

Mitsubishi HC Capital ESG Data Book 2026



Inaka no Yuyake (Sunset in the countryside)
by Koji Oyamaguchi, the recipient of the
Mitsubishi HC Capital Special Award at the
38th Artbility Awards

About Artbility:
A library of artworks created by artists with
disabilities, run by the social welfare corporation
Tokyo Colony to support the social participation
of artists with disabilities

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Editorial policy

This ESG Data Book has been compiled to help shareholders, investors, and other stakeholders gain a deeper understanding of the initiatives and achievements of the Mitsubishi HC Capital Group (hereinafter “MHC Group” or “Group”). To this end, it provides a systematic disclosure of quantitative and qualitative information on environmental, social, and governance (ESG) issues.

Reporting period April 2025 to March 2026

Reporting scope Mitsubishi HC Capital and its major consolidated subsidiaries

Release date August 28, 2026

Third-party assurance Data marked with ☒ have been subject to third-party assurance.

Legends

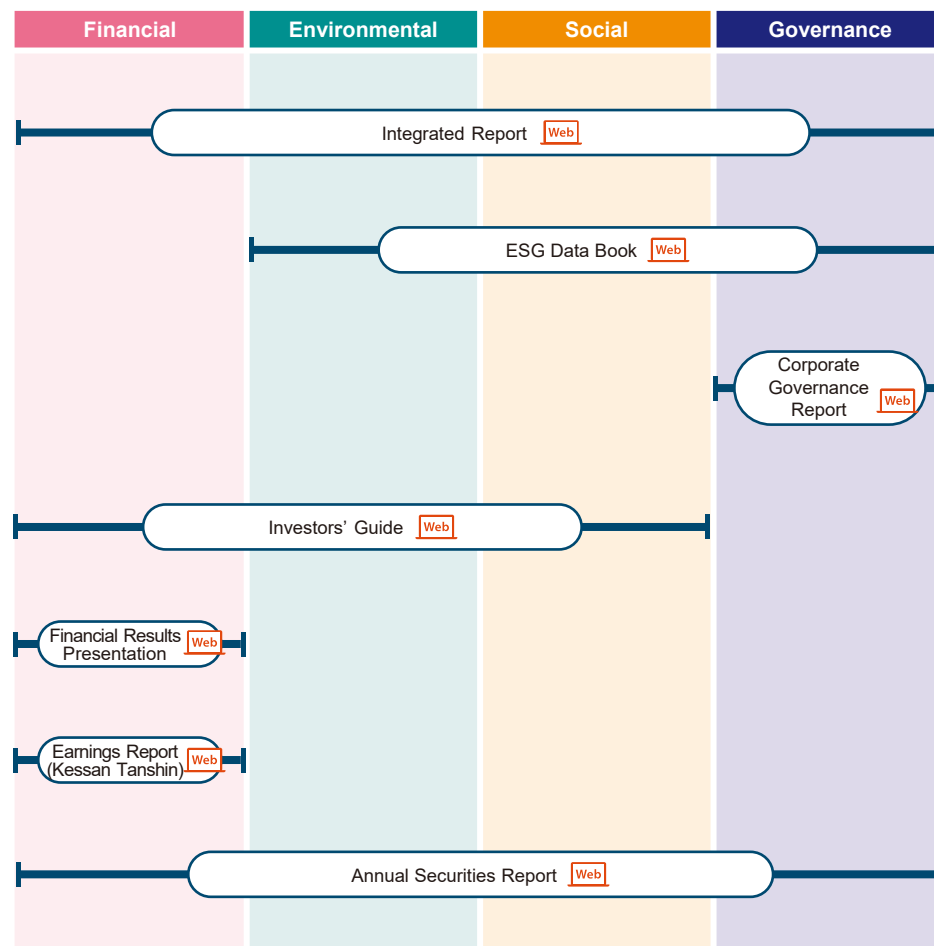
a	Mitsubishi HC Capital and its major consolidated subsidiaries (Japan and overseas)
a-	Mitsubishi HC Capital and its major consolidated subsidiaries (Japan and overseas) excluding some offices or subsidiaries
b	Mitsubishi HC Capital and its major consolidated subsidiaries (Japan)
b-	Mitsubishi HC Capital and its major consolidated subsidiaries (Japan) excluding some offices or subsidiaries
c	Mitsubishi HC Capital
c-	Mitsubishi HC Capital excluding some offices
d	Other
-	No data

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Positioning of this data book

This data book is positioned as a supplementary resource to the sustainability-related information disclosed in our Integrated Report and on our website.



[Web](#) [Please refer to our website.](#)

Basic information

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Corporate information

■ Corporate profile

Company name	Mitsubishi HC Capital Inc. (hereinafter "MHC" or "Company")
Head office	5-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo, 100-6525, Japan Tel: 03-6865-3000 (representative number)
Paid-in capital	¥33,196,047,500
Date of incorporation	April 12, 1971
Fiscal year-end	March 31

■ Number of employees

7,950 consolidated and 2,111 non-consolidated (as of March 31, 2026)

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.

Group companies (as of August 28, 2026)

Domestic group companies

Company name	
MITSUBISHI HC CAPITAL IT PARTNERS Inc.	U-MACHINE Inc.
MHC Business Company Limited	Mitsubishi HC Capital Estate Plus Inc.
MHC Eco Solutions Co., Ltd.	Mitsubishi HC Business Lease Corporation
MHC Insurance Company Limited	Mitsubishi HC Capital Energy Inc.
MHC Triple Win Corporation	HSE Ltd.
Mitsubishi HC Capital Trust Corporation	HWP Ltd.
Capital Insurance Corporation	Mitsubishi HC Capital Realty Inc.
Mitsubishi HC Capital Servicer Corporation	Mitsubishi HC Capital Realty Advisers Inc.
Healthcare Management Partners, Inc.	Center Point Development Inc.
JAPAN MEDICAL LEASE CORPORATION	

Overseas group companies

Europe

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

The Americas

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

Asia & Oceania

Country/Area	Company name	
Singapore	MHCC Singapore Pte. Ltd.	Mitsubishi HC Capital Asia Pacific Pte. Ltd.
Thailand	Bangkok Mitsubishi HC Capital Co., Ltd.	Mitsubishi HC Capital (Thailand) Co., Ltd.
	Thai MHC Co., Ltd.	
Indonesia	PT. Mitsubishi HC Capital and Finance Indonesia	PT. Takari Kokoh Sejahtera
	PT. Manajemen Unggul Lestari	PT. Arthaasia Finance
Malaysia	Mitsubishi HC Capital Malaysia Sdn. Bhd.	

Greater China

Country/Area	Company name	
China	Mitsubishi HC Capital (Shanghai) Co., Ltd.	MHC Management (Shanghai) Co., Ltd.
	MHC Capital Leasing (Beijing) Co., Ltd.	
Hong Kong	Mitsubishi HC Capital Management (China) Limited	Mitsubishi HC Capital (Hong Kong) Limited

Materiality

The Company has identified the six materialities (material issues) below as priority key challenges which must be addressed to achieve sustainable development of Mitsubishi HC Capital Group.

Against a backdrop of megatrends on a global scale, such as climate change driven by global warming, population growth, urbanization, and a scarcity of resources in recent years, 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 realizing a circular economy.

In our Group, we are committed to effective management and business activities aimed at addressing these issues, based on an appropriate understanding of the importance of the materialities.

Materiality of the Group

Materiality	Why the Group treats as highly material challenges	Related SDGs
1 Promote a decarbonized society	Efforts to realize a decarbonized society have been widely recognized as an urgent global priority, and there is significant scope for our Group to contribute in key growth areas such as investment in renewable energy and EV promotion. It is highly important for the Group to clearly distinguish initiatives that run counter to addressing social issues, as such initiatives could have a significant impact on its business.	 
2 Realize a circular economy	As a leading company in the leasing industry, it is highly important for the Group to contribute to the realization of a circular economy by reducing waste both within the Group and across society, while maximizing the potential of assets. The Group can also contribute to the realization of a sustainable and prosperous society through strengthened collaboration with partners.	   
3 Establish resilient social infrastructure	Domestic infrastructure development entering periods of repair and renewal, the proactive expansion of overseas infrastructure support through collaboration with various partners, and the development of smart cities represent areas of significant opportunity. The Group can contribute to enhancing business diversification, sophistication, and efficiency by establishing systems and providing services that facilitate collaboration among companies.	 
4 Realize healthy lifestyles that promote positive wellbeing	Creating and providing services that help ensure the health, safety, security, and cultural wellbeing of the Group's stakeholders is of high importance in realizing a prosperous future. Human capital is a source of value and trust in corporate activities, and enhancing employee motivation as well as attracting and retaining talented individuals is also highly important.	  
5 Create businesses utilizing the latest technologies	By capturing customers' financing needs for DX and addressing them through the use of the Group's technologies and digital capabilities, the Group aims to promote the development of new business models. Including the establishment of supply chains associated with the use of alternative energy, this represents a highly important opportunity to create businesses that combine diversity and innovation.	 
6 Collaborate with partners locally and globally	As social issues differ by country and region, it is important for the Group to address these issues by identifying local needs and collaborating with local partners. By leveraging the Group's comprehensive capabilities, we aim to realize a society in which we grow together with our stakeholders.	 

■ How materiality relates to Our Mission and Our Vision

The Company has identified the six materialities as key challenges for the realization of Our Mission and Our Vision.



■ Material issues identification process

1. Examination of important ESG issues from the Company's perspective

We made an exhaustive list of ESG issues based on ISO 26000, the Sustainable Development Goals (SDGs), and other relevant international guidelines and principles.

Subsequently, we conducted a survey of employees and internal interviews to identify candidates based on their importance in terms of both opportunities and risks related to our Group's businesses.

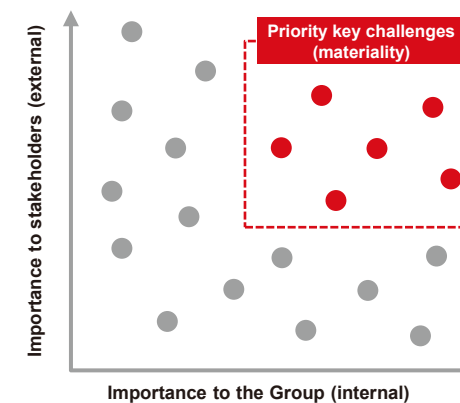
2. Consideration of important ESG issues from the perspective of external stakeholders

We confirmed the expectations and requests for the Group based on expertise and opinions obtained from interviews with external stakeholders, such as major customers and shareholders, and narrowed down the list of candidates.

3. Discussion and deliberation by management

We identified the six materialities through discussions at the Sustainability Committee, Executive Committee, and Board of Directors meetings, based on the relationship between Our Mission, Our Vision, and the SDGs, as well as their relevance to each business.

How materiality was identified



Efforts on sustainability

Basic view on sustainability

The Group understands that making efforts toward sustainability—among them, protecting the global environment, respecting human rights, and embracing diversity—is an essential responsibility to society as well as a key management challenge that contributes to enhancing corporate value over the medium to long term. To continue to survive, corporations must pursue long-term growth while gaining the trust of their stakeholders by engaging in business activities that seek to address environmental, social, and economic issues.

