of fostering a sense of solidarity and solidifying our foothold through the integration of the two companies.

Hiraiwa Medium-term management plans generally tend to be associated with setting and attaining numerical targets. Certainly, Mitsubishi HC Capital has also set several numerical targets, such as net income. However, when I look at 2025 MTMP, I am focusing on a more abstract aspect in that Our Mission is being firmly positioned at the forefront of the plan. The 10-Year Vision, "Together we innovate, challenge and explore the frontiers of the future," emphasizes fortifying the corporate structure. This will enable Mitsubishi HC Capital to withstand shifts in the environment and continuously move forward regardless of how dramatically the times change.

I was also deeply impressed when I listened to executives tell me they seek to create a corporate culture where there is no fear of failure. Of course, this is easier said than done. Nonetheless, setting a goal of not fearing failure is a tremendous objective considering that the Company is still feeling its way around in the short time since the integration. This reaffirmed our strong sense



that we too must help create such a corporate culture. **Sasaki** In formulating 2025 MTMP, all Outside Directors openly made comments such as, "I don't understand the explanation using this terminology" and "I need clearer explanations." I, of course, expressed my opinions too and through various exchanges, our understanding deepened significantly.

The plan formulation proceeded under an excellent format as the executive team created content that could withstand exhaustive discussion while the Outside Directors also voiced their opinions from an objective standpoint.

Nakata The fact that the formulation process proceeded in stages is tremendously beneficial. Immediately after the merger in April 2021, we established our Basic Management Policy, and the following year we crafted the 10-Year Vision. This year, we announced 2025 MTMP. Over this time, the Board of Directors has convened eight times and held ongoing discussions. After consolidating the main points of these internal discussions, the committee submitted the results to the Board of Directors, which engaged in exchanging differing opinions that included the participation of Outside Directors. In response to this, we have continuously repeated the cycle of re-examining issues within the Company. Through this process, each of our Internal Directors and Outside Directors began thinking more deeply about what kind of company we wish to become and the ways we can contribute to realizing such a company.

Continuous monitoring from a third-party perspective

Q : What points are you focusing on when monitoring the progress of 2025 MTMP?

Sasaki A fundamental point is checking to ensure we do not create something only within the company that is not visible from the outside. Here, a third-party perspective is particularly important for governance. I always

make my utmost efforts to point out anything I notice that could be problematic for the Company.

Hiraiwa Visiting business sites and then thinking based on my observations of these sites is important. Some things cannot be explained by numbers alone. For this reason, I hope to visit all actual business sites, including those overseas, and listen carefully to the opinions of

auditing firms and various partners. The most important aspect of monitoring is to consider the situation at business sites or matters close to actual circumstances. **Kaneko** Speaking from my own experience in accounting auditing and observing the internal control and governance of companies for nearly 30 years, I can say

that internal control and governance in overseas divisions is particularly difficult. I get the impression that all companies face difficulties with internal controls overseas owing to differences in business cultures. Additionally, changing our employee engagement is also important for realizing 2025 MTMP.

Creating a well-balanced Board of Directors and advisory committees where it is easy to express opinions

Q : What are your thoughts on the composition and operation of the Board of Directors and advisory committees?

Nakata Board members are rich in diversity and possess a variety of specialties and skills. This Board composition was the result of meticulous selection that emphasizes each individual's characteristics and talents rather than imposing formal criteria such as being male, female, or a foreign national. Although we currently have no foreign nationals serving on the Board of Directors or advisory committees, clarifying the skills required of any such foreign nationals with an eye to the future is important.

Additionally, Mitsubishi HC Capital is a company with an Audit & Supervisory Committee. As such, some Directors are members of the Audit and Supervisory Committee while other Directors are not. This structure can be visualized by imagining two concentric circles centered around the Company. Audit and Supervisory Committee members belong to the inner circle closest to the Company, and these members proactively visit actual business sites from time to time to perform audits. Directors like me who are not Audit and Supervisory Committee members belong to the outer circle and our role is to point out any issues we become aware of from a third-party perspective. I think it is greatly beneficial that Mitsubishi HC Capital has these two types of directors who concurrently look at the same matters while maintaining a healthy distance from each other.

Sasaki We asked Mitsubishi HC Capital for slightly



more advanced explanations so that we can be better prepared to undertake more in-depth discussions. The Company responded and now always provides us with prior explanations regarding key matters. This allows us to ask questions and hold discussions before attending the Board of Directors' meetings. Initially, there were many directors and I worried about whether we could all express our opinions within the allotted time. Fortunately, improvements have been made and the meetings are operated smoothly under current conditions.

Hiraiwa Mitsubishi HC Capital's Board of Directors is balanced and there is an atmosphere in which we can express anything on our minds. Individual directors have a wide variety of opinions and ways of thinking. This is an ideal composition for the Board of Directors and is especially effective because each director has a different background. The Board is well-balanced, and it is easy for us to express our opinions because members make tremendous efforts to listen to and learn from each other.

Q : What do you notice during your on-site inspections?

Kaneko Recently, the COVID-19 pandemic has subsided, and so there are increased opportunities for on-site inspections, which have opened my understanding of the Company's business. I hope to continue utilizing my observations at these on-site inspections for discussions with the committee.

Saito The Audit and Supervisory Committee had me make inspection visits to domestic business sites, and in



early 2023, I engaged in direct discussions with the top management of a recently acquired U.S. marine container leasing company. These inspections were meaningful because I gained an understanding of the thinking and qualifications of local managers as well as their form of governance and degree of loyalty to their company.

The results of a company naturally reflect whether local management only has a matter-of-fact attitude of give and take or whether they undertake management as a member of the group with a deep sense of affiliation

Implementing offensive and defensive governance

Q : Recently we hear the term “offensive and defensive governance” as a function expected of Outside Directors. What types of matters do you pay close attention to from this perspective?

Hiraiwa In my role as an Audit and Supervisory Committee member, I believe my primary responsibility is defensive governance. Information regarding guidance and support from the head office is also important for on-site inspections. I look at whether the Company’s goals are being permeated and promoted in the workplace and whether necessary communications and reports are properly sent to the head office. I believe that checking on these matters is also a key role of the Audit and Supervisory Committee members.

Japanese companies still probably have some weaknesses in offensive-oriented governance. This is why I was so surprised when our executive team talked about “creating a corporate culture that does not fear failure.” That said, I fully support this idea and will make my utmost efforts to encourage this. Everybody will combine their strengths to protect Our Mission. I believe this will help foster offensive-oriented governance at the Company.

Nakata I spend considerable time reading the materials provided by the Company before each board meeting. In examining these materials, I sometimes run into ambiguous areas that I do not understand. This makes me think

with their company. I feel that all the managers I met understood our company and had a mindset of desiring to work together. Furthermore, I also realized that they undertook management with a sense of unity with the locally dispatched Japanese staff.

It is highly commendable that the executive team provides the Audit and Supervisory Committee with such opportunities. This opportunity renewed my strong desire to contribute to the Company.

something might be occurring that the Company is unaware of and it is my job to point this out. I am not sure whether my method is an offensive or defensive approach.

Sasaki There are times when matters arise internally that are difficult to speak out about within the Company or to tell the President & CEO. Offensive-oriented governance involves being aware of such matters as much as possible and pointing these out when necessary.

Kaneko I think there are two aspects of offensive-oriented governance. The first is to properly confirm a process when managers take an offensive approach. A primary role is to ascertain whether any matter has been overlooked and, ultimately, provide sound support for offensive-oriented management. The second aspect is to closely examine how risk management is undertaken. If the risk management system is properly functioning after assuming a risk, a system is in place for going on to the next offensive. Mitsubishi HC Capital has strong bank-related elements and undertakes extremely sophisticated risk management, so we have created an environment in which we can easily provide support.

Saito Our inherent duty is to strengthen our defense against any situations that could damage corporate value. Alternatively, I believe we have a duty to contribute as much as possible to the “offensive” mission of increasing corporate value.

Q : What are your thoughts about the role of Outside Directors as representatives of stakeholders and shareholders?

Nakata To reiterate, on behalf of shareholders, I point out matters that appear odd from a third party’s perspective and areas that would be considered normal in other organizations.

Hiraiwa In particular, although Outside Directors of course make their best efforts for the interests of minority shareholders, we must never lose sight of matters that benefit all stakeholders, including employees and partner companies.

Saito Considering ways to maximize a company’s sustainability will ultimately lead to rational discussions for both minority shareholders and employees.

Toward being a leasing business that creates new value without fear of failure

Q : Lastly, please tell us your expectations about the future of the Company.

Saito Mitsubishi HC Capital has formulated 2025 MTMP and has drawn an overall picture toward realizing its 10-Year Vision. However, there are some areas where the head has moved out in front and the body is unable to catch up. This makes it essential to quickly create a management system that firmly manages these aspects.

Sasaki There are features of the leasing business that are generally difficult to understand. Nonetheless, the leasing business holds the potential to do various things and can create diverse value while incorporating society’s needs. Generating synergies between the two companies will, of course, not be simple. Even so, I expect that Mitsubishi HC Capital will successively create new value without fear of failure.

Nakata I highly acclaim Our Mission, “Contribute to a prosperous and sustainable future by creating social value through maximizing the potential of assets,” which was announced at the time of the merger in April 2021. This is because Our Mission embodies a variety of possibilities.