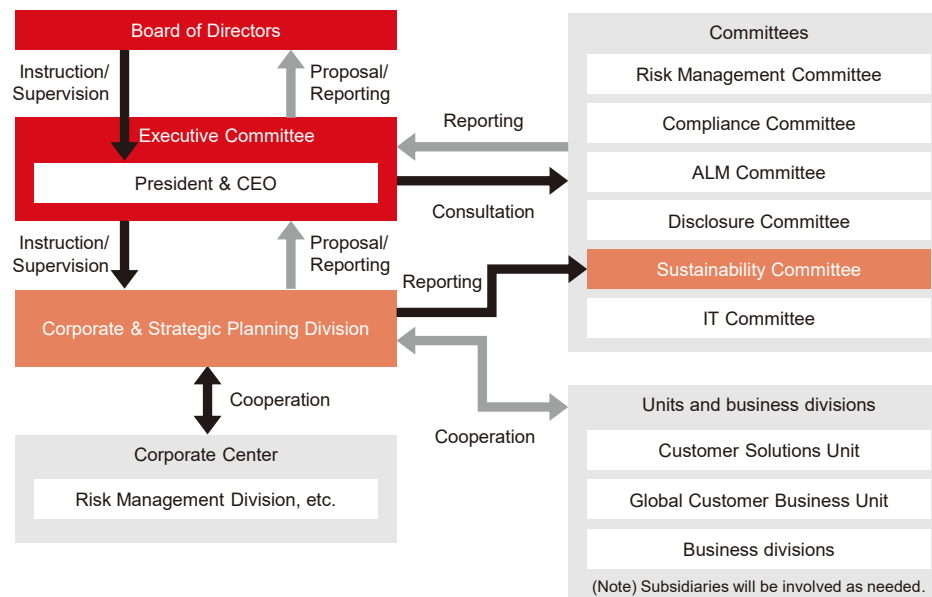
Sustainability promotion structure

The Group established the Sustainability Committee in April 2021 to promote sustainability-based management. The committee is positioned as an advisory body to the Executive Committee and aims to lead and promote sustainability efforts in a way that is unified with management strategies.

The Sustainability Committee formulates plans related to the Group's sustainability promotion such as its materiality and environmental issues, formulates goals and plans related to non-financial indicators, and monitors the progress of indicators among other activities. Important matters are submitted and reported to the Executive Committee and the Board of Directors.

The committee is chaired by the Head of the Corporate & Strategic Planning Division, and its members consist of the President & CEO, Deputy Presidents, CFO (Chief Financial Officer), Head of the Human Resources & General Affairs Division, Head of the Risk Management Division, Head of the Credit Division, and Head of the IT & Operations Division.

The Group's sustainability promotion structure

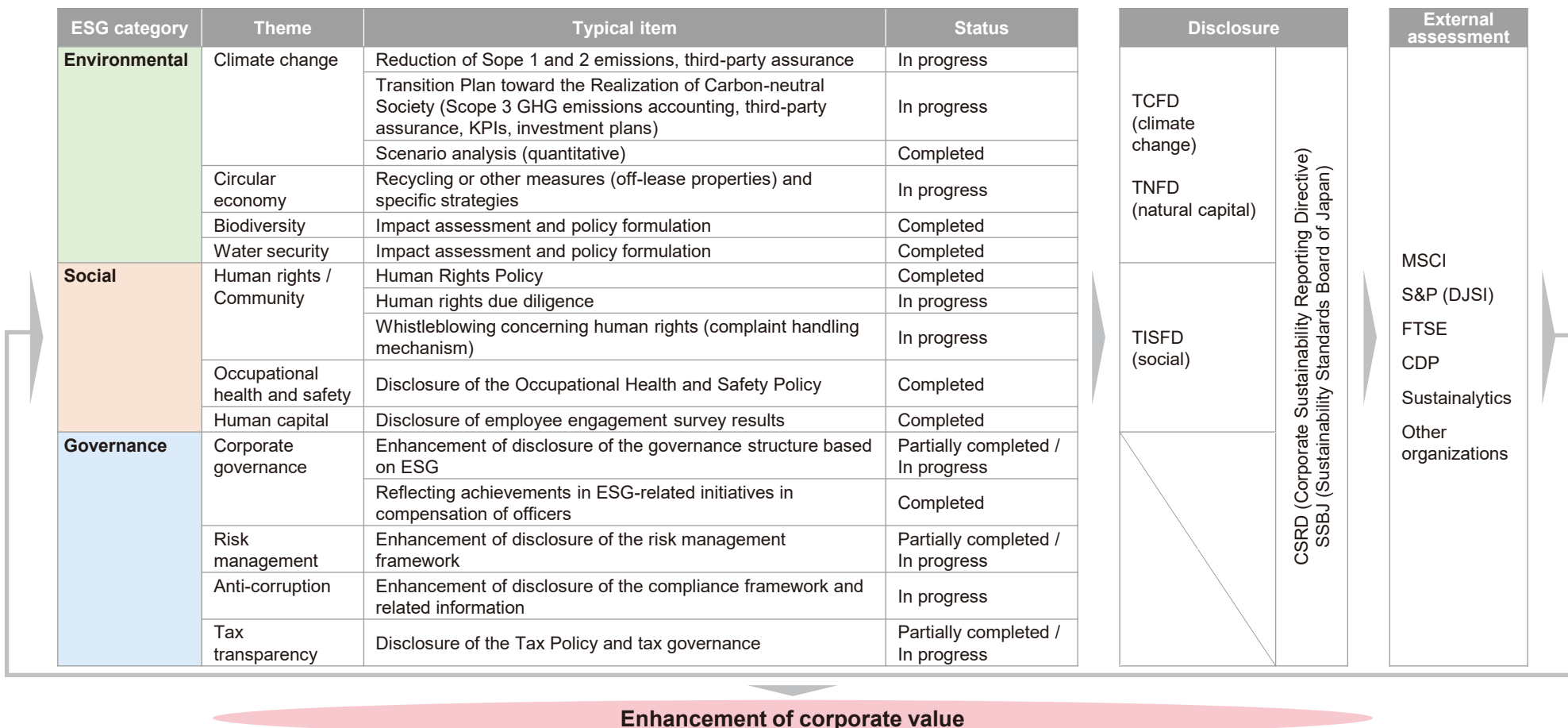


■ Overview of sustainability-based management

Based on the three pillars of environmental, social, and governance (ESG), the Group is promoting sustainability-based management, which aims to realize a sustainable society and enhance corporate value, as shown in the table below.

We are stepping up our environment-related initiatives, such as reducing greenhouse gas (GHG) emissions and promoting a circular economy, and focusing on society-related initiatives, such as conducting human rights due diligence and disclosing employee engagement survey results.

At the same time, we are striving to enhance our transparency by disclosing various policies, while working to strengthen governance. Furthermore, we are committed to enhancing reliability and transparency by continuing to disclose sustainability-related information and responding to external rating agencies, as well as by using the PDCA cycle to make continuous improvements.



■ Initiatives to embed sustainability across the Group

To embed sustainability as a foundation of management and business activities across the Group, we provide sustainability education and training programs tailored to different organizational levels and employee groups, ranging from officers to new hires.

For senior management, we conduct an annual SX mindset training session. This training, which was designed to promote corporate transformation driven by sustainability, positions sustainability and sustainability transformation (SX) as key themes directly linked to management decision-making and business strategies, helping management deepen their understanding of the mindset and actions required of leadership.

In addition, we hold SX briefing sessions for all employees, where we share social trends surrounding sustainability, expectations from investors and capital markets, and the Group's approach and initiatives. These sessions help employees understand how sustainability is connected to their day-to-day work.

We also offer e-learning programs as a independent learning opportunity. Covering a broad range of topics, including sustainability fundamentals, ESG, the SDGs, climate change, human rights, and human capital, these programs are designed to enhance the understanding of each employee.

For new hires, we provide sustainability training to help them understand the Group's views on sustainability and the direction of its SX initiatives, while encouraging them to recognize the relevance of sustainability to their own roles and responsibilities.

Through these initiatives, we encourage every officer and employee to view sustainability as a personal responsibility and to take actions that contribute to the sustainable enhancement of corporate value.



SX mindset training session for officers



Sustainability training for new hires

Social evaluation and participation in initiatives

■ Selection as an index stock for SRI (socially responsible investment)

FTSE Russell	The Company has been selected as a constituent of global index broker FTSE Russell's FTSE4Good Index Series, FTSE Blossom Japan Index, and FTSE Blossom Japan Sector Relative Index, which are performance indexes of Japanese companies that excel in addressing ESG issues.	  
MSCI Japan ESG Select Leaders Index	The Company has been selected as a constituent of the MSCI Japan ESG Select Leaders Index, an index comprised of companies selected for demonstrating outstanding ESG performance, targeting 50% coverage of issues in each Global Industry Classification Standard (GICS®) sector of the parent index (MSCI Japan IMI Index).	2026 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX
MSCI Japan Empowering Women Index (WIN)	The Company has been selected as a constituent of the MSCI Japan Empowering Women Index (WIN), an index comprising selected Japanese companies that demonstrate outstanding performance in promoting gender diversity in each GICS® sector of the parent index (MSCI Japan IMI Top 700 Index).	2026 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)
S&P/JPX Carbon Efficient Index	The Company's stock has been included in an ESG index (stock price index) created jointly by S&P Dow Jones Indices (S&P), a global index provider, and the Tokyo Stock Exchange, a member of the Japan Exchange Group (JPX), since the index was launched in 2018.	
Morningstar Japan ex-REIT Gender Diversity Tilt Index	The Company has been selected as a constituent of the Morningstar Japan ex-REIT Gender Diversity Tilt Index. This index is one of the gender diversity indexes provided by Morningstar (US), which offers investment research and management services. It uses data and scoring methodology provided by Equileap (Netherlands). Equileap is an organization that collects and assesses gender-related data of companies.	
SOMPO Sustainability Index	The Company has been selected for the Sompo Sustainability Index established by Sompo Asset Management. The index is a composite of about 300 companies that are making remarkable efforts in ESG.	

Social evaluation

CDP	CDP is a nonprofit organization that seeks disclosure of information on environmental issues such as climate change and water resources. In 2025, the Company received a B score for climate change and a B- score for water security.	
CDP Supplier Engagement	The Company was selected for the 2025 CDP Supplier Engagement Assessment (SEA) Leaderboard, receiving the highest rating under the assessment.	
ISS ESG Corporate Rating Prime status	The Company has obtained a Prime rating in the ISS ESG Corporate Rating conducted by ISS STOXX (formerly ISS ESG), one of the world's leading ESG rating agencies. ISS STOXX is an internationally recognized rating agency that comprehensively evaluates companies' ESG initiatives. Under the ISS ESG Corporate Rating, companies that meet industry-specific requirements and receive high ratings are awarded Prime status.	
BCM rating received from the Development Bank of Japan	In February 2024, under the BCM Rated Loan Program of the Development Bank of Japan (DBJ), through which companies are rated on their disaster preparedness and business continuity management (BCM), the Company earned the highest rating for making particularly outstanding efforts on business continuity.	
Platinum Kurumin certification	The Company was awarded Platinum Kurumin certification by the Minister of Health, Labor and Welfare in recognition of having fulfilled the required standards under the Act on Advancement of Measures to Support Raising Next-Generation Children.	

Contents	Basic information	Governance	Environmental	Social
Eruboshi certification	The Company received Eruboshi two-star certification from the Minister of Health, Labor and Welfare in recognition of its excellence in the implementation of initiatives to promote women's active participation and advancement in the workplace, which fulfilled the certification standards established under the Act on Promotion of Women's Active Engagement in Professional Life.			
Tomonin certification	The Company obtained Tomonin certification in recognition of its efforts to create a work environment that supports the balance of work and caregiving and helps prevent employees from leaving their jobs to provide family care.			
Health & Productivity Management Outstanding Organization (large enterprise category)	The Company was certified as a 2026 Health & Productivity Management Outstanding Organization in the large enterprise category for the eighth consecutive year. The Certified Health & Productivity Management Organization Recognition Program recognizes corporations, including large enterprises and small and medium-sized enterprises, that practice particularly outstanding health and productivity management. The program is based on initiatives aligned with regional health challenges and health promotion efforts led by the Nippon Kenko Kaigi. At our Company, we continuously promote health and productivity management initiatives, including efforts to achieve appropriate working styles such as work-life balance, as well as measures to support employees' health maintenance and enhancement through the active involvement of occupational physicians and public health nurses.			
PRIDE Index 2025 Bronze certification	We have been awarded the Bronze certification under the PRIDE Index, an evaluation framework for corporate initiatives to support LGBTQ+ inclusion, developed by work with Pride, a Japanese nonprofit organization. The PRIDE Index is Japan's first evaluation framework for corporate and organizational initiatives related to LGBTQ+ inclusion, established by work with Pride in 2016 with the aim of creating workplaces where sexual minorities can work with confidence and security.			
Certified operator making excellent efforts in promoting ESG-linked leasing business	The Company has been certified as an operator making excellent efforts under the subsidy program for measures to reduce CO ₂ emissions (efforts promoting ESG-linked leasing business for building a carbon-neutral society) by the Ministry of Environment for the last four years.			
DX-certified operator	In May 2023, the Company was recognized as a DX-certified operator, under the DX Certification Program established by the Ministry of Economy, Trade and Industry. The DX Certification Program is based on the Act on Facilitation of Information Processing. The government certifies companies that are prepared for DX promotion, meeting the basic requirements of the Digital Governance Code, which outlines the actions required by future business managers in light of social transformation through digital technology.			

Awards received

IT Award	The Company received the IT Encouragement Award (management and business process reform category) at the 2025 IT Award (43rd edition), organized by the Japan Association for Promotion of Information Technology (IT Association). Our initiative on strengthening governance and visibility based on unified group standards and reducing management risks through enhanced cybersecurity measures was highly evaluated, leading to this award. The IT Award is presented by the IT Association to companies, organizations, institutions, and individuals that have demonstrated outstanding efforts and achieved recognized results in business innovation through the advanced use of information technology.	
The ESG Finance Awards Japan (issuer/borrower of the year category): Silver Prize (Minister of the Environment Award)	The Company received the Silver Prize (Minister of the Environment Award) in the issuer/borrower of the year at the 7th ESG Finance Awards Japan, organized by the Ministry of the Environment. The ESG Finance Awards Japan were established by the Ministry of the Environment in FY2019 with the aim of recognizing and widely sharing advanced initiatives undertaken by institutional investors, financial institutions, intermediaries, companies, and other organizations that are proactively engaged in ESG finance or environmental and social initiatives and have made a positive impact, thereby promoting and expanding ESG finance.	
BizReach Campus OB/OG AWARD 2026: Culture Award Grand Prix	The Company won the Grand Prix in the Culture Award category of the OB/OG AWARD 2026,* organized by BizReach, Inc., in recognition of its efforts to foster a corporate culture in which all employees participate in recruitment activities and to create opportunities for dialogue with students. * The OB/OG AWARD 2026 report: https://www.bizreach.co.jp/pressroom/pressrelease/2026/0729.html (Japanese only)	

Participation in initiatives

The United Nations Global Compact	The Company signed the United Nations Global Compact (UNGC). The UNGC is the world's largest voluntary corporate sustainability initiative, bringing together the United Nations and private sector (companies and organizations) to build a healthy global society. Companies and organizations who sign the UNGC are required to support the Ten Principles in four areas of human rights, labor, environment and anticorruption, and to commit to make efforts to realize these principles. The Company will comply with UNGC's Ten Principles in four areas and contribute to the realization of a sustainable society by promoting sustainability initiatives.	
Task Force on Climate-related Financial Disclosures	In November 2021, the Company announced its support for recommendations by the Task Force on Climate-related Financial Disclosures (TCFD) established by the Financial Stability Board (FSB). By announcing its support for the TCFD recommendations, the Company is further promoting business activities contributing to decarbonization, as well as enhancing disclosure regarding climate change-related risks and opportunities.	

Contents	Basic information	Governance	Environmental	Social
Task Force on Nature-related Financial Disclosures	In August 2026, in line with the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD), the Company disclosed the results of an assessment of the relationship between its business activities and nature, including our dependencies and impacts on nature as well as the related risks and opportunities. We will continue to deepen our understanding of natural capital and biodiversity and contribute to the creation of environmental and social value through our business activities, as well as to becoming nature-positive.			 Taskforce on Nature-related Financial Disclosures
The Principles for Financial Action for the 21st Century	The Company has been a signatory to the Principles for Financial Action towards a Sustainable Society (Principles for Financial Action for the 21st Century), a proactive initiative by financial institutions, since it was formulated in November 2011. The Principles for Financial Action for the 21st Century consist of seven principles for financial institutions that want to take an active role and responsibility in the creation of a sustainable society and guidelines tailored to each sector to implement the principles. The Company will continue to make active efforts for the environment and society based on these principles.			 PFA21 Principles for Financial Action for the 21st Century
GX Future Consortium	The Company is a member of the GX Future Consortium, a public-private initiative established to promote green transformation (GX). The Company also participates in the GX Future League, an initiative of the consortium, and contributes to discussions on creating demand for GX and related financing mechanisms. Through the GX Future League, the Company will actively engage in rulemaking and information sharing through working group activities, in collaboration with companies across industries as well as public and private sector stakeholders. Through the provision of financial services and solutions that support decarbonization, the Company will contribute to the advancement of GX. At the same time, it will promote initiatives aimed at realizing carbon neutrality by 2050 as well as social transformation, thereby contributing to a sustainable and prosperous future. GX League official website: https://gx-future-consortium.go.jp/en/			
Circular Partners	The Company participates in Circular Partners, a circular economy-related partnership between government, industries, and academia on a circular economy. Circular Partners website: https://www.cps.go.jp/ (Japanese only)			
Japan Robot System Integrator Association	The Company participates in the Japan Robot System Integrator Association for the purpose of building a network with external system integrators and accumulating knowledge about industrial robots. The Company will contribute to the development of an environment that facilitates the introduction of robots and the realization of a sustainable society through initiatives to resolve issues by using robots.			

Governance

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Corporate governance

■ Basic view on corporate governance

While emphasizing initiatives to achieve sustainable corporate growth and enhance its corporate value over the medium to long term, MHC aspires to contribute to a more prosperous society by respecting the rights and interests of all of its stakeholders—shareholders, customers, local communities, and employees—and living up to their trust, based on the views presented below. With the recognition that it is one of its social responsibilities to ensure transparent, sound management, MHC continues to work on 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, and actively engaging in investor relations (IR) and other activities.

(1) Fostering sound corporate culture

In accordance with Our Vision, which guides all of MHC's activities, and the MHC Group Code of Ethics and Code of Conduct, which serve as standards for the decisions and behaviors of all employees, MHC strives to understand the diversity of its various stakeholders including shareholders, customers, local communities, and employees and foster a corporate culture that respects their rights and perspectives and sound business activities.

(2) Ensuring appropriate information disclosure and transparency

MHC conducts 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 MHC is required to disclose pursuant to laws and regulations, it actively and voluntarily discloses non-financial information deemed useful to its stakeholders.

(3) Ensuring the rights and equal treatment of shareholders

MHC takes appropriate steps to ensure that the rights of shareholders are secured and can be exercised effectively, and all shareholders, including minority shareholders and foreign shareholders, are treated equally.

(4) Constructive dialogue with shareholders

Through events such as general meetings of shareholders, financial results briefings, and other domestic and overseas investor relations events, MHC pursues proactive and constructive dialogue with diverse shareholders. It thereby seeks to gain understanding from shareholders regarding matters such as its business strategies and further enhance corporate governance through dialogue.

(5) Ensuring effectiveness of the Board of Directors

All members of the Board of Directors call upon their experience and insight as they engage in free and open discussions, supporting appropriate risk-taking. In this manner, they adequately fulfill their duties and responsibilities to achieve the sustainable growth of MHC, improvement in its corporate value over the medium to long term, enhancement of its capital efficiency and other figures, etc.

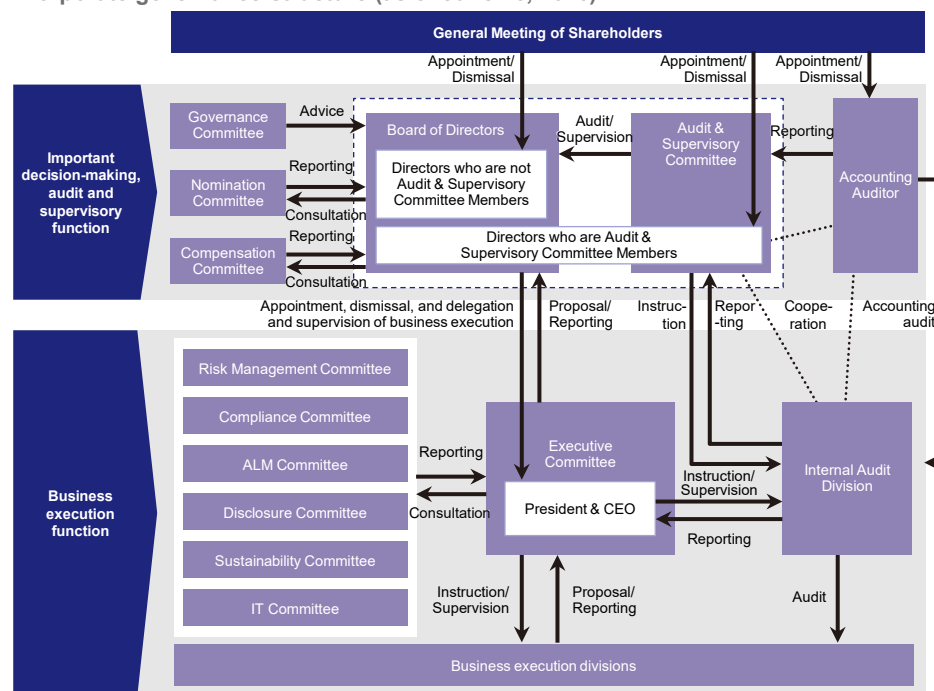
■ Corporate governance structure

MHC is a company with an Audit & Supervisory Committee. Its Board of Directors is responsible for important decision-making and supervisory functions, and its Audit & Supervisory Committee is responsible for audit and supervisory functions.

In order to further enhance its corporate governance, MHC has also a Nomination Committee and a Compensation Committee, which serve as advisory bodies to designate the President & CEO and determine the compensation, etc. of Directors. Further, MHC has a Governance Committee, which consists of Outside Directors, Representative Directors, etc. and serves as an advisory body to the Board of Directors to improve the effectiveness of the Board of Directors, etc.

Alongside adopting an executive officer system, MHC has an Executive Committee, which serves as a body for deliberation and decision-making on important management matters.

Corporate governance structure (as of June 25, 2026)



■ Appointment and dismissal of Directors

In determining an appropriate composition of the Board of Directors, we actively enhance the functions of the Board of Directors through increased diversity by electing persons expected to demonstrate the necessary skills and abilities in light of the respective management environment, while also recognizing and considering the importance of diversity in terms of gender, nationality, race, and other factors.

The Board of Directors resolves to appoint candidates to serve as Directors based on the selection criteria described below, after the Nomination Committee, of which independent Outside Directors comprise the majority, holds discussions in advance.

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

[Selection criteria]

1. Should have the mental and physical soundness sufficient to execute business.
2. Should be persons who are well respected, possess excellent integrity, and hold themselves to high ethical standards.
3. Should have a law-abiding mentality.
4. 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 criteria]

1. Significantly damaged the value of MHC by neglecting their duties.
2. Violated laws, the Articles of Incorporation, or other regulations/rules of MHC, or conducted an act against public order and/or morals, which caused serious damage to MHC or hindrance to the business of MHC as a result.
3. Is deemed to not meet the selection criteria for Directors.