The word “asset” can conjure images of tangible things as well as intangible concepts such as business and know-how. The term “leasing business” mentioned by Director Sasaki can be applied not only in its classical meaning but also to broader concepts. For example, one future possibility for Mitsubishi HC Capital is to expand its leasing business while concurrently moving beyond the leasing business into different domains.



Although the two former companies before the merger differed in terms of culture and tradition, the determination to change while working together toward the future is embedded in Our Mission. This is very appealing.

Hiraiwa Looking at the current situation, full integration has been completed, and 2025 MTMP has just gotten underway. Despite many disagreements during the process, we have forged a consensus and are now off and running in the same direction as the new company. In other words, we all share a common awareness and this will serve as a strength for the future. I hope Mitsubishi HC Capital can realize a new business model that will change Japan, where there is a strong sense of stagnation. Furthermore, I would also like to see Mitsubishi HC Capital provide venues where young people can work freely. Mitsubishi HC Capital has the courage and foundation to continuously tackle new challenges even if it occasionally experiences failures. I hope Mitsubishi HC Capital will not overthink small matters in its day-to-day operations and will continue to move towards a big future.

Kaneko An extremely large benefit of the integration is that it created a stable base of tangible and intangible assets and diversified our portfolio. I have great expectations for the ways these assets will be deployed to create new value. Mitsubishi HC Capital as a whole is vibrant and young. Mitsubishi HC Capital also has a culture of encouraging young people to take on challenges and providing them with a variety of experiences. I would like to see Mitsubishi HC Capital develop human resources who can globally play active roles.



Directors and Executive Officers (As of June 27, 2023)

Directors



Takahiro Yanai
 Director, Chairman
 Born: May 4, 1958
 Number of Company's Shares Owned (Shares): 21,600

April 1982 Joined The Mitsubishi Bank, Ltd. (currently MUFG Bank, Ltd.)
 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)
 June 2015 Managing Director, Chief Executive, Retail Banking Business Unit of BTMU
 Managing Executive Officer, Group Head, Integrated Retail Banking Business Group of MUFG
 May 2016 Senior Managing Executive Officer, Group Head, Transaction Banking Group of BTMU
 June 2017 President & CEO of Mitsubishi UFJ Lease & Finance Company Limited (MUL) (currently the Company)
 Concurrently served as Executive Officer of MUL
 April 2021 Representative Director, President & CEO of the Company
 Concurrently served as Executive Officer of the Company
 April 2023 Director, Chairman of the Company (incumbent)



Taiju Hisai
 Representative Director, President & CEO
 Born: April 27, 1962
 Number of Company's Shares Owned (Shares): 3,700

April 1985 Joined The Mitsubishi Bank, Ltd. (currently MUFG Bank, Ltd.)
 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
 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
 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
 May 2016 Managing Executive Officer in charge of Credit of BTMU
 April 2018 Managing Executive Officer and Group Head, Corporate Banking Group No. 1 of MUFG Bank, Ltd. (MUFG Bank)
 April 2019 Senior Managing Executive Officer and Group Head, Corporate Banking Group No. 1 of MUFG Bank
 June 2021 Deputy President of the Company
 Concurrently served as Executive Officer of the Company
 June 2022 Director, Deputy President of the Company
 Concurrently served as Executive Officer of the Company
 April 2023 Representative Director, President & CEO of the Company (incumbent)
 Concurrently serves as Executive Officer of the Company (incumbent)



Akira Hamamoto
 Director, Audit & Supervisory Committee Member
 Born: May 19, 1960
 Number of Company's Shares Owned (Shares): 3,400

April 1983 Joined The Tokai Bank, Ltd. (currently MUFG Bank, Ltd.)
 June 2010 Executive Officer and General Manager, Internal Audit Division of Mitsubishi UFJ Financial Group, Inc. (MUFG)
 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
 May 2013 Managing Executive Officer, and General Manager, Corporate Banking Division No.2 of BTMU
 June 2015 Managing Corporate Executive, and Group COO,
 concurrently served as Group CLO of MUFG Managing Director and COO,
 concurrently served as CLO of BTMU
 May 2017 Senior Managing Corporate Executive, and Group COO,
 concurrently served as Group CLO of MUFG
 Senior Managing Director, and COO,
 concurrently served as CLO of BTMU
 June 2019 Member of the Board of Directors and Full-time Member of the Audit & Supervisory Committee of MUFG Bank, Ltd.
 June 2021 Senior Managing Executive Officer of the Company
 June 2022 Director, Audit & Supervisory Committee Member of the Company (incumbent)



Koichiro Hiraiwa
 Director, Audit & Supervisory Committee Member
 (Independent Outside Director)
 Born: January 2, 1950
 Number of Company's Shares Owned (Shares): 10,200

April 1974 Joined Bank of Japan
 May 1997 General Manager of Okayama Branch, Bank of Japan
 Jan. 2002 General Manager of Kyoto Branch, Bank of Japan
 April 2004 Head of Business Planning Department, Financial Business Division, NTT DATA Corporation
 June 2005 Head of Financial Strategy Business Promoting Office, Financial Business Division, NTT DATA
 Corporation
 July 2008 Head of Financial Business Planning Office, Financial Business Planning and Administration Department,
 NTT DATA Corporation
 Mar. 2009 President & Representative Director, the Kyoto Hotel, Ltd.
 Mar. 2015 Director, Allied Telesis Holdings K.K.
 Representative Director, Apua Consulting Inc.
 June 2015 Director, Hitachi Capital Corporation (currently the Company)
 Dec. 2017 Representative Director, Dream Estate Tokyo Inc. (incumbent)
 June 2019 Chairman of the Board of Directors, Hitachi Capital Corporation
 April 2021 Director, Audit & Supervisory Committee Member of the Company (incumbent)



Kanji Nishiura
 Representative Director, Deputy President,
 Overall Operation
 Born: February 11, 1958
 Number of Company's Shares Owned (Shares): 4,000

April 1980 Joined Mitsubishi Corporation
 June 1986 Resident in Saudi Arabia (al-Khobar) (until September 1989)
 July 1993 Mitsubishi Corporation (UK) Plc (based in London) (until August 1999)
 Jan. 2003 Seconded to Metal One Corporation
 April 2009 General Manager, Metals Group CEO Office of Mitsubishi Corporation
 April 2010 Senior Vice President and General Manager, Metals Group CEO Office of Mitsubishi Corporation
 April 2011 Senior Vice President and Division COO, Non-Ferrous Metals Division of Mitsubishi Corporation
 April 2013 Senior Vice President, Division COO, Mineral Resources Investment Div., and General Manager, MDP
 Department of Mitsubishi Corporation
 April 2015 Executive Vice President and Group COO, Metals Group of Mitsubishi Corporation
 April 2016 Executive Vice President and Group CEO, Metals Group of Mitsubishi Corporation
 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
 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
 April 2019 Representative Director, Executive Vice President, Corporate Functional Officer, Global Strategy of
 Mitsubishi Corporation
 April 2020 Member of the Board of Mitsubishi Corporation
 June 2020 Corporate Advisor of Mitsubishi Corporation
 April 2021 Representative Director, Deputy President of the Company (incumbent)
 Concurrently serves as Executive Officer of the Company (incumbent)
 April 2021 Concurrently serves as Executive Officer of the Company (incumbent)
 June 2023 Director of Sumitomo Metal Mining Co., Ltd. (incumbent)



Kazumi Anei
 Director, Deputy President,
 Customer Solutions Unit
 Born: September 18, 1960
 Number of Company's Shares Owned (Shares): 51,300

April 1985 Joined Hitachi Leasing Corp. (currently the Company)
 April 2003 General Manager of Sales Dept. II, Kansai Corporate Sales Branch, Kansai Sales Division of Hitachi
 Capital Corporation (Hitachi Capital)
 April 2005 Head of Kansai Corporate Sales Branch, Kansai Sales Division of Hitachi Capital
 April 2010 Head of Kanagawa Sales Division of Hitachi Capital
 April 2011 Head of Tokyo Sales Division III, Corporate Business Division of Hitachi Capital
 Oct. 2011 Co-Head of Corporate Business Division of Hitachi Capital
 April 2014 Corporate Officer, Head of Corporate Business Division, and Co-Head of Account Sales Promotion
 Division of Hitachi Capital
 April 2015 Corporate Officer and Head of Corporate Business Division, Corporate Sales & Marketing Group, and Head
 of Service Business Division of Hitachi Capital
 April 2016 Executive Officer, Head of Corporate Business Division, Corporate Sales & Marketing Group, and Head
 of Service Business Division of Hitachi Capital
 April 2017 Executive Officer, Corporate Sales & Marketing Group, in charge of Japan, and Head of Customer E&E
 Business Division of Hitachi Capital
 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
 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
 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
 April 2021 Director, Senior Managing Executive Officer of the Company
 May 2021 Director, Deputy President of the Company (incumbent)
 Concurrently serves as Executive Officer of the Company (incumbent)



Hiroko Kaneko
 Director, Audit & Supervisory Committee Member
 (Independent Outside Director)
 Born: March 28, 1958
 Number of Company's Shares Owned (Shares): 1,300

April 1980 Joined The Sapporo Television Broadcasting Co., Ltd.
 Oct. 1989 Joined Ota Shows Audit Corporation (currently Ernst & Young ShinNihon LLC)
 Feb. 1993 Registered as certified public accountant
 May 2007 Partner, ERNST & YOUNG SHINNINON (currently Ernst & Young ShinNihon LLC)
 July 2010 Senior Partner, Ernst & Young ShinNihon LLC
 April 2018 Professor at Waseda Graduate School of Accountancy
 June 2018 Audit & Supervisory Board Member, The Shoko Chukin Bank, Ltd.
 June 2019 Director, Kanagawa Chuo Kotsu Co., Ltd.
 June 2020 Audit & Supervisory Board Member of Mitsubishi UFJ Lease & Finance Company Limited (currently the
 Company)
 Feb. 2021 Member of Business Accounting Council, Financial Services Agency (incumbent)
 April 2021 Director, Audit & Supervisory Committee Member of the Company (incumbent)
 Mar. 2022 Member of the Board, The Yokohama Rubber Co., Ltd. (incumbent)
 June 2022 Director (Audit and Supervisory Committee Member), Kanagawa Chuo Kotsu Co., Ltd. (incumbent)



Masayuki Saito
 Director, Audit & Supervisory Committee Member
 (Independent Outside Director)
 Born: November 8, 1954
 Number of Company's Shares Owned (Shares): 1,300

April 1977 Joined Dainippon Ink and Chemicals, Incorporated (currently DIC Corporation)
 April 2008 Executive Officer, in Charge of Finance & Accounting Div. of DIC Corporation Head of Finance &
 Accounting Div. of DIC Corporation
 June 2010 Director, Executive Officer, in Charge of Finance & Accounting Div. of DIC Corporation
 April 2011 Director, Managing Executive Officer, in Charge of Finance and Accounting Div. of DIC Corporation
 April 2012 Representative Director, Senior Managing Executive Officer, Assistant to President and CEO, and in
 Charge of Finance & Accounting Div. of DIC Corporation
 April 2013 Representative Director, Senior Managing Executive Officer, Assistant to President and CEO, and in
 charge of Finance and Accounting Div. of DIC Corporation
 Chairman of the Supervisory Board, Sun Chemical Group Coöperatief U.A.
 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.
 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.
 Jan. 2021 Chairman of the Board of Directors of DIC Corporation (incumbent)
 Chairman of the Supervisory Board, Sun Chemical Group Coöperatief U.A. (incumbent)
 June 2022 Director, Audit & Supervisory Committee member of the Company (incumbent)



Haruhiko Sato
 Director, Managing Executive Officer,
 Head of Corporate & Strategic Planning Division, CFO
 Born: June 19, 1965
 Number of Company's Shares Owned (Shares): 0

April 1989 Joined Mitsubishi Corporation
 Nov. 2002 Mitsubishi International GmbH
 Jan. 2007 Moscow Office of Mitsubishi Corporation
 April 2009 Treasurer Office of Mitsubishi Corporation
 Mar. 2014 Senior Vice President, Corporate Staff Section and CFO of Mitsubishi Corporation (Americas)
 April 2019 General Manager, Power Solution Administration Department of Mitsubishi Corporation
 April 2021 Director, Managing Executive Officer of the Company (incumbent)



Hiroyasu Nakata
 Director (Independent Outside Director)
 Born: August 29, 1951
 Number of Company's Shares Owned (Shares): 1,300

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)
 April 1990 Associate Professor at Faculty of Law and Economics, Chiba University
 June 1993 Professor at Faculty of Law and Economics, Chiba University
 April 1995 Professor at Faculty of Law, Hitotsubashi University
 April 1999 Professor of Graduate School of Law, Hitotsubashi University
 April 2003 Trustee of Hitotsubashi University
 April 2008 Professor at The University of Tokyo Graduate Schools for Law and Politics and The University of Tokyo Faculty of Law
 April 2015 Emeritus Professor of Hitotsubashi University
 April 2017 Professor at Waseda Law School
 June 2017 Emeritus Professor of The University of Tokyo
 June 2018 Audit & Supervisory Board Member of Mitsubishi UFJ Lease & Finance Company Limited (currently the Company)
 April 2021 Director of the Company (incumbent)



Yuri Sasaki
 Director (Independent Outside Director)
 Born: May 26, 1967
 Number of Company's Shares Owned (Shares): 1,100

April 1995 Assistant at Hitotsubashi University (Faculty of Commerce and Management)
 April 1998 Assistant Professor of Faculty of Commerce,
 Takachiho University of Commerce (current Takachiho University)
 April 2001 Assistant Professor of Faculty of Economics, Meiji Gakuin University
 April 2006 Visiting Scholar at University of Washington
 April 2007 Professor of Faculty of Economics, Meiji Gakuin University (incumbent)
 June 2014 Director of JBA TIBOR Administration
 Jan. 2015 Expert Committee Member of Financial System Council of Financial Services Agency (incumbent)
 Nov. 2015 Visiting Scholar at University of Washington
 June 2018 Director of Hitachi Capital Corporation (currently the Company)
 April 2020 Dean of Faculty of Economics, Meiji Gakuin University
 April 2021 Director of the Company (incumbent)
 July 2022 Director of Meiji Yasuda Life Insurance Company (incumbent)



Takuya Kuga
 Director (Outside Director)
 Born: December 5, 1963
 Number of Company's Shares Owned (Shares): 300

April 1986 Joined Mitsubishi Corporation
 Dec. 1997 Seconded to MC Realty, Inc. (Vice President) (Dallas, Los Angeles from June 1999) (until February 2003)
 April 2008 Seconded to Diamond Realty Management Inc.
 May 2008 President & Representative Director of Diamond Realty Management Inc.
 July 2009 Seconded to Mitsubishi Corp. - UBS Realty Inc.
 Oct. 2009 President & Chief Executive Officer, Mitsubishi Corp. - UBS Realty Inc.
 July 2013 General Manager, Strategic Planning Office, Real Estate Development & Construction Div. of Mitsubishi Corporation
 April 2015 General Manager, Urban Development
 Dept., Real Estate Development & Construction Div. of Mitsubishi Corporation
 April 2016 Division COO, Real Estate Development & Construction Div. of Mitsubishi Corporation (Concurrently)
 General Manager, North America Real Estate Development Dept. of Mitsubishi Corporation
 Oct. 2016 Division COO, Real Estate Business Div. of Mitsubishi Corporation (Concurrently) General Manager, North
 America Real Estate Development Dept. of Mitsubishi Corporation
 Jan. 2017 Division COO, Real Estate Business Div., Mitsubishi Corporation
 April 2017 Senior Vice President, Division COO, Real Estate Business Div. of Mitsubishi Corporation
 April 2019 Senior Vice President, Division COO, Urban Infrastructure Div. of Mitsubishi Corporation
 Nov. 2019 Senior Vice President, General Manager, Urban Development Group CEO Office, Mitsubishi Corporation
 April 2022 Executive Vice President, Group CEO, Urban Development Group of Mitsubishi Corporation (incumbent)
 June 2022 Director of the Company (incumbent)

Executive Officers (*indicate additional post of Director and Corporate Executive Officer)

President & CEO	Taiju Hisai*	Nozomu Naruse	Head of Hitachi Business Division, Customer Solutions Unit
		Hiroshi Ikebe	Head of Credit Division
			Head of Risk Management Division
Deputy Presidents	Kanji Nishiura* Overall Operation	Hisashi Ishimaki	CCMO*, CCO*, CISO*
	Kazumi Anei* Customer Solutions Unit		Head of Mobility Business Division
			Head of Logistics Business Division
			Chairman of CAI International, Inc.
			Chairman of PNW Railcars, Inc.
Senior Managing Executive Officer	Masashi Takeda	Katsuya Kitahara	Head of Business Promotion & Strategic Planning Division, Customer Solutions Unit
	Head of ASEAN Division, Global Business Unit Director of Mitsubishi HC Capital Asia Pacific Pte. Ltd.	Makoto Sawada	Head of Vendor Solutions Business Division, Customer Solutions Unit
			Representative Director of Mitsubishi HC Business Lease Corporation
Managing Executive Officers	Yoshikazu Ohashi	Yuji Suzuki	Head of Central Japan Area Business Division, Customer Solutions Unit
	Osamu Muramoto		Head of Americas Division, Global Business Unit
	Chairman of JSA International Holdings, L.P.	Masahiko Tanimura	Chairman of Mitsubishi HC Capital America, Inc.
	Kazuhiko Takeuchi	Katsuji Okamoto	Head of Real Estate Business Division
	Commissioned as General Manager of Corporate & Strategic Planning Department	Yasuhiro Sato	Head of Industrial Machinery Business Division, Customer Solutions Unit
	Shinji Tanaka		Head of Environment & Energy Business Division
	Head of IT & Operations Division	Takashi Yamaguchi	General Manager of Audit and Supervisory Committee Office
	Takeo Nakai		Head of Human Resources & General Affairs Division
	Head of East Japan Area Business Division		Deputy Head of Risk Management Division
	Deputy Head of Industrial Machinery Business Division, Customer Solutions Unit		
	Kazunori Hamazaki		
	Internal Audit Department		
	Yasuyuki Hirota		
	Head of Global Business Promotion Division and Head of China Division, Global Business Unit		
	Director Chairman of Mitsubishi HC Capital Management (China) Limited		
	Director Chairman of Mitsubishi HC Capital (Hong Kong) Limited		
	Yukio Maruyama		
	Head of West Japan Area Business Division, Customer Solutions Unit		
	Junji Ogiuchi		
	Head of Sector Business Division, Customer Solutions Unit		
	Haruhiko Sato*		
	Head of Corporate & Strategic Planning Division CFO		

*1 CMO: Chief Marketing Officer
 *2 CCMO: Chief Crisis Management Officer
 *3 CCO: Chief Compliance Officer
 *4 CISO: Chief Information Security Officer

Corporate Governance

Basic Views on Corporate Governance

MHC recognizes that one of its social responsibilities is 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 its stakeholders, including shareholders, customers, local communities, and employees MHC works to fulfill the trust they place in us and aspires to contribute to a more prosperous society.