■ Outside Directors' independence judgment criteria

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

- (1) A major shareholder (i.e., a shareholder holding 10% or more of the total voting rights) of MHC or an executive thereof*1
- (2) An executive of a lender whose exposure to MHC exceeds MHC's standards*2
- (3) An executive of a business partner whose transactions with MHC exceed MHC's standards*3
- (4) A consultant, attorney-at-law, certified public accountant, or other person who provides professional services and who receives more than ¥10 million per fiscal year in monetary or other assets from MHC, excluding officers' compensation
- (5) A representative partner or partner of MHC's Accounting Auditor
- (6) A person who belongs to an association that receives donations from MHC exceeding a certain amount*4

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

*2 A lender whose exposure to MHC exceeds MHC's standards refers to a lender whose loans to MHC exceed 2% of the consolidated total assets of MHC.

*3 A business partner whose transactions exceed MHC's standards refers to a business partner whose transactions with MHC have a value equal to more than 2% of the consolidated net sales of MHC or of the relevant business partner.

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

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

■ Outside Directors' relationships with MHC

Name	Attribute	Relationship with MHC*										
		a	b	c	d	e	f	g	h	i	j	k
Hiroyasu Nakata	Scholar											
Junko Takata	From another company								△			
Shota Kondo	From another company							○	○			
Hiroko Kaneko	Certified public accountant											
Masayuki Saito	From another company								△			
Kayoko Kawamura	From another company								△			

* Categories for "Relationship with MHC"

* "○" when the Director presently falls or has recently fallen under the category "△" when the Director fell under the category in the past

* "●" when a close relative of the Director presently falls or has recently fallen under the category "▲" when a close relative of the Director fell under the category in the past

a An executive of a listed company or its subsidiary

b An executive or a non-executive director of the parent company of a listed company

c An executive of a fellow subsidiary of a listed company

d A party with a listed company as a major business partner or an executive thereof

e A major business partner of a listed company or an executive thereof

f A consultant, an accounting professional, or a legal professional who receives a large amount of money or other assets from a listed company in addition to compensation as an officer

g A major shareholder of a listed company (in cases where the shareholder is a legal entity, an executive of the said legal entity)

h An executive of a business partner of a listed company (who does not fall under any of d, e, or f) (applies to the director themselves only)

i An executive of a company to which outside officers are mutually appointed (the director themselves only)

j An executive of a company or organization that receives a donation from a listed company (the director themselves only)

k Other

Name	Audit & Supervisory Committee Member	Independent Director	Supplementary explanation of the Relationship	Reasons for appointment
Hiroyasu Nakata		○	-	As a legal specialist who has served as a lawyer and a university professor, Mr. Nakata possesses advanced knowledge of the law. He also has experience in the investigation and deliberation of key issues related to legal affairs, having served as an Expert Committee Member of the Legislative Council of the Ministry of Justice. We have determined that, by leveraging the above knowledge and experience, he is expected to contribute to appropriate decision-making and supervision of overall management by the Board of Directors as an independent Outside Director. We have therefore appointed him Director. We expect him to contribute to appropriate decision making and supervision of overall management by the Board of Directors from an objective perspective, independent of executive management responsible for business execution, as well as to the improvement of the soundness, transparency, and fairness of the Company's management as a member of the Governance Committee, Nomination Committee, and Compensation Committee. (Reasons for designation as an independent Director) MHC has determined that Mr. Nakata fulfills the independence criteria and has no risk of conflicts of interest with general shareholders as a result of comprehensively taking into consideration his current status, past career, and other factors. MHC has therefore designated him as an independent Director.
Junko Takata		○	Ms. Takata previously served as an Executive Officer of Hitachi Transport System, Ltd. (currently LOGISTEED, Ltd.). However, the transaction amount for FY2025 between LOGISTEED, Ltd. and MHC was less than 1% of the consolidated revenues of each company. Therefore, such relationship would not affect her independence.	As a Senior Director of DHL Japan Co., Ltd., Ms. Takata oversaw all marketing and public relations operations. Subsequently, as an Executive Officer of Hitachi Transport System, Ltd., she managed the company's overseas operations while also serving concurrently as a non-executive director at various domestic and international group companies, thereby gaining extensive experience in business development and management oversight both in Japan and abroad. We have determined that, by leveraging the above experience and knowledge gained from that experience, she is expected to contribute to appropriate decision-making and supervision of overall management by the Board of Directors as an independent Outside Director. We have therefore appointed her Director. We expect her to contribute to appropriate decision-making and supervision of overall management by the Board of Directors from an objective perspective, independent of executive management responsible for business execution, as well as to the improvement of the soundness, transparency, and fairness of the Company's management as a member of the Governance Committee, Nomination Committee, and Compensation Committee. (Reasons for designation as an independent Director) MHC has determined that Ms. Takata fulfills the independence criteria and has no risk of conflicts of interest with general shareholders as a result of comprehensively taking into consideration her current status, past career, and other factors. MHC has therefore designated her as an independent Director.

Contents	Basic information	Governance	Environmental	Social
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Name	Audit & Supervisory Committee Member	Independent Director	Supplementary explanation of the Relationship	Reasons for appointment
Shota Kondo			Mr. Kondo is currently the Executive Vice President of Mitsubishi Corporation, which is MHC's major shareholder. There is a transactional relationship, including lease contracts, between Mitsubishi Corporation and MHC.	At Mitsubishi Corporation, Mr. Kondo has held various positions including Head of the CEO Office of the Natural Gas Group and General Manager of the Corporate Strategy & Planning Department, with experience including an assignment in the U.S. He concurrently serves as CEO of the Smart-Life Creation (S.L.C.) Group. As he is expected to contribute to appropriate decision-making and supervision of overall management by the Board of Directors from a practical perspective as an Outside Director by leveraging his management experience at Mitsubishi Corporation and his insight into domestic and international business, we have appointed him Director. Based on the above, we expect him to contribute to appropriate decision-making and supervision of overall management by the Board of Directors as well as to the improvement of the soundness, transparency, and fairness of the Company's management as a member of the Governance Committee, Nomination Committee, and Compensation Committee. As Mr. Kondo 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, and the Company expects to effectively utilize his advice as someone 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. In addition, the Company's Board of Directors has determined that, in the event a proposal involving a conflict of interest between the Company and Mitsubishi Corporation is submitted, Mr. Kondo shall not participate in the deliberation or resolution of such matters. Mr. Kondo has also expressed his intention to perform his duties as a Director in the interest of the Company, rather than on behalf of any particular shareholder.
Hiroko Kaneko	○	○	-	Ms. Kaneko possesses advanced knowledge of accounting, auditing, etc. gained through her experience as a university professor researching accounting, auditing, disclosure, etc. and as an accounting practitioner. She also has engaged in the development and improvement of systems for accounting, auditing, and internal control, and other initiatives as a member of the Business Accounting Council of the Financial Services Agency. Furthermore, she has experience supervising the operation and management of organizations, such as serving as a partner of major audit corporations and an outside director or outside auditor of listed companies. As she is expected to contribute to appropriate decision-making and supervision of overall management by the Board of Directors, and neutral and objective auditing as an independent Outside Director by leveraging the above knowledge and experience, we have appointed her Director, Audit & Supervisory Committee Member. We expect her to contribute to appropriate decision-making and supervision of overall management by the Board of Directors from an objective perspective, independent of executive management responsible for business execution, as well as to the improvement of the soundness, transparency, and fairness of the Company's management as a member of the Governance Committee, Nomination Committee, and Compensation Committee. (Reasons for designation as an independent Director) MHC has determined that Ms. Kaneko fulfills the independence criteria and has no risk of conflicts of interest with general shareholders as a result of comprehensively taking into consideration her current status, past career, and other factors. MHC has therefore designated her as an independent Director.

Name	Audit & Supervisory Committee Member	Independent Director	Supplementary explanation of the Relationship	Reasons for appointment
Masayuki Saito	○	○	Previously, Mr. Saito was the Representative Director & Executive Vice President of DIC Corporation. However, the transaction amount for FY2025 between DIC Corporation and MHC was less than 1% of the consolidated revenues of each company.	Mr. Saito served as General Manager of the Corporate & Planning Department, the president of a subsidiary covering the Asia region, and General Manager of the Finance Department, and assisted the President and CEO as Representative Director and Executive Vice President at DIC Corporation. He also has experience supervising the overall management of the DIC Group as Director and Chairman. As he is expected to contribute to appropriate decision-making and supervision of overall management by the Board of Directors, and neutral and objective auditing as an independent Outside Director by leveraging the above knowledge and experience, we have appointed him Director, Audit & Supervisory Committee Member. We expect him to contribute to appropriate decision-making and supervision of overall management by the Board of Directors, and neutral and objective auditing from an objective perspective, independent of executive management responsible for business execution, as well as to the improvement of the soundness, transparency, and fairness of the Company's management as a member of the Governance Committee, Nomination Committee, and Compensation Committee. (Reasons for designation as an independent Director) MHC has determined that Mr. Saito fulfills the independence criteria and has no risk of conflicts of interest with general shareholders as a result of comprehensively taking into consideration his current status, past career, and other factors. MHC has therefore designated him as an independent Director.
Kayoko Kawamura	○	○	Ms. Kawamura was previously an Executive Officer of Teradata Japan, Ltd. However, there is no significant trade or other relationship between MHC and Teradata Japan, Ltd. She is currently a Director of Rakuten Bank, Ltd. However, there is no significant trade or other relationship between MHC and Rakuten Bank, Ltd.	Ms. Kawamura has experience and knowledge in formation (DX), having held positions such as Systems Engineer and Head of Application Development for Financial Institutions at IBM Japan, Ltd., and was an Executive Officer at Teradata Japan, Ltd., where she was primarily responsible for supporting DX initiatives for client companies. We expect her to leverage the abovementioned experience and knowledge to contribute to appropriate decision-making and supervision of overall management by the Board of Directors, and neutral and objective auditing as an independent Outside Director. We have therefore appointed her Director, Audit & Supervisory Committee Member. We expect her to contribute to appropriate decision-making and supervision of overall management by the Board of Directors, and neutral and objective auditing from an objective perspective, independent of executive management responsible for business execution, as well as to the improvement of the soundness, transparency, and fairness of the Company's management as a member of the Governance Committee, Nomination Committee, and Compensation Committee. (Reasons for designation as an independent Director) MHC has determined that Ms. Kawamura fulfills the independence criteria and has no risk of conflicts of interest with general shareholders as a result of comprehensively taking into consideration her current status, past career, and other factors. MHC has therefore designated her as an independent Director.

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

MHC has selected nine areas of skills that the Board of Directors should possess: corporate management, finance, global, sustainability, sales/marketing, IT/DX, treasury/accounting, risk management/legal affairs, and talent management. It recognizes the importance of reviewing these areas of skills regularly in light of its management strategies and environment, and thus it will continue to consider this matter at Governance Committee and Nomination Committee meetings.

MHC also recognizes that diversity on the Board of Directors in terms of gender, nationality, race, etc. is important, and proactively works on strengthening the function of the Board of Directors by enhancing diversity.

In determining an appropriate composition of the Board of Directors, MHC believes, as a desirable way of achieving diversity within MHC, that it is necessary to elect desirable persons in consideration of gender, nationality, race, etc., making it a top priority that Directors can demonstrate the necessary skills and abilities in light of the respective management environment.

Currently, it is assumed 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.

Although no foreign Director has currently been elected, MHC acknowledges that the Board of Directors has been satisfactorily performing its 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.