To fulfill these social responsibilities, it engages 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.

Basic policies

Appropriate collaboration with all stakeholders

In accordance with MHC's "Vision," which guides all of MHC's activities, and the "Mitsubishi HC Capital Group Code of Ethics and Code of Conduct," which serves as the standard for the decisions and behaviors of all employees, MHC strives to ensure appropriate collaboration with its various stakeholders, including shareholders, customers, local communities, and employees.

In addition, MHC strives to foster a corporate culture that encourages respect for the diversity of its stakeholders, their rights and perspectives, and sound corporate ethics.

Appropriate information disclosure and ensuring transparency

MHC strives to conduct proactive and continuous information disclosure in order to be trusted and properly evaluated by each of its stakeholders. It also establishes and appropriately operates internal systems to facilitate the swift and impartial disclosure of accurate information regarding its management policies, business strategies, business activities, financial condition, etc.

In addition to the items it is required to disclose pursuant to laws and regulations, it actively and voluntarily discloses non-financial information deemed useful to its stakeholders.

Ensuring the rights and equality of shareholders

MHC takes appropriate steps to ensure that the rights of shareholders are secured and can be exercised effectively.

Corporate Governance System and Its Characteristics

The Company transitioned into a company with an audit & supervisory committee to enhance the fairness and transparency of management, strengthen the supervisory functions of the Board of Directors, and enhance corporate governance. The Board of Directors is chaired by a non-executive Chairman. In addition, to further enhance its corporate governance, the Company has established the Nomination Committee and the Compensation Committee, of which Independent Outside Directors comprise the majority, as advisory bodies to the Board of Directors related to the nomination of the President, remuneration for Directors, and other matters. The Company has also established the Governance Committee, which consists of Outside Directors, Representative Directors, and others, as an organization that gives the Board of Directors advice related to matters including improvement of its effectiveness.

tively, including furnishing the necessary environment for the exercise of such rights, and gives consideration to the fair treatment of all shareholders, including minority shareholders and foreign shareholders.

Dialogue with shareholders

Through events such as financial results briefings and other domestic and overseas investor relations (IR) events, MHC pursues proactive and constructive dialogue with shareholders. It thereby seeks to gain an understanding from shareholders regarding matters such as its business strategies while responding to the shareholders in an appropriate manner based on an understanding of their perspectives.

Responsibilities of the Board of Directors

All members of the Board of Directors, including Outside Directors, call upon their experience and insight as they engage in free and open discussions, contributing to active proceedings of the meetings of the Board of Directors. In this manner, they adequately fulfill their duties and responsibilities to achieve the sustainable growth of MHC, medium- to long-term improvement of its corporate value, and enhancement of its earnings capacity and capital efficiency in an environment that supports appropriate risk-taking.

Board of Directors and Audit & Supervisory Committee

The Company implements a system to manage and operate business in line with the basic policy decided by the Board of Directors. Each Outside Director has qualities appropriate for their position, giving the Board of Directors a set of diversified and sufficient skills.

The Audit & Supervisory Committee consists of one Full-time Audit & Supervisory Committee Member and three Part-time (outside) Audit & Supervisory Committee Members. The Company's Audit & Supervisory Committee Members have extensive knowledge of financial business, and a system is in place to ensure the full effectiveness of accounting audits.

Governance Committee, Nomination Committee, and Compensation Committee

The Governance Committee widely exchanges opinions on enhancing the effectiveness of the Board of Directors and other matters concerning the Board of Directors and continues working to enhance the soundness, transparency, and fairness of the Company's management.

The Nomination Committee discusses the appointment of Directors, the succession plan for the Representative Director, President & CEO, knowledge, experience, skills, etc. that the Directors should have, and other matters.

The Compensation Committee regularly monitors the Directors' remuneration system of MHC in comparison with the market standard by using an external specialized agency and discusses policies concerning the

systems, standards, etc., for Directors' remuneration.

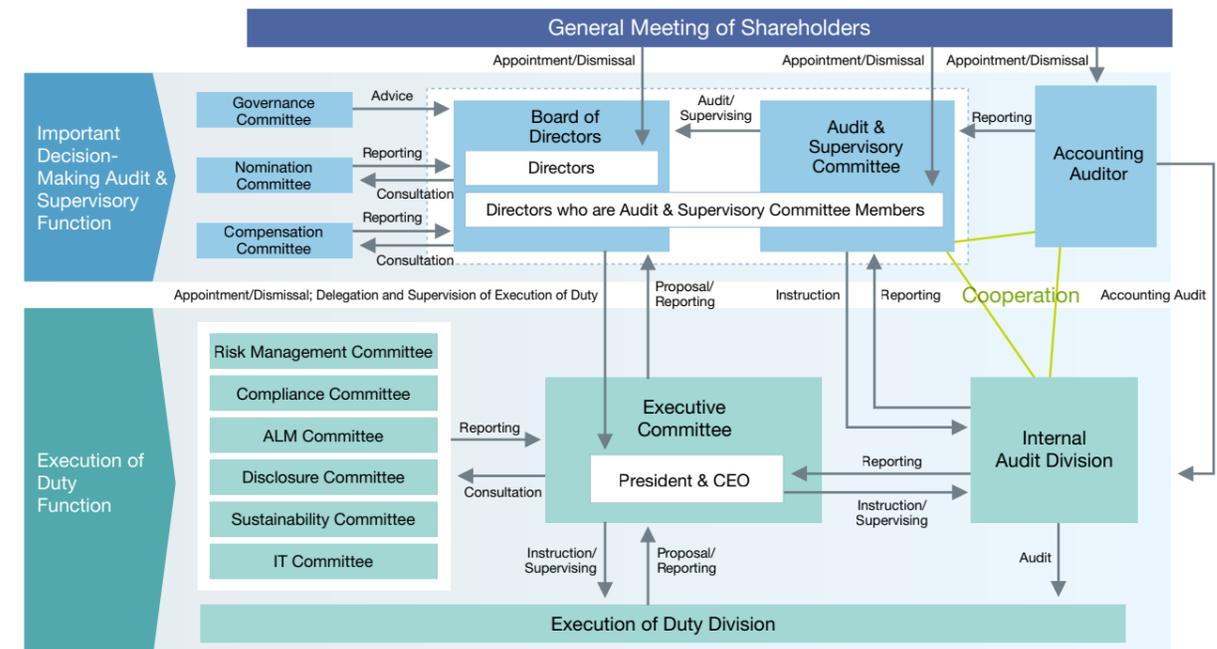
The members and the chairperson of the Nomination Committee and Compensation Committee shall be selected by the Board of Directors, and items discussed in the committees shall be resolved by a majority of committee members in attendance. It is stipulated in internal rules that the Board of Directors shall make decisions in recognition of to decisions made by the committees.

Matters concerning execution of duty

As a company with an audit & supervisory committee, MHC delegates many execution of duty decisions to the Executive Committee, a body that will deliberate and decide on important management matters, and expedites the decision-making process, with the aim of strengthening the supervisory functions of the Board of Directors. In addition, MHC has adopted an executive officer system, in order to further enhance and invigorate the functions of the Board of Directors by clarifying the responsibilities related to the execution of duty.

The Executive Committee, a body that will deliberate and decide on important management matters, is composed of the President & CEO, Deputy President, and Executive Officers separately specified by the President & CEO. The Committee will hold deliberations and make decisions on important matters, including the business management of the Group, in addition to conducting preliminary considerations of matters that are to be submitted to the Board of Directors to facilitate decision-making by the Board of Directors.

Corporate Governance Systems (As of October 1, 2023)



Composition of the Board of Directors

Views on the appropriate balance of knowledge, experience and skills, diversity, and size of the Board of Directors as a whole

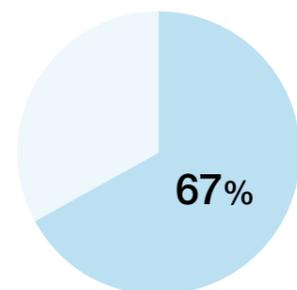
MHC assumes that the Board of Directors shall possess skills in “general corporate management”, “financing”, “treasury accounting”, “legal, compliance and risk management”, “international business”, and other areas, in view of the business lineup. MHC recognizes that diversity of Directors is important for the purposes of strengthening the function of the Board of Directors and that gender, nationality, and race are factors that 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 a Director is expected to perform the necessary skills and possesses the ability in light of the respective management environment as a top priority and electing 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.

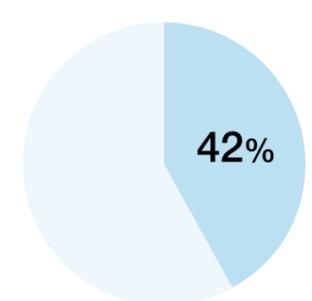
Currently, it assumes that MHC’s Board of Directors consists of Directors from a variety of business categories and industries and has an appropriate number of members to ensure a balanced composition of appropriate skills and diversity.

MHC has currently elected two female Directors while no foreign Directors have 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.

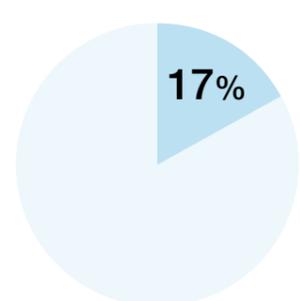
Ratio of non-executive directors



Ratio of outside directors



Ratio of female directors



Training Policy for Directors and Audit & Supervisory Committee Members

The Company explains its corporate philosophy, financial conditions, matters related to corporate governance, and other matters to newly appointed Outside Directors upon their appointment. In addition, after they take office as Directors, the Company provides them with information on training opportunities, including seminars held by external organizations on the latest trends in corporate governance, DX, sustainability, and other topics.

Further, Outside Directors cooperate by exchanging and sharing various information via the Governance Committee, which is an advisory body to the Board of Directors, and opinion exchange sessions, in which only Outside Directors participate.

The Company bears the full cost related to the training of Directors.

Composition of the Board of Directors and Reasons for Appointment and Expertise of Each Director

Candidate's Name	Title	Reasons for Appointment and Expected Role	Areas of Expertise (Note)				
			Management	Finance	Treasury	Legal	Global
Takahiro Yanai	Director, Chairman	Since 2017, Mr. Takahiro Yanai has served as the President & CEO of Mitsubishi UFJ Lease & Finance Company Limited based on a wealth of management experience at a major Japanese financial institution. He has a wealth of management experience as the chief of execution of duty leading the management of the Company as it expands globally. By using deep knowledge based on his experience, he has been in charge of supervision of management as a non-Executive Director, Chairman since April 2023. We have deemed him to be the best candidate to aim for further improvement of the soundness of the management of the Company and enhancement of corporate value over the medium to long term. We are therefore reappointing him as a candidate for Director.	●	●			
Taiju Hisai	Representative Director, President & CEO	Since 2021, Mr. Taiju Hisai has served as the Deputy President and an Executive Officer of the Company and has led the overall business of the Company based on a wealth of management experience at a major Japanese financial institution. He has served as the Representative Director, President & CEO, and an Executive Officer acting as the chief of execution of duty since April 2023. He has sufficient experience and knowledge to assume business management of the Company as it expands globally. We have deemed him to be the best candidate to take command of business as the Representative Director, President & CEO, and an Executive Officer and to aim for the Company's sustainable growth and improvement of corporate value over the medium to long term. We are therefore reappointing him as a candidate for Director.	●	●			●
Kanji Nishiura	Representative Director, Deputy President	Since 2021, Mr. Kanji Nishiura has served as the Representative Director, Deputy President, and Executive Officer of the Company. With his wealth of management experience at a major Japanese general trading company, he has managed the overall operations to assist the President. He has sufficient experience and knowledge to assume business management of the Company as it expands globally. We expect him to contribute to the Company's sustainable growth and improvement of corporate value over the medium to long term as an Executive Director and are therefore reappointing him as a candidate for Director.	●				●
Kazumi Anei	Director, Deputy President	Mr. Kazumi Anei has served as an Executive Officer and the Chief Marketing Officer of Hitachi Capital Corporation since 2016 and 2020, respectively, and since 2021, he has led the overall business of the Company as the Director, Deputy President, and an Executive Officer of the Company. He has sufficient experience and knowledge to assume business management of the Company as it expands globally. We expect him to contribute to the Company's sustainable growth and improvement of corporate value over the medium to long term as an Executive Director and are therefore reappointing him as a candidate for Director.	●	●			
Haruhiko Sato	Director, Managing Executive Officer	Mr. Haruhiko Sato currently assumes the positions of the Head of the Corporate & Strategic Planning Division and CFO, serving as the Director, Managing Executive Officer of the Company. He has a wealth of experience at a major Japanese general trading company, as well as experience and knowledge in the corporate division, which he has cultivated while engaged in the business management of the Company as it expands globally. We expect him to utilize this background and contribute to the Company's sustainable growth and improvement of corporate value over the medium to long term as an Executive Director. We are therefore reappointing him as a candidate for Director.			●		●
Hiroyasu Nakata	Director (Outside Director) (Independent Director)	Mr. Hiroyasu Nakata has deep knowledge as a legal expert. He had contributed to appropriate decision making and supervision of overall management by the Board of Directors as an independent Outside Director. We are therefore reappointing him as a candidate for Director. We expect him to use his knowledge to contribute to appropriate decision making and supervision of overall management by the Board of Directors as an independent Outside Director from an objective perspective independent of executive management responsible for the execution of duty and to contribute to the improvement of the soundness, transparency, and fairness of the management of the Company as a member of the Governance Committee, Nomination Committee and Compensation Committee.					●
Yuri Sasaki	Director (Outside Director) (Independent Director)	Ms. Yuri Sasaki has academic knowledge as a university professor, as well as outstanding insight and a wealth of experience as an international finance researcher. She contributed to appropriate decision making and supervision of overall management by the Board of Directors as an independent Outside Director. We are therefore reappointing her as a candidate for Director. We expect her to use her knowledge and experience to contribute to appropriate decision making and supervision of overall management by the Board of Directors as an independent Outside Director from an objective perspective independent of executive management responsible for the execution of duty and to contribute to the improvement of the soundness, transparency, and fairness of the management of the Company as a member of the Governance Committee, Nomination Committee and Compensation Committee.		●			

(Note) The respective terms for the areas of expertise have the following meanings: “Management” for general corporate management; “Finance” for treasury; “Treasury” for finance and accounting; “Legal” for legal, compliance, and risk management, and; “Global” for global business.

Candidate's Name	Title	Reasons for Appointment and Expected Role	Areas of Expertise (Note)				
			Management	Finance	Treasury	Legal	Global
Takuya Kuga	Director (Outside Director)	Mr. Takuya Kuga has a wealth of management experience at a major Japanese general trading company, as well as a deep knowledge of Japanese and international businesses. He has used his experience and knowledge from a practical perspective to contribute to appropriate decision making and supervision of overall management by the Board of Directors as an Outside Director. We are therefore reappointing him as a candidate for Director. As Mr. Kuga concurrently serves as the Executive Vice President of Mitsubishi Corporation, a major shareholder of the Company, he is not designated as an Independent Director. Mitsubishi Corporation is an important business partner for the Company to work together with to aim for the improvement of corporate value. Among other positions, including overseas assignments in the U.S., he had served as Division COO, Real Estate Business Division and Division COO, Urban Infrastructure Division. Currently, he assumes the position of the Group CEO, Urban Development Group. We expect to utilize Mr. Kuga's management experience and extensive knowledge of overall Japanese and international businesses for the Company's management and effectively utilize advice from him, who has served as a chief of business areas of collaboration between Mitsubishi Corporation and the Company. We deem that this will lead to the improvement of the Company's corporate value and contribute to the enhancement of the interests of all shareholders, including minority shareholders. Mr. Kuga has indicated his intention to perform his duties as a Director for the benefit of the Company and not for any specific shareholder. If any item of business posing a conflict of interest between Mitsubishi Corporation and the Company is submitted to the Company's Board of Directors, he will participate in neither the resolutions nor the deliberations. We expect him to use his knowledge to contribute to appropriate decision making and supervision of overall management by the Board of Directors as an Outside Director and to contribute to the improvement of the soundness, transparency, and fairness of the management of the Company as a member of the Governance Committee, Nomination Committee and Compensation Committee.	●				●
Akira Hamamoto	Director, Audit & Supervisory Committee Member	Based on his extensive management experience and experience as a Full-time Member of the Audit & Supervisory Committee of Japan's leading financial institution, he was appointed as Senior Managing Executive Officer of the Company in 2021 and contributed to ensuring the soundness of the Company's management as the Director in charge of the Internal Audit Department. He was reappointed as a Director with the expectation that, by taking advantage of his knowledge, he would contribute to ensuring the sound management of the Company as a Director who is also an Audit & Supervisory Committee Member.	●	●		●	
Koichiro Hiraiwa	Director, Audit & Supervisory Committee Member (Outside Director) (Independent Director)	Based on his experience at the central bank of Japan and Japan's leading telecommunication company, as well as the extensive knowledge he has acquired through management of a major hotel, he has contributed to the Board of Directors' appropriate decision-making and overall management supervision as an Independent Outside Director, and to neutral and objective audits, and has therefore been reappointed as a Director. We expect that he will contribute to ensuring the sound management of the Company as an Independent Outside Director and contribute to improving the soundness, transparency, and fairness of management as a member of the Governance Committee, the Nomination Committee, and the Compensation Committee, based on the above knowledge and from an objective perspective independent from the management team that executes duty.	●	●			
Hiroko Kaneko	Director, Audit & Supervisory Committee Member (Outside Director) (Independent Director)	Based on her extensive experience at major audit firms and as a university professor, as well as her in-depth knowledge as an accounting expert, she has contributed to the Board of Directors' appropriate decision-making and overall management supervision as an Independent Outside Director and to neutral and objective audits and has therefore been reappointed as a Director. We expect that she will contribute to ensuring the sound management of the Company as an Independent Outside Director, and contribute to improving the soundness, transparency, and fairness of management as a member of the Governance Committee, the Nomination Committee, and the Compensation Committee, based on the above knowledge and from an objective perspective independent from the management team that executes duty.				●	
Masayuki Saito	Director, Audit & Supervisory Committee Member (Independent Director)	Based on his extensive management experience at Japan's leading manufacturer and his extensive knowledge in the finance and accounting fields, we expect that he will contribute to the Board of Directors' appropriate decision-making, overall management supervision, and neutral and objective audits as an Independent Outside Director and has therefore been reappointed as a Director. We expect that he will contribute to ensuring the sound management of the Company as an Independent Outside Director and contribute to improving the soundness, transparency, and fairness of management as a member of the Governance Committee, the Nomination Committee, and the Compensation Committee, based on the above knowledge and from an objective perspective independent from the management team that executes duty.	●	●			●

(Note) The respective terms the areas of expertise indicate are the following: "Management" for general corporate management; "Finance" for treasury; "Treasury" for finance and accounting; "Legal" for legal, compliance, and risk management, and; "Global" for global business.