■ Reasons for selection of the areas of skills

Category	Area of skill	Reason for selection
Matters related to overall management	Corporate management	➤ Achieving Our FY2031 Vision, which serves as a milestone toward realizing the Company's management philosophy, requires accurately identifying materiality (material issues) and addressing them through management initiatives. To that end, we believe it is essential to have the ability to boldly drive company-wide transformation, including SX,^{*1} DX,^{*2} and business portfolio transformation, as well as the ability to oversee these initiatives. We also believe it is essential to have the ability to build and promote systems that support sound corporate management rooted in compliance, as well as the ability to oversee these activities. ^{*1} Sustainability transformation ^{*2} formation
	Finance	➤ We believe it is essential to have a deep understanding of the Company's business as a financial services provider, as well as deep insight into domestic and international finance, and the ability to apply that expertise to the promotion and oversight of the Company's management and business strategies.
	Global	➤ The Company operates a wide range of businesses globally, and we believe it is essential to have deep insight into global business, including cross-cultural and geopolitical considerations, as well as the ability to apply that insight to the promotion and oversight of management.
	Sustainability	➤ We believe it is essential to have the ability to promote and oversee sustainability management, which balances the resolution of social issues with the sustainable enhancement of corporate value.
Matters related to earnings growth	Sales/Marketing	➤ To strengthen earning power through a shift to high value-added businesses and the development of new businesses, we believe it is essential to have the ability to leverage sales and marketing capabilities to build and promote business strategies such as the <i>evolution and layering of business models</i>, as well as the ability to oversee these activities.
Matters related to strengthening corporate functions	IT/DX	➤ To realize the creation and enhancement of customer value through the use of data and digital technology, we believe it is essential to have the ability to apply advanced knowledge of IT and DX to management and its oversight.
	Treasury/Accounting	➤ We believe that advanced expertise in accounting is essential to support the Company's globally developed business through effective management and oversight. Furthermore, to achieve sustainable growth, we believe it is essential to have the ability to promote and oversee a financial strategy that balances the three key elements of financial soundness, return on capital, and growth potential.
	Risk management / Legal affairs	➤ We believe it is essential to have the ability to build and promote a risk management framework that supports growth strategies through enhanced risk control, as well as the ability to oversee these activities. Furthermore, we believe that advanced expertise in legal affairs is essential to identify key risks in business activities from a legal perspective and to apply that insight to management and its oversight.
	Talent management	➤ We believe it is essential to have the ability to build and promote a talent strategy that secures, develops, and utilizes talent in order to develop a talent portfolio that supports management strategies and to create a workplace that is both comfortable and motivating. This includes the ability to oversee such activities.

■ Skills that should be possessed by the Board of Directors (skill matrix)

(As of June 25, 2026)

Name	Position	Matters related to overall management				Matters related to earnings growth	Matters related to strengthening corporate functions			
		Corporate management	Finance	Global	Sustainability	Sales/Marketing	IT/DX	Treasury/Accounting	Risk management / Legal affairs	Talent management
Takahiro Yanai	Director, Chairman	●	●	●	●	●		●	●	●
Taiju Hisai	Representative Director, President & CEO	●	●	●	●	●		●	●	●
Aiichiro Matsunaga	Representative Director, Deputy President	●	●	●	●	●			●	●
Kazumi Anei	Director, Deputy President	●	●	●	●	●				
Kazuyoshi Kawakami	Director, Managing Executive Officer	●	●	●	●			●		
Hiroyasu Nakata	Director (Outside Director) (Independent Director)								●	
Junko Takata	Director (Outside Director) (Independent Director)			●		●				
Shota Kondo	Director (Outside Director)	●		●	●	●				
Yoshitaka Shiba	Director, Audit & Supervisory Committee Member	●	●			●		●	●	
Hiroko Kaneko	Director, Audit & Supervisory Committee Member (Outside Director) (Independent Director)							●	●	
Masayuki Saito	Director, Audit & Supervisory Committee Member (Outside Director) (Independent Director)	●		●	●			●	●	●
Kayoko Kawamura	Director, Audit & Supervisory Committee Member (Outside Director) (Independent Director)					●	●			

■ Change in the ratios of the Board of Directors

	Number of Directors	Non-executive Directors	Independent Outside Directors
April 2021	15	53%	33%
June 30, 2021	15	60%	33%
June 30, 2022	14	57%	36%
June 30, 2023 and beyond	12	67%	42%

■ Number of officers and breakdown of compensation

(As of June 25, 2026)

Directors (total number of Directors)	12
Outside Directors	6
Female Directors	3
Executive Officers (total number of Executive Officers) (Note) Including Executive Officers concurrently serving as Directors	24
Female Executive Officers	0

(Results for FY2025)

Directors' compensation (Directors)	¥595 million
Outside Directors	¥91 million

■ Assessment of the effectiveness of the Board of Directors

MHC has continued efforts to further improve the effectiveness of the Board of Directors based on annual reviews and assessments of the year by all Directors for the purpose of maintaining and enhancing the functions of the Board of Directors.

Major initiatives and an overview of the assessment of the effectiveness of the Board of Directors for FY2025 are as follows:

Major initiatives in FY2025

Issues in FY2024	Response to issues
Improving agenda items and the content of deliberations	- Discussed growth strategies, resource allocation, and other matters that contribute to the enhancement of corporate value over the medium to long term in the process of formulating the Medium-term Management Plan for FY2026-FY2028 (hereinafter "2028 MTMP"). - Discussed the level and ratio of officers' compensation in consideration of the optimal incentives framework in the 2028 MTMP (revisions to KPIs, evaluation weights, etc.). - Followed up on important matters and investment projects that posted losses. - Verified the effects of revisions to the criteria for matters submitted to the Board of Directors, which were implemented in the previous fiscal year. Reconfirmed the roles and purposes of the Board of Directors and other committees and clarified items for deliberation. - Considered further accelerating disclosure of annual securities reports.
Enhancing communication	- Held roundtable discussions and meetings to exchange opinions attended only by independent Outside Directors. - Held meetings for independent Outside Directors to exchange opinions with the Chairman and the President & CEO. - Held communication sessions between Outside Directors and Executive Officers. - Held communication sessions between Outside Directors and the management and employees of overseas group companies, etc.
Improving the information provision system	- Organized visits by Outside Directors to domestic and overseas offices. - Carried out status reports for each unit and business division.

Assessment of the effectiveness of the Board of Directors in FY2025

Assessment method	■ In February 2026, the Governance Committee discussed the method for assessing the effectiveness of the Board of Directors in FY2025. While there were discussions on the necessity of using a third-party organization, it was reaffirmed that, based on our vision for the Company, in-house assessments are more effective at identifying issues. ■ A survey on the effectiveness of the Board of Directors, Governance Committee, Nomination Committee, and Compensation Committee was conducted on all Directors. In addition, the secretariat conducted individual interviews with all Outside Directors to understand the background of their opinions and requests, followed by in-depth, one-on-one discussions with the Chairperson of the Board of Directors and the President & CEO regarding the Board's effectiveness. ■ The Governance Committee deliberated multiple times on the opinions and requests from each Director and the policy for addressing the identified issues, and the Board of Directors assessed its own effectiveness in FY2025.				
	Governance Committee		March-April 2026 Carried out the survey and interviews	Governance Committee	Board of Directors
	February 2026	March 2026	April-May 2026	May 2026	
	• Decided the method of assessing effectiveness. • Deliberated on questionnaire items.	• Decided questionnaire items.	• Deliberated on issues and response measures based on analysis results of the survey and interviews.	• Summarized the results of assessing the effectiveness in FY2025.	

The major results of the assessment above are as follows:

① **It was determined that MHC's Board of Directors is sufficiently performing its role.**

- In formulating the 2028 MTMP, the Board of Directors was able to allocate sufficient time to discuss the analysis of internal and external environments, measures to drive the enhancement of corporate value over the medium to long term, key strategies including the restructuring of our business portfolio, and other important points.
- By following up on important matters and investment projects that posted losses, the Board of Directors was able to review the background, assumptions, and decision-making criteria at the time when decisions were made and obtain lessons and insights to apply to future investment policies and frameworks, etc.
- In terms of the Board's operation, improvements were implemented, including timely and appropriate agenda setting to promote substantive discussions, as well as a review of presentation templates. Initiatives such as discussions involving only independent Outside Directors and communication between the Board of Directors and Executive Officers were also evaluated as effective.

② **It was determined that MHC's Governance Committee, Nomination Committee, and Compensation Committee are sufficiently performing their roles.**

- The Governance Committee steadily advanced measures to address issues identified in the previous year's effectiveness assessment, while also engaging in discussions on corporate governance and risk management frameworks aimed at strengthening the Company's earning power.
- The Nomination Committee discussed the consideration of the skills matrix, the nomination of new Director candidates, etc. Meanwhile, the Compensation Committee discussed increasing the proportion of variable compensation for officers as an incentive to enhance corporate value over the medium to long term. It also discussed performance indicators and weighting linked to the KPIs in the 2028 MTMP.

③ **As issues to address in FY2026, we confirmed that the Board of Directors will discuss a new 10-year vision and company-wide themes (such as DX) while continuing to explore talent development, the role of and our approach to corporate governance, etc.**

In addition, we will strengthen governance even more by continuing to innovate and make other advancements on the operational side, aiming to further enhance the effectiveness of the Board of Directors and the committees.

■ Status of activities of the Board of Directors, Audit & Supervisory Committee, and other committees (frequency of meetings, specific discussion items, attendance of Directors and committee members, etc.)

List of each committee's members

(As of June 25, 2026)

Name	Title	Board of Directors	Audit & Supervisory Committee	Governance Committee	Nomination Committee	Compensation Committee
Takahiro Yanai	Director, Chairman	◎		◎	○	○
Taiju Hisai	Representative Director, President & CEO	○		○		
Aiichiro Matsunaga	Representative Director, Deputy President	○		○		
Kazumi Anei	Director, Deputy President	○				
Kazuyoshi Kawakami	Director, Managing Executive Officer	○				
Hiroyasu Nakata	Director (Outside Director) (Independent Director)	○		○	○	○
Junko Takata	Director (Outside Director) (Independent Director)	○		○	○	○
Shota Kondo	Director (Outside Director)	○		○	○	○
Yoshitaka Shiba	Director, Audit & Supervisory Committee Member	○	◎	○		
Hiroko Kaneko	Director, Audit & Supervisory Committee Member (Outside Director) (Independent Director)	○	○	○	○	○
Masayuki Saito	Director, Audit & Supervisory Committee Member (Outside Director) (Independent Director)	○	○	○	◎	○
Kayoko Kawamura	Director, Audit & Supervisory Committee Member (Outside Director) (Independent Director)	○	○	○	○	◎

(Note) ◎ indicates the chairperson; ○ indicates a member.

Board of Directors

Board of Directors meetings are held every month, in principle. Meetings were held 15 times in FY2025, where important management matters such as the Medium-term Management Plan (MTMP), major investment projects, business strategies of each business division, and IR activities were deliberated and decided. In addition, the rationality of cross-shareholdings was verified. Furthermore, the content of matters deliberated by the Executive Committee and its advisory committees regarding risk management, compliance, sustainability, etc. and the status of audits by the Audit & Supervisory Committee is reported to the Board of Directors in a timely manner.

The main matters deliberated by the Board of Directors in FY2025 are as follows:

Main matters deliberated by the Board of Directors	
Management strategies	■ Enhancement of corporate value over the medium to long term ■ MTMP (progress of the 2025 MTMP and consideration of the 2028 MTMP) ■ Initiatives to realize management with a focus on capital cost and share price, etc.
Businesses	■ Acquisition of large assets ■ Progress of businesses of each division, etc.
Financial results and dividends	■ Year-end financial results ■ Year-end dividend ■ Annual Securities Report (details and timing of disclosure), etc.
Governance	■ Policies for cross-shareholdings ■ Details of the Corporate Governance Report ■ Assessment of the Board of Directors' effectiveness ■ Reports by the Audit & Supervisory Committee, etc.
Human resources and compensation	■ Selection of Representative Directors ■ Skill matrix and selection of Directors ■ Compensation for Directors and Executive Officers ■ Appointments of Executive Officers, etc.
Activity reports by each committee	■ Status of sustainability activities ■ Status of risk management ■ Status of compliance management, etc.