Status of Activities of the Board of Directors and each Committee

Status of activities of the Board of Directors

The Board of Directors meetings are held every month, in principle. The meetings were held 14 times in FY2022, 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, were regularly reported to the Board of Directors. Then, the Board of Directors deliberated the important policies for each area. Furthermore, the status of audits is reported by the Audit & Supervisory Committee in every meeting.

Attendance at the Board of Directors meetings by Directors and Audit & Supervisory Committee Members in FY2022 was as shown on the right.

Status of activities of each committee

Governance Committee

The committee meetings were held three times in FY2022 and conducted PDCA for effectiveness assessment by deliberating the manner of effectiveness assessment for the Board of Directors and the analysis of the assessment results.

Attendance by Directors was as shown on the right.

Nomination Committee

The committee meetings were held five times in FY2022 and deliberated the selection of Director candidates, 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 MHC's President & CEO as a part of the succession plan for the President & CEO and deliberated on the next President & CEO based on the candidate list.

Attendance by Directors was as shown on the right.

Compensation Committee

The committee meetings were held eight times in FY2022 and deliberated the Directors' remuneration scheme and standards, verified the amount paid as performance-based compensation, and deliberated the adoption of a performance-based stock compensation plan.

Attendance by Directors was as shown on the right.

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
10/11 times (91%)	Masayuki Saito

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

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
5/5 times (100%)	Seiji Kawabe, Hiroyasu Nakata, Yuri Sasaki, Go Watanabe, Koichiro Hiraiwa, Hiroko Kaneko
4/4 times (100%)	Takuya Kuga, Masayuki Saito

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) 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.

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 the review and assessment 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 manner for FY2022

Having confirmed the validity of the self-assessment manner used for FY2022, MHC decided to conduct a survey of all the Directors for FY2023 as well.

In the survey for FY2022, questions on the topics to be entrusted to business execution and the standards for items to be submitted to the Board of Directors, in addition to the questions on themes that should be discussed by the Board of Directors, in order to further stimulate discussions at 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 on the left.

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 had highly-transparent and fair discussions on the replacement of the President & CEO and the remuneration of the Directors.
- #### 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 FY2023

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.

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.

See pages 76-77 for reasons for the appointment and expected role of each Director.

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.

Process of Replacement of the President in April 2023

MHC discussed a succession plan for appointing the next President & CEO in the Nomination Committee, which was established in April 2022.

The Nomination Committee first specified selection standards for President & CEO, such as "strategic intelligence", "leadership", and "ability to make decisions." In addition, the committee discussed and identified expertise specifically required for the President & CEO of MHC and defined evaluation criteria for candidates for the President & CEO, taking into account "attributes and ability", "expertise and skills", "global management experience", etc.

With these in mind, a series of Nomination Committee meetings discussed the selection of the President & CEO by creating a long list of presidential candidates and then making a short list based on the long list. As a result, they concluded that Mr. Taiju Hisai is the most suitable person to be the next President & CEO, and this was resolved at the Board of Directors meeting.

Remuneration for Directors

Basic policy

- MHC's officers' remuneration is determined by also taking into account officers' incentives to increase corporate value through the execution of business strategies.
- The level of remuneration is appropriate with respect to the roles and responsibilities of each officer and is also based on market levels, from the viewpoints of increasing medium- to long-term corporate value and improving short-term business performance.

Remuneration system

In principle, Executive Directors' remuneration, etc., consists of base remuneration (fixed remuneration), annual incentive compensation (performance-based monetary compensation), and medium- to long-term incentive compensation (performance-based stock compensation). As annual incentive compensation, cash is paid as a bonus, while medium- to long-term incentive compensation is paid as a provision of MHC's shares, etc., in a trust framework.

MHC has established a payment ratio for performance-based compensation and non-performance-based compensation to maintain a sound performance-based ratio. In addition, MHC has also established appropriate short-term and medium- to long-term incentive ratios under this remuneration system to enhance not only short-term business performance but also medium- to long-term corporate value.

Specifically, the ratio of non-performance-based compensation (base remuneration) to performance-based compensation (bonus and stock compensation) is generally set at 1:0.6 (the ratio of base remuneration to bonus to stock compensation is generally set at 1:0.3:0.3). Using this as the base case, the ratio is determined by taking into account the roles, responsibilities, and other factors with regard to each Director on a comprehensive basis.

	Type of Remuneration	Remuneration Ratio	Details of Remuneration	Evaluation Method/ Ratio	Range Based on KPI Achievement
Fixed	Basic Remuneration	62.5% 1	1. The amount determined according to title is paid monthly.	-	-
	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 KPI for evaluating company-wide performance, and the targets are set according to the Company's numerical targets (net income attributable to owners of the parent, ROA, ROE, OHR). 3. The achievement of the executive officers, excluding Representative Directors in their duties is evaluated 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 Director] (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 (net income attributable to owners of parent, ROA, ROE, and TSR against TOPIX growth rate) were set as key performance indicators (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.

For non-Executive Directors, including Outside Directors (excluding Directors who are Audit & Supervisory Committee Members), from the standpoint of ensuring the effectiveness of the supervisory function, bonuses and stock compensation, which are incentive compensation, shall not be paid. Remuneration shall be limited to basic remuneration only.

	Type of Remuneration	Remuneration Ratio	Details of Remuneration
Fixed	Basic Remuneration	100%	1. For 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, which are incentive compensation, shall not be paid. Remuneration shall be limited to basic remuneration only.

Performance-based compensation

With respect to bonuses and stock compensation, financial indicators, which are emphasized as indicators of MHC's growth from the perspective of management strategy are set as indicators (key performance indicators, or "KPIs") for the company-wide performance evaluation to clarify the relationship between business performance and remuneration.

Bonuses

The net income attributable to owners of the parent, ROA, and ROE, which have been set as MHC's numerical goals, are set as KPIs for the company-wide performance evaluation.

The bonus of Representative Directors is fully linked to the company-wide performance evaluation, with the amount to be paid determined within the range of 0% to 150% of the standard amount, based on the level of achievement of the projection for the key performance indicators (KPIs) for company-wide performance evaluation.

The bonus of Executive Directors, excluding Representative Directors, is based 70% on the company-wide performance evaluation and 30% on the evaluation of the duties for which each individual is responsible. The amount to be paid based on each evaluation is determined within the range of 0% to 150% of the standard amount.

For the portion based on the responsible duties, quantitative and qualitative evaluations are conducted by the President, using a standard evaluation sheet, from the perspective of performance and the level of contribution regarding the duties handled by the relevant Executive Director. The purpose is to enhance the incentive of each Director by appropriately evaluating not only the level of achievement of performance targets but also results, such as the level of contributions, which cannot be evaluated by quantitative means alone.

Stock compensation

From the perspective of increasing its medium- to long-term corporate value, (1) net income attributable to owners of the parent, (2) ROA, (3) ROE, and (4) TSR against TOPIX growth rate, which MHC has set as numerical goals, etc. in the Medium-term Management Plan, are set as indicators (KPIs) for the performance evaluation. By using a trust framework, MHC's shares, etc. corresponding to share conversion points, which are calculated

using the following formula, are provided. Specifically, one share of MHC or a corresponding amount of cash per point is delivered. In principle, the portion of MHC's shares possessed in the trust is converted into cash value therein, and compensation is provided in the form of Company shares and cash at a percentage of 50:50.

$$\text{Share conversion points} = \frac{\text{The number of points granted corresponding to the position and the number of months in office of the relevant person (the aggregate number of points during the three-year period of the Medium-term Management Plan)}}{\times} \text{The performance-linked factor based on the level of achievement of KPIs (ranging from 0 to 150\%)}$$

Non-performance-based compensation

When it is necessary for Directors (excluding Outside Directors and those who are Audit & Supervisory Committee Members) to reside in an area away from home due to a transfer resulting from a change of duties or base, MHC provides such Directors with appropriate company housing.

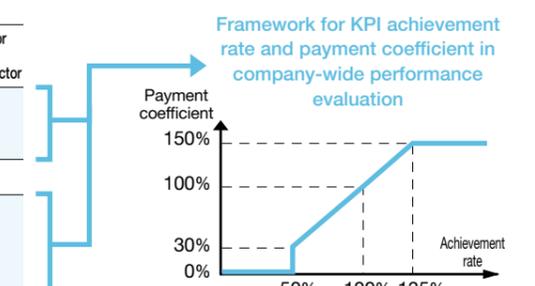
The company housing shall be properties of a general and standard level, and the upper limit of rent by title and region shall be established beforehand. The company housing rent to be calculated based on the predetermined rate (when the total rent exceeds the limit, all of the excess amount is added to the amount for collection) shall be collected from Directors as their own expenses.

Remuneration determination policy

In order to ensure transparency and objectiveness in determining officers' remuneration, etc., MHC decides details of the remuneration, etc., determination policy, and other relevant matters at a meeting of the Board of Directors after the Compensation Committee, the majority of which consists of Independent Outside Directors deliberates those matters. In addition, the Compensation Committee deliberates the validity of the amount and composition of remuneration every year based on the remuneration-related data provided by an external specialized institution. The members and chairperson of the Compensation Committee are selected by the Board of Directors, and the committee makes decisions by a majority of committee members attending. It is stipulated in internal rules that the Board of Directors shall make decisions in recognition of the decisions made by the committee.