Attendance at the Board of Directors meetings by Directors in FY2025 was as follows:

15/15 times (100%)	Takahiro Yanai, Taiju Hisai, Aiichiro Matsunaga, Kazumi Anei, Haruhiko Sato, Yuri Sasaki, Kayoko Kawamura, Yoshitaka Shiba, Hiroyasu Nakata, Hiroko Kaneko, Masayuki Saito
14/15 times (93%)	Shota Kondo

Audit & Supervisory Committee

Committee meetings are held every month, in principle. Committee meetings were held 14 times in FY2025, and the following matters were deliberated and reported:

Main matters deliberated and reported at the Audit & Supervisory Committee in FY2025

Overall audit activities	■ Formulation of an annual audit policy and plans and creation of audit reports ■ Status of audit activities by the Audit & Supervisory Committee Members designated by the Audit & Supervisory Committee
	■ Results of business audits and internal control audits by the Internal Audit Department
	■ Appropriateness of the compensation and reappointment of the Accounting Auditor and audit results ■ Progress and results of audits by the Accounting Auditor and processes of determining key audit matters (KAMs)
	■ Status of internal control ■ Matters reported and deliberated at the Risk Management, Compliance, Sustainability, IT, Disclosure, ALM, and other committees.

Attendance by Directors in FY2025 was as follows:

14/14 times (100%)	Yoshitaka Shiba, Hiroyasu Nakata, Hiroko Kaneko, Masayuki Saito
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Governance Committee

Committee meetings were held eight times in FY2025. The committee conducted PDCA on the effectiveness assessment for the Board of Directors, with deliberations held on such matters as its method and an analysis of its results.

The committee also comprehensively reviewed various governance guidelines and other matters, leading to the identification of issues at MHC and multifaceted discussions about the composition of the Board of Directors members, expansion of the roles of Outside Directors, improvement of the effectiveness of the Board of Directors, and other matters.

Attendance by Directors in FY2025 was as follows:

8/8 times (100%)	Takahiro Yanai, Taiju Hisai, Aiichiro Matsunaga, Yuri Sasaki, Kayoko Kawamura, Yoshitaka Shiba, Hiroyasu Nakata, Hiroko Kaneko, Masayuki Saito
7/8 times (88%)	Shota Kondo

Nomination Committee

Committee meetings were held nine times in FY2025. The committee deliberated the reappointment of the President & CEO, a revision to the skills that the Board of Directors should possess (skill matrix), and other matters.

Attendance by Directors in FY2025 was as follows:

9/9 times (100%)	Takahiro Yanai, Yuri Sasaki, Kayoko Kawamura, Hiroyasu Nakata, Hiroko Kaneko, Masayuki Saito
8/9 times (89%)	Shota Kondo

Compensation Committee

Committee meetings were held eight times in FY2025. The committee deliberated the policy, system, and level of officers' compensation, as well as the evaluation system for officers' bonuses, among other matters.

Attendance by Directors in FY2025 was as follows:

8/8 times (100%)	Taiju Hisai, Yuri Sasaki, Kayoko Kawamura, Shota Kondo, Hiroyasu Nakata, Hiroko Kaneko, Masayuki Saito
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Members and details of advisory committees of the Executive Committee

(As of June 25, 2026)

Name	Title	Business execution function					
		Risk Management Committee	Compliance Committee	ALM Committee	Disclosure Committee	Sustainability Committee	IT Committee
Taiju Hisai	Representative Director, President & CEO	○	○	○	○	○	○
Aiichiro Matsunaga	Representative Director, Deputy President	○	○	○	○	○	○
Kazumi Anei	Director, Deputy President	○	○	○	○	○	○
Kazuyoshi Kawakami	Director, Managing Executive Officer	○		◎	◎	○	
Kazuhiko Takeuchi	Senior Managing Executive Officer	○		○	○	◎	○
Takashi Yamaguchi	Managing Executive Officer		○		○	○	
Koike Masaru	Managing Executive Officer	○	○		○		○
Rui Koike	Managing Executive Officer	◎	◎	○	○	○	○
Manabu Yamada	Managing Executive Officer	○	○			○	◎

(Note) ◎: Chairperson, ○: Member

The objective of each committee is to contribute to MHC's sound management as follows:

Committee	Details
Risk Management Committee	This committee manages risks concerning overall management in a comprehensive and systematic manner. It specifically identifies the current situation and issues of credit risks, asset risks, investment risks, market risks, liquidity risks, country risks, and operational risks, and discusses or reports measures for those risks.
Compliance Committee	This committee takes appropriate measures to address compliance risks faced by the Group.
ALM Committee	This committee manages liquidity risks, interest rate risks, etc. in a comprehensive and systematic manner. It identifies the current situation and issues of those risks and discusses policies to address them.
Disclosure Committee	Regarding reports that require a declaration from a Representative Director on the appropriateness of disclosed information, this committee discusses the appropriateness of information disclosures and the effectiveness of internal controls and procedures related to information disclosures to contribute to a declaration by a Representative Director. It also discusses important matters related to disclosure policy as well as the development and strengthening of frameworks in order to enhance the effectiveness of internal controls and procedures.
Sustainability Committee	This committee formulates the Group's long-term plans related to sustainability promotion, including materiality and environmental issues as well as non-financial KPI targets, and monitors the progress of each business division's efforts.
IT Committee	This committee discusses and reports policies for medium- to long-term IT strategies and initiatives as well as policies for information systems development.

Officers' compensation

[Basic policy]

- MHC officers' compensation is designed to enhance corporate value over the medium to long term through the execution of business strategies and is set at an appropriate level with respect to the roles and responsibilities of each officer by also taking market levels into consideration.
- Also taking into account incentives for officers, the ratio of fixed compensation to variable compensation, key performance indicators (KPIs), and their respective weightings are appropriately determined.

According to the basic policy above, MHC's Board of Directors resolves the policies on the compensation, etc. of individual Directors (excluding persons who are Audit & Supervisory Committee Members). The compensation, etc. of Executive Officers shall be handled in the same manner as the compensation, etc. of Executive Directors.

[Compensation structure]

- In principle, Executive Directors' compensation, etc., consists of base remuneration, short-term incentive compensation (performance-based monetary compensation), and medium- to long-term incentive compensation (performance-based stock compensation). As short-term incentive compensation, cash is paid as a bonus, while medium-to long-term incentive compensation is paid in MHC's shares, etc. using a trust framework.
- To serve as an incentive to enhance corporate value over the medium to long term and business performance over the short term, the ratio of fixed compensation (base remuneration) to variable compensation (bonus and stock compensation) is set at approximately 1:1 (the ratio of base remuneration to bonus to stock compensation is set at approximately 1:0.5:0.5).
- Bonuses and stock compensation, which represent incentive compensation, are not paid to non-executive Directors (excluding persons who are Audit & Supervisory Committee Members) from the standpoint of ensuring the effectiveness of their supervisory functions.

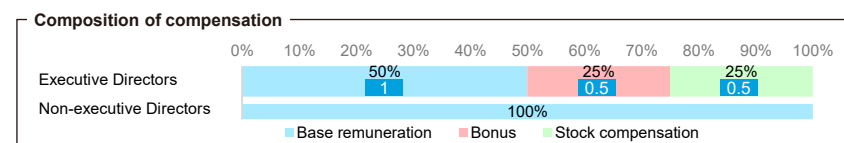
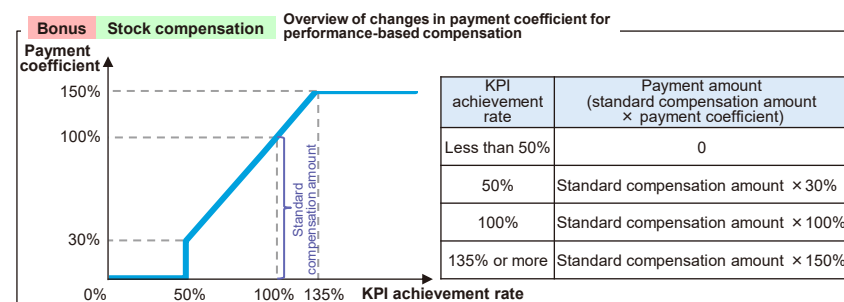
Compensation structure for Executive Directors

Type of compensation		Details of compensation	Percentage of compensation	KPIs for evaluation / Evaluation weight			Range of payment coefficient based on KPI achievement
Fixed	Base remuneration	■ Fixed compensation according to position.	50% 1	-			-
	Bonus (short-term incentive) Performance-based	■ Amount determined based on the consolidated business performance of the previous year, etc. 1. KPIs for performance evaluation are set in line with MHC's numerical targets. 2. The level of achievement of responsible duties is evaluated quantitatively and qualitatively from the perspective of performance and the level of contribution.	25% 0.5	KPI	Representative Director	Other	0-150%
Variable	Stock (medium- to long-term incentive) Performance-based	■ Amount determined based on the level of achievement during the three-year period of the MTMP.	25% 0.5	ROE* ¹	40%	28%	0-150%
				ROA* ²	30%	21%	
				Net income attributable to owners of the parent	30%	21%	
				Responsible duties	-	30%	
				ROE* ¹	30%		
				ROA* ²	20%		
				Net income attributable to owners of the parent	20%		
TSR against TOPIX growth rate* ³	10%						
GHG emissions vs. FY2019 (Scope 1, 2)* ⁴	10%						
MHC engagement* ⁵	10%						

*1 Return on equity *2 Return on assets *3 Total shareholder return

*4 The FY2028 target has been set as a milestone for achieving the FY2050 net-zero target, based on a constant linear decrease from the FY2024 result.

*5 The percentage of organizations where employee engagement survey results meet a certain high standard (the percentage of organizations where more than half of respondents have both high initiative and diversity scores).



① Fixed compensation

The amount of fixed compensation is determined based on the amount corresponding to the position and comprehensive consideration of the roles, responsibilities, and other factors of each Director.

② Variable compensation

Financial and other indicators, which indicate MHC's growth from a management strategy perspective, are set as KPIs in performance evaluations for bonuses and stock compensation. This comes from the perspective of clarifying the relationship between business performance and compensation. (KPIs and evaluation weights follow those mentioned earlier.)

[Bonuses]

For bonuses, MHC has set KPIs that are linked to the key targets of the MTMP. ROE and ROA weigh more heavily in the evaluation than before, as we aim to enhance corporate value based on our value creation story.

- ROE, ROA, and net income attributable to owners of the parent—among MHC's numerical targets—are set as KPIs for the company-wide performance evaluation.
- The bonuses of Representative Directors are fully linked to the company-wide performance evaluation, while the bonuses for Executive Directors are based 70% on the company-wide performance evaluation and 30% on the evaluation of the duties for which each is responsible. For both positions, the amounts of the bonuses are set between 0% to 150% of the standard amount based on the achievement rate of KPIs.
- For the portion based on the duties for which each Executive Director is responsible, the President & CEO conducts quantitative and qualitative evaluations of their performance and the level of their contribution using a standard evaluation sheet. The purpose is to enhance the incentive of each Director by looking not only at their progress with regard to performance targets but also at their contributions and other results that cannot be evaluated by quantitative means alone.

[Stock compensation]

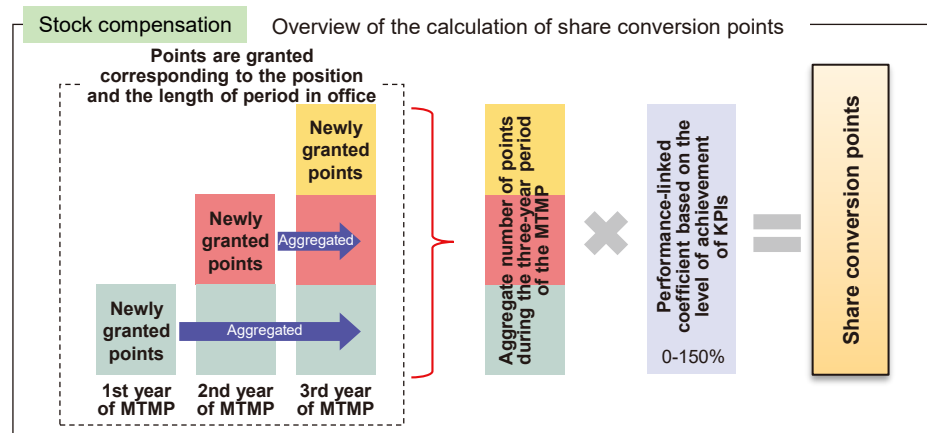
For stock compensation, MHC has set KPIs linked to the key targets of the MTMP in the same manner as bonuses, with ROE and ROA weighted more heavily than before. In addition, to enhance our corporate value over the medium to long term, we have newly introduced KPIs linked to the non-financial targets of the MTMP (environment and employee engagement).

- Specifically, KPIs for stock compensation are linked to numerical targets set in the MTMP to enhance MHC's corporate value over the medium to long term—ROE, ROA, net income attributable to owners of the parent, TSR against TOPIX growth rate, GHG emissions vs. FY2019 (Scope 1, 2), and MHC engagement.

- MHC's shares, etc. corresponding to share conversion points, which are calculated using the formula below, are provided using a trust framework. Specifically, one share of MHC or a corresponding amount of cash per point is delivered. In principle, the portion of MHC's shares in the trust are converted into cash, and compensation is provided in the form of Company shares and cash at a ratio of 50:50.

Share conversion points

= the number of points granted corresponding to the relevant person's position and the number of months they have been in office (the aggregate number of points during the three-year period of the MTMP) multiplied by the performance-linked coefficient based on the level of achievement of KPIs (ranging from 0% to 150%)



<Malus and claw-back clause for stock compensation and shareholding policy>

- As for stock compensation, the points or share conversion points that have already been granted can be confiscated, and money equivalent to MHC's shares, etc. that have already been delivered reclaimed, in the case of a material violation of the office regulations or internal regulations, resignation for personal reasons during the term of office against the will of MHC, dismissal for justifiable reasons, gaining employment at a competitor without MHC's permission, etc.
- MHC recommends the holding of its shares by its Directors. Further, in principle, Directors shall continue to hold MHC's shares obtained during their terms of office until the time of their resignation, regardless of the number of shares held.

③ Other compensation

When it is necessary for Directors (excluding Outside Directors and Audit & Supervisory Committee Members) to reside in an area away from home due to a transfer resulting from a change of duties or place of assignment, MHC provides appropriate company housing. (The difference between the total rent per month required by MHC to rent company housing and the total company housing rent per month collected from the Directors will be referred to as “non-monetary compensation related to the provision of company housing.”) The company housing shall be a property at a general and standard level, and the upper limit of rent shall be established beforehand in accordance with the Director's position and the region where the property is located. The rent, calculated based on the predetermined rate, shall be collected from Directors as their own expenses. When the total rent exceeds the limit, the excess amount is added in full to the amount for collection. Currently, no one is being provided with company housing.

[Timing and conditions of compensation payment]

- Base remuneration is a fixed amount paid on a predetermined date every month.
- Bonus amounts are decided based on performance in the previous fiscal year (April to March of the following year) and paid on a date after the general meeting of shareholders held in June every year.
- As stock compensation, points are granted at the end of every fiscal year (the end of March) corresponding to the relevant person's position and the number of months they have been in office. In principle, the aggregate number of the said points for three years is multiplied by the performance-linked coefficient to calculate share conversion points, based on which MHC's shares, etc. are provided in July of the final fiscal year of the MTMP period (three years).
- Non-monetary compensation related to the provision of company housing is paid every month, separately from the base remuneration.

Compensation type	Payment timing	Period covered
Base remuneration	A predetermined date every month	Each fiscal year
Bonus	After an annual general meeting of shareholders	Previous fiscal year (April to next March)
Stock compensation		MTMP period (three years)
(a) Points*	End of every fiscal year	Number of months in office in every fiscal year
(b) MHC's shares, etc.	July following the end of the relevant MTMP	Total number of months in office during the MTMP period
Non-monetary compensation related to the provision of company housing	A predetermined date every month	Each fiscal year

* (b) MHC's shares, etc. are provided based on the share conversion points calculated by multiplying the number of (a) points aggregated during the MTMP period by the performance-linked coefficient.

[Method of determining compensation, etc. and an overview of the procedures and activities of committees]

- MHC decides the details of the compensation, etc. of Directors (excluding Audit & Supervisory Committee Members), the policy for determining what it will be, and other relevant matters at a meeting of the Board of Directors, after the Compensation Committee, whose majority consists of independent Outside Directors, deliberates those matters. In addition, the Compensation Committee deliberates the validity of the amount and composition of compensation every year based on compensation-related data provided by an external specialized institution.
- The Compensation Committee's members and chairperson are selected by the Board of Directors, and the committee makes decisions by a majority of attending members. Internal rules stipulate that the Board of Directors shall make decisions with the utmost respect to the committee's decisions.
- MHC considers it useful for those well-acquainted with individual operations and MHC's circumstances to flexibly determine the specific amounts of base remuneration, bonuses, and non-monetary compensation related to the provision of company housing to be paid to Directors (excluding Audit & Supervisory Committee Members), based on certain standards. The amounts shall be determined at the discretion of the Representative Director, President & CEO (Taiju Hisai), up to the limits approved by resolution of the General Meeting of Shareholders, based on the policy resolved by the Board of Directors and Compensation Committee. The measures below shall be taken so that the authority of the President & CEO will be exercised appropriately. The stock compensation to be provided shall be MHC's shares, etc. corresponding to the share conversion points calculated based on the regulations for share delivery, which were stipulated by a resolution of the Board of Directors.

[Measures to ensure the proper performance of delegated authority]

- Base remuneration shall be determined based on a certain standard (remuneration table) to be established beforehand through deliberations at the Compensation Committee.
- The following measures shall be taken for performance-based bonuses:
 - Set KPIs in line with numerical targets to be deliberated at the Board of Directors.
 - Determine the amounts of bonuses in accordance with the rate of achievement of the KPIs, based on a coefficient for bonus payment to be deliberated at the Compensation Committee and established in advance.
 - Report the results of the company-wide evaluation and the amounts of bonuses to the Compensation Committee after the fact for verification.
- The following measures shall be taken for the bonuses based on duties.
 - Conduct evaluations using an evaluation sheet that has been standardized through prior discussions by the Compensation Committee, in which targets are set beforehand and the weighting and evaluation standards for individual targets are specified.
 - Evaluate the results for each individual's duties based on the evaluation sheet, and report the amounts of bonuses to the Compensation Committee for verification.
- As stock compensation, points corresponding to the relevant person's position and the number of months they have been in office at the end of every fiscal year are granted based on the prescribed standards as per the regulations for share delivery, which are resolved by the Board of Directors. In principle, the performance-linked coefficient, which is determined upon completion of the MTMP every three years, shall also be as per the regulations for share delivery.
- Non-monetary compensation related to the provision of company housing shall be as follows:
 - Company housing shall be a property at a general and standard level, and the upper limit of rent shall be established beforehand in accordance with the Director's position and the region where the property is located.
 - The rent, calculated based on the predetermined rate, shall be collected from Directors as their own expenses. When the total rent exceeds the limit, all of the excess amount is added to the amount for collection. Currently, no one is being provided company housing.
- Bonuses and stock compensation, which represent incentive compensation, are not paid to Directors who are Audit & Supervisory Committee Members, from the standpoint of ensuring fairness in audits.
- Compensation amounts for Directors (Audit & Supervisory Committee Members) shall be decided through discussions among Directors who are Audit & Supervisory Committee Members, within the range decided at the General Meeting of Shareholders.

- The amounts of compensation, etc. for Directors were decided at the General Meeting of Shareholders as follows:

Type of compensation	Amount of compensation, etc.	Date of resolution at the General Meeting of Shareholders	Number of relevant Directors at the time of the resolution at the General Meeting of Shareholders becoming effective ^{*1}	Number of relevant Directors as of June 25, 2026
Directors (excluding persons who are Audit & Supervisory Committee Members)				
Monetary compensation (total of base remuneration and bonus)	¥800 million / year	February 26, 2021	10	8
Outside Directors	¥100 million / year		3	3
Non-monetary compensation related to the provision of company housing	¥2 million / month		7 Excluding Outside Directors	0 (No relevant person)
Stock compensation ^{*2}			4 Excluding non-executive Directors and Directors not residing in Japan	4
Trust contribution amount	¥4,200 million during the relevant period ¥1,400 million / year ^{*2}	June 25, 2026		
Number of shares delivered	4.65 million shares during the relevant period 1.55 million shares / year ^{*2}	June 27, 2023		
Directors (Audit & Supervisory Committee Members)				
Monetary compensation (base remuneration)	¥200 million / year	February 26, 2021	5	4

^{*1} The number of Directors (excluding persons who are Audit & Supervisory Committee Members) related to the amount of compensation, etc. is not specified.

^{*2} Persons eligible for stock compensation include Executive Officers and other relevant officers (excluding those not residing in Japan).

■ Internal auditing

Objective of internal auditing

The Internal Audit Department provides independent and objective assurance and advisory services designed to add value to and improve the operations of the Company and its Group companies. The department takes a systematic and disciplined approach when evaluating and recommending improvements to the effectiveness of governance, risk management, and control processes, thereby helping the Company and its group companies achieve their objectives.

Internal audit framework

The Internal Audit Department serves as the independent third line of defense in a three-line model. It maintains reporting lines to the Representative Directors, the Board of Directors, and the Audit & Supervisory Committee, and in principle, its personnel do not serve concurrently in roles within business execution divisions. These arrangements ensure a high degree of independence and objectivity.

In addition, the Internal Audit Department works closely with the internal control function, the Audit & Supervisory Committee, and the Accounting Auditor under a three-way audit framework to conduct effective and efficient audits.

Furthermore, as a member of the Global One Audit Team, the department shares common values with the internal audit functions of Group companies and collaborates closely with them. Specifically, it hosts the annual Global Audit Conference, conducts joint audits, standardizes audit methodologies for globally significant audit themes, and spearheads other initiatives with the aim of enhancing audit quality across the Group.

As of April 2026, the Internal Audit Department consisted of 53 members.

Audit scope

The Company and its group companies are included in the audit scope.

Sites and areas to be audited are selected based on a comprehensive risk assessment, and risk-based audits are conducted. In addition, audits with cross-functional themes are carried out in globally significant areas that are common across the Group.

The areas subject to audit are as follows:

- Business management framework
- Site operation management framework
- Financial risk management framework
- System risk management framework
- Customer protection and related management framework
- Legal and regulatory compliance management framework
- Operational risk management framework
- Credit risk management framework

Internal audit standards and expertise

The Internal Audit Department conducts internal audits in accordance with the Global Internal Audit Standards and other professional standards established by The Institute of Internal Auditors. Conformance with these standards is assessed on a regular basis through internal and external assessments conducted under the Quality Assurance and Improvement Program.

In addition, the department ensures that its internal auditors possess the necessary knowledge and skills* and strives to maintain and enhance auditor expertise and audit quality through its proprietary talent development program.

* The department seeks to maintain a ratio of at least two-thirds of its members holding professional internal audit-related certifications, including Certified Internal Auditor, Certified Information Systems Auditor, Certified Fraud Examiner, and Certified Public Accountant, including US CPA credentials.

Audit process and frequency

The Internal Audit Department conducts internal audits of the Company and its group companies systematically based on the annual audit plan (with all sites covered once every three years in principle).