KPIs and Evaluation Ratio of Performance-based Compensation

	KPI	Evaluation Ratio	
		Representative Director	Executive Director Other than the Representative Director
Bonuses	Company-wide performance evaluation Net income attributable to owners of the parent ROA ROE	100%	70%
	Evaluation of Responsible Duties Evaluated individually	-	30%
Stock Compensation	Company-wide performance evaluation Net income attributable to owners of the parent ROA ROE TSR against TOPIX growth rate	100%	100%



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 con-

sider 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



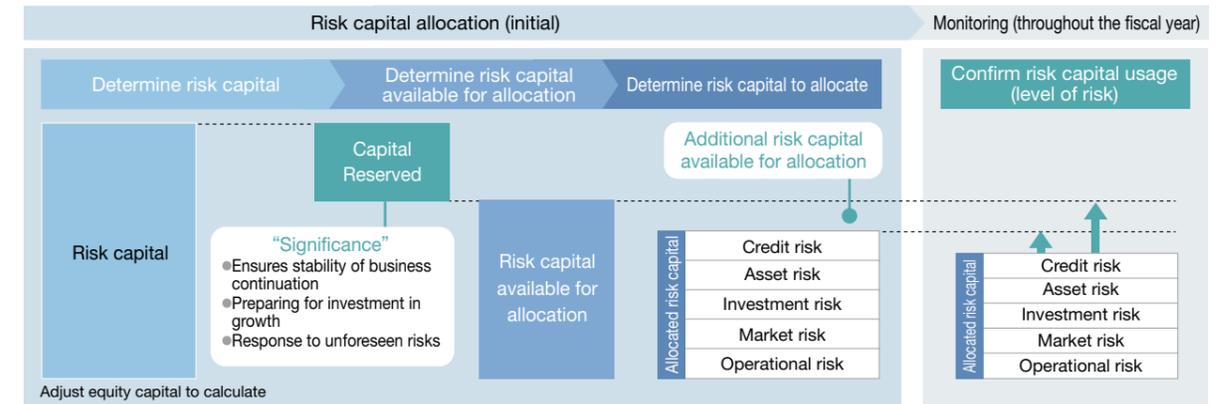
Integrated Risk Management

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 profitability. 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. Specifically, 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 is undertaken of the utilization of risk capital and the status of portfolios, 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 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 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.

Please refer to our website for details.

https://www.mitsubishi-hc-capital.com/english/sustainability/governance/risk_management.html

Other Major Risks

In addition to risk addressed in the framework of integrated risk management, the Group recognizes the major risks listed below. These risks are managed within the integrated risk management framework, including individual impact and combined impacts across multiple risk

items, according to their individual characteristics and status. The Group explores a unified response and formulates a response policy as necessary and additionally conducts scenario analysis appropriate to the situation as part of a multi-faceted verification of risk resilience.

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

Stress Tests

In the execution of 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 fields. 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.

Compliance

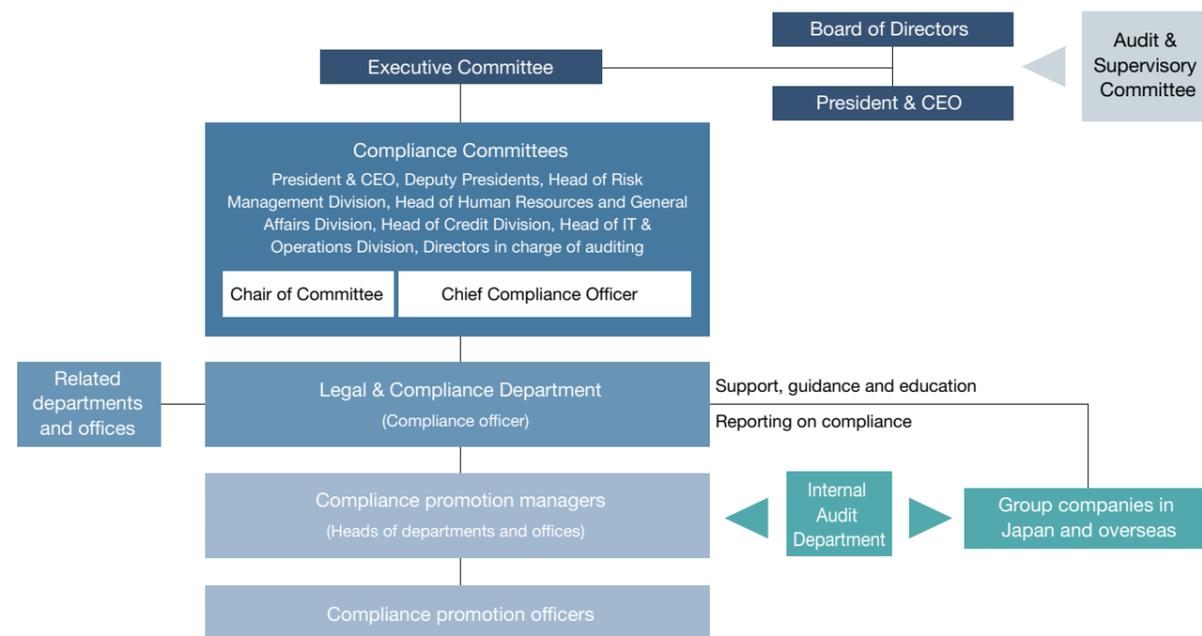
To ensure that our common values and ethics regarding compliance are recognized and shared among all Group employees, the Mitsubishi HC Capital Group has established the Mitsubishi HC Capital Group Code of Ethics and Code of Conduct as basic guidelines for all Group employees. To ensure compliance with this Code of Ethics and Code of Conduct, we have made our Compliance Manual available on the Company intranet so that all Group employees can review it at any time.

Compliance Management Structure and System

At Mitsubishi HC Capital, the Chief Compliance Officer (CCO) supervises 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 each division and Group company, as well as guidance on the correction of compliance violations.

 Please refer to our website for details.

Code of Ethics
<https://www.mitsubishi-hc-capital.com/english/sustainability/governance/compliance.html>



Whistleblowing System

The Mitsubishi HC Capital Group has set up a compliance hotline system as a whistleblowing system for officers and employees to report and consult about misconduct and related issues, including corruption (any real or suspected violations of laws, regulations, internal rules, or the Code of Ethics by officers, employees, etc.).

The compliance hotline system comprises (1) a Legal & Compliance Department contact and (2) a Full-time Audit & Supervisory Committee Member contact as internal points of contact, and (3) an outside attorney and (4) an external consultation desk as external points of contact. These all serve as contact points for officers and employees (including those already retired) to be able to report or consult without hesitation. The external consultation desk also accepts anonymous reports and consultations.

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 the investigation. We strive to investigate the cause of such incidents, formulate and implement measures to prevent recurrences, and further educate employees to raise awareness of compliance.

What can be consulted or reported

Any acts engaged in by officers and employees in violation or suspected of being in violation of laws, regulations, internal rules, or the Code of Ethics can be consulted or reported.

- Acts affecting the protection of customer interests
- Acts impacting the protection of the environment
- Acts affecting fair competition, such as violations of antitrust laws
- Acts related to provision of bribes or other illegal benefits to government officials and the like both in Japan and overseas
- Other inappropriate acts in violation of laws, regulations, rules, or social justice

Officers and employees who report or consult shall receive no disadvantageous treatment whatsoever due to such reporting or consulting.

Principles for Money-Laundering Prevention

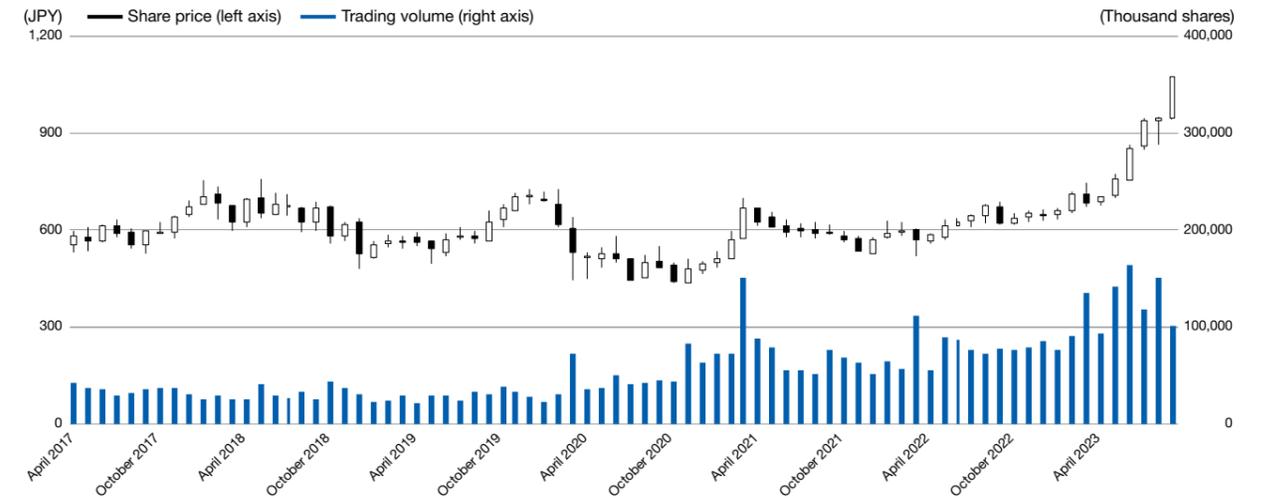
The Mitsubishi HC Capital Group (“Group”) is striving to enhance our structure and system to prevent money-laundering and terrorist financing (collectively, “Money-Laundering”) and eliminate any trade relationship with persons (individuals and entities) subject to sanctions, which violates economic sanctions of the United Nations, international organizations, and individual countries.

1. We shall comply with all applicable laws and regulations for preventing Money-Laundering in and outside the country.
2. Recognizing Money-Laundering prevention as one of our critical challenges, the top management of each company of the Group shall proactively and aggressively tackle this issue.
3. With regard to persons subject to sanctions identified under the UN Security Council’s resolution and by OFAC or other regulatory authorities, we shall check and screen every contemplated transaction appropriately according to applicable laws and regulations.
4. Taking the risk-based approach, we shall appropriately manage customers and transactions to address the risks in the Money-Laundering.
5. We shall monitor all transactions continually, and if any of them is suspected of being involved in Money-Laundering, we shall report it to relevant authorities as required.
6. We shall provide training programs continuously to maintain and improve awareness about Money-Laundering prevention of the officers and employees of the Group and their capability to deal with those transactions.
7. We shall ensure the appropriate business operation for Money-Laundering prevention by conducting regular internal audits and other processes.

Financial Information

	FYE3/2022	FYE3/2023
Revenues (Millions of yen)	1,765,559	1,896,231
Gross profit (Millions of yen)	334,661	357,327
Operating income (Millions of yen)	114,092	138,727
Recurring income (Millions of yen)	117,239	146,076
Net income attributable to owners of the parent (Millions of yen)	99,401	116,241
Total assets (Millions of yen)	10,328,872	10,726,196
Segment assets (Millions of yen)	9,345,376	9,632,966
Interest-bearing debt (Millions of yen)	8,066,082	8,236,106
Total equity (Millions of yen)	1,333,467	1,551,029
Cash flows (Millions of yen)		
Operating activities	195,845	46,752
Investing activities	(107,879)	(127,322)
Financing activities	(192,157)	(8,948)
Cash and cash equivalents at the end of the year (Millions of yen)	520,083	460,486
Equity ratio (%)	12.7	14.3
ROE (%)	8.0	8.2
ROA (%)	1.0	1.1
New transactions volume (Billions of yen)	2,507.8	2,640.6
Per-share indicators		
Earnings (yen)	69.24	80.95
Equity (yen)	912.19	1,064.46
Dividend (yen)	28.0	33.0
Payout ratio (%)	40.4	40.8

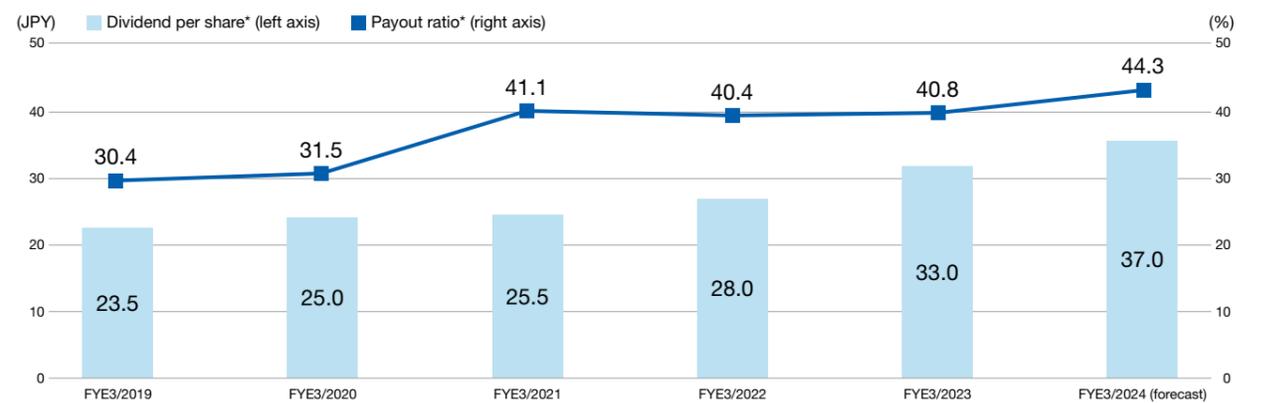
Share Price History



TSR (Total Shareholder Return)

	FYE3/2019	FYE3/2020	FYE3/2021	FYE3/2022	FYE3/2023
TSR (%)*	94.2	93.0	118.9	107.7	131.3
(Comparative index: TOPIX including dividends) (%)	(95.0)	(85.9)	(122.1)	(124.6)	(131.8)

Change in Dividends and Dividend Payout Ratio



* Mitsubishi UFJ Lease & Finance results from FYE3/2019 to FYE3/2021

Corporate Information

Corporate Profile (As of April 1, 2023)

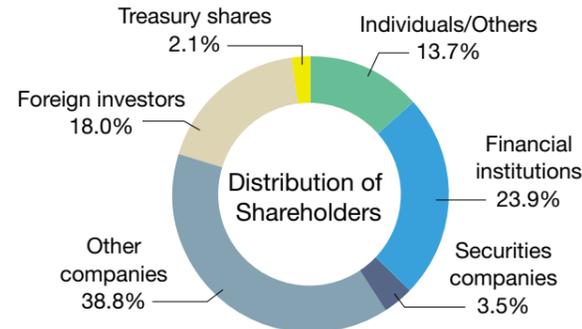


Marunouchi Office

Company name	Mitsubishi HC Capital Inc.
Head Office	5-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo, 100-6525, Japan
Representative	Representative Director, President & CEO Taiju Hisai
Number of Employees	Consolidated: 8,648; Non-consolidated 2,182 (as of March 31, 2023)
Main Business Activities	Activities Leasing, installment sales, various types of financing, etc.
Stock Listings	Tokyo Stock Exchange (TSE) Prime Market Nagoya Stock Exchange (NSE) Premier Market
Paid-in Capital	¥33,196 million

Stock Information (As of March 31, 2023)

Authorized shares	4,800,000,000
Total number of issued shares	1,436,496,086 (Excluding 30,416,158 treasury shares)
Number of shareholders	278,018



Major Shareholders

Name	Shares held (Thousand shares)	Ownership (%)
Mitsubishi Corporation	264,044	18.38
Mitsubishi UFJ Financial Group, Inc.	208,345	14.50
The Master Trust Bank of Japan, Ltd. (Trust account)	112,341	7.82
Custody Bank of Japan, Ltd. (Trust account)	65,391	4.55
Hitachi, Ltd.	59,152	4.11
MUFG Bank, Ltd.	50,348	3.50
Mitsubishi UFJ Trust and Banking Corporation	28,431	1.97
Meiji Yasuda Life Insurance Company	27,990	1.94
JPMorgan Securities Japan Co., Ltd.	22,807	1.58
STATE STREET BANK WEST CLIENT-TREATY 505234 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Division)	11,543	0.80

(Note) Treasury shares (30,416,158 shares) are excluded when calculating ownership.

External Evaluations (As of March 31, 2023)

External Credit Ratings

Rating Agency	Long-term	Short-term
Japan Credit Rating Agency, Ltd. (JCR)	Long-term issuer rating: AA	Commercial papers Issuance limit: 1,300 billion yen Rating: J-1+
	Issued registered bond preliminary rating: AA Planned issuance amount: 600 billion yen Planned issuance period: 2 years from September 1, 2023	
	Euro MTN Program: AA Issuance limit: Equivalent of US\$6 billion	
Rating and Investment Information, Inc. (R&I)	Long-term issuer rating: AA-	Commercial papers Issuance limit: 1,300 billion yen Rating: a-1+
	Issued registered bond preliminary rating: AA- Planned issuance amount: 600 billion yen Planned issuance period: September 1, 2023 to August 31, 2025	
	Euro MTN Program: AA- Issuance limit: Equivalent of US\$6 billion	
Moody's	Long-term issuer rating: A3	-
	Euro MTN Program: A3 Issuance limit: Equivalent of US\$6 billion	
S&P	Long-term issuer rating: A-	Short-term issuer rating: A-2

Selection as an index stock for SRI (Socially Responsible Investment)

FTSE Russell

The Company has been selected as a constituent of the FTSE4Good Index Series, FTSE Blossom Japan Index, FTSE Blossom Japan Sector Relative Index, performance indexes of Japanese companies that excel in addressing ESG issues, developed by global index broker FTSE Russell.



S&P/JPX Carbon Efficient Index

S&P Dow Jones Indices, LLC (S&P), a global index provider, and the Tokyo Stock Exchange, a member of the Japan Exchange Group (JPX), have jointly developed an ESG index (stock price index), and the Company's stock has been included in this index since 2018, the year it was launched.



Sompo Sustainability Index

The Company has been selected for the Sompo Sustainability Index, a composite of about 300 companies that are making remarkable efforts in ESG, established by Sompo Asset Management.



*The inclusion of Mitsubishi HC Capital Inc. in any index and the use of its logos, trademarks, service marks, or index names herein do not constitute a sponsorship, endorsement, or promotion of Mitsubishi HC Capital Inc. by each index company or any of its affiliates. The indexes are the exclusive property of each index company. Each index company and its index names and logos are trademarks or service marks of its index company or its affiliates.