The department actively utilizes computer-assisted audit techniques and generative AI as part of its formation of auditing, with the aim of enhancing efficiency and effectiveness.

To ensure that internal audits are effective, the department regularly reports audit results, actions taken to follow-up on significant findings that needed improvement, the outcomes of improvement measures, organizational measures taken to address root causes, and other matters to the Representative Directors, the Board of Directors, and the Audit & Supervisory Committee.

Risk management

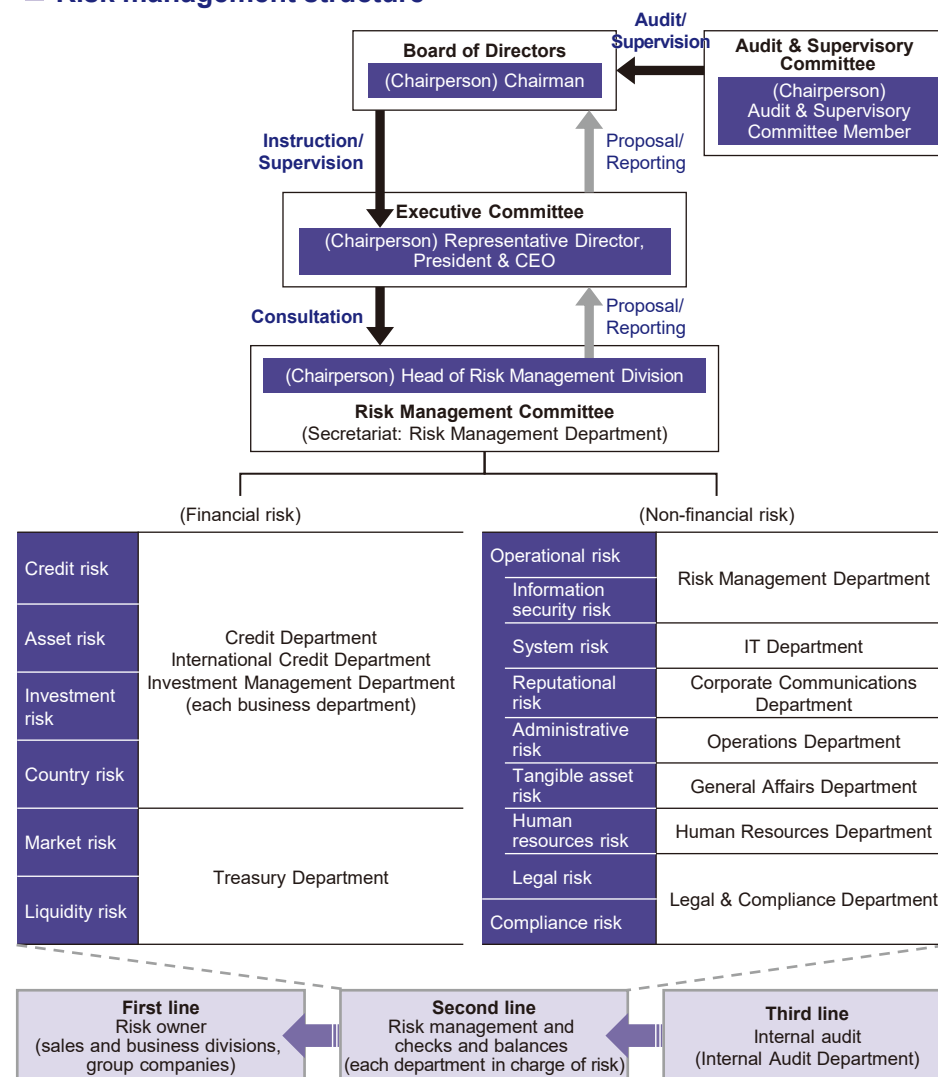
Risk management framework overview

The Group identifies and recognizes various risks across the entire Group, and has a framework in place under which risks are managed based on risk categories overseen by responsible departments. The Risk Management Committee, chaired by the Head of Risk Management Division (CRO), who is a Managing Executive Officer, comprehensively and systematically collects, organizes, and analyzes risk information for the entire Group on a global basis. Moreover, it shares and discusses risk awareness that contributes to management decision-making through predictive management in light of environmental changes. It reports important matters to the Executive Committee, chaired by the President & CEO, and the Board of Directors. The Board of Directors deliberates what is reported and regularly confirms the effectiveness of the entire process. The Risk Management Committee holds extraordinary meetings as needed for flexible deliberations when there are any major changes in the external environment, etc., in addition to semiannual regular meetings. In addition, to establish an effective risk management framework, the Group has introduced a three-line defense model based on the COSO Framework.*

With this risk management framework, the Group will push forward with initiatives to further enhance risk management to increase corporate value in a sustainable and stable manner.

* A world-standard internal control framework released by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in the US

Risk management structure



■ Three-line model (three lines of defense)

The Group has adopted a framework that divides the entire Group into three lines of defense and manages the organization on a risk basis. We classify our Group's risk management functions as follows, with each function taking on its respective role to improve the effectiveness of our risk management framework.

In addition, the Group has established risk management regulations and identified priority risk areas requiring focused management, such as cyberattacks and large-scale natural disasters, based on their potential impact on management and the nature of the risks involved. It conducts risk identification and assessment, establishes and operates control measures, and continues to monitor these risks. These initiatives are reviewed annually and reflected in the risk management plan and other related measures, thereby promoting continuous enhancement of the Company's risk management framework.

Classification	Role
First line (sales and business divisions, group companies)	As owners of risks arising from business activities, independently implement risk management.
Second line (each department in charge of risk)	Support the independent risk management by the first line from a professional standpoint through the development of risk management policies and frameworks, as well as monitoring and checks on the first line.
Third line (Internal Audit Department)	From a position independent of the first and second lines, evaluate the effectiveness of risk management operated by the first and second lines and provide advice on challenges and problems.

■ Internal audit in the risk management framework

The Company has in place and operates risk management and internal control frameworks based on the COSO ERM (enterprise risk management) framework for the purpose of sustainably enhancing its corporate value and fulfilling its responsibilities to its stakeholders.

With these frameworks, the Company identifies and assesses, responds to, and monitors risks toward the execution of strategies and works to foster risk awareness and strengthen the risk management system across the organization. In particular, the Company focuses on preventing risks from emerging by establishing a highly reliable control environment.

The Internal Audit Department, as an independent third line of defense, monitors the Company's control environment, risk assessment, control activities, etc., which are conducted in accordance with the COSO ERM framework, in addition to conducting annual regular audits to comply with J-SOX requirements and for some self-assessments of assets.

■ Top risks

The Group identifies top risks—risk events that require the greatest vigilance—based on the likelihood of risk scenarios materializing and their potential impacts. These include risk events related to each risk described below, under “Major risks classified under company-wide risk management” and “Other risks (business and operating environment risks).” The Group uses these top risks to share risk awareness within the Group, as well as to prevent risks from materializing, respond promptly if they materialize, and contain the spread of their impacts. Top risks are identified through discussions among management. The top risks as of the date of issuance of this ESG Data Book are as follows.

Top risks

Risk event	Examples of risk scenario
Geopolitical risk	- Soaring energy prices due to heightened tensions in the Middle East, inflation caused by supply chain disruptions, economic slowdown, deterioration in the business performance of customers, and sharp rises in interest rates - Deterioration of the business environment due to heightened political friction between the US and China or among allied countries
Cyberattacks	- System failures and service suspensions due to cyberattacks on the Group or third parties - Compensation, regulatory responses, and reputational damage due to information leaks
Increase in credit costs	- Sudden deterioration of market conditions in the Group's business areas - Deterioration in business performance of customers due to instability in the global economic and financial environment
Deterioration in profitability of business investments	- Decrease in investment opportunities due to deteriorating profitability caused by regulatory changes, rising interest rates, cost increases, etc. - Deterioration in profitability of existing investment projects due to construction delays, equipment malfunctions, declining utilization rates, etc.
Strengthening of tariff policies, export regulations, and other restrictions	- Resurgence of inflation and deterioration in business performance of customers due to tariff increases in various countries - Economic slowdown due to supply constraints resulting from strengthened export and investment regulations and other restrictions among major countries against the backdrop of economic security
Concerns over Japan's economy and fiscal condition	- Deterioration in business performance of customers due to rising prices and continued interest rate increases in Japan - Deterioration of the funding environment due to growing concerns over Japan's government debt
Large-scale disaster	- Casualties, damage to sites and systems, and business suspension due to a Nankai Trough earthquake or Tokyo inland earthquake - Business suspension of customers, increased credit costs, and decline in asset value due to a disaster
Foreign currency funding risks	Deterioration of the foreign currency funding environment due to turmoil in financial markets
Human capital constraints	Stagnation of sustainable growth due to difficulty in recruiting specialized talent
Risks related to sustainability response	Decline in evaluation from investors and counterparties due to inability to respond to changes in ESG trends

■ Major risks classified under company-wide risk management

Based on the company-wide risk management framework, the Group classifies, identifies, and appropriately manages risks as follows:

Major risks

① Credit risk

The Group conducts business that extends credit over the medium to long term through leases, installment sales, monetary loans, and other financial services. Depending on future economic trends and financial conditions, an additional provision for credit losses could be necessary with an increase in non-performing loans as companies' credit statuses deteriorate, which could impact the Group's business results and financial position.

Main efforts to address risk When considering each deal, the Group carefully reviews the customer's credit standing using its own rating system and makes a thorough study based on the value of the leased property, country risk, and other factors in an effort to ensure a reasonable return for the risk. Additionally, the Group continues monitoring the customer's credit standing on an ongoing basis after the business relationship has commenced and has a system in place to respond appropriately if the customer's credit standing worsens. Moreover, the portfolio as a whole takes into account risk diversification to ensure that credit is not concentrated in certain customers, industries, countries, and regions. The Group strives to ensure sound management also by regularly measuring the credit risk of its portfolio and ensuring that it stays within a certain range of capital.

② Asset risk

In addition to general movable property, the Group holds such global assets as aircraft and real estate, including buildings, and leases them in and outside Japan under operating and other leases. In this business, the Group is exposed to asset risk in addition to the aforementioned credit risk. Fluctuation in revenue from asset management and disposals could therefore impact the profitability of the leases. For this reason, when engaging in operating leases, the Group carefully assesses the value of the underlying assets according to asset type in addition to the customer's credit standing prior to working on each deal. Even after the business relationship has commenced, the Group continues monitoring the status of the leasing and secondary markets for the assets along with the lessee's use of the assets, striving to prevent risks from emerging or to mitigate their impacts if they occur.

a. Global assets

The Group holds such global assets as aircraft, aircraft engines, containers, and railcars and leases them in and outside Japan under operating and other leases. In businesses related to global assets, the Group is exposed to asset price fluctuation risk in addition to the aforementioned credit risk. With an operating lease, in addition to lease fee revenue, the Group recovers funds by selling the asset at the end of the lease period. Additionally, in the event of a customer default, the Group repossess the asset and collects funds by leasing it to another customer or selling it. When assets are to be sold, they may become unrecoverable or their prices may fluctuate due to major incidents arising from technical problems, obsolescence due to technological innovation, revisions to laws and regulations, increased concern over global pandemics or terrorism, natural disasters, war, or geopolitical risk, in addition to economic trends and financial conditions. Furthermore, the recording of an impairment loss or increased costs associated with property management could impact the Group's business results and financial position.

Main efforts to address risk When engaging in operating leases with global assets, the Group conducts a comprehensive review that includes a checklist for deals involving movable property and future asset liquidity prior to working on each deal to ensure a reasonable return for the credit risk and asset value fluctuation risk. Furthermore, the Group has established internal criteria to maintain a diversified portfolio, including asset types, geographic regions, and maturity dates. Moreover, the Group continues monitoring the customer's credit standing and industry trends on an ongoing basis after the business relationship has commenced and has a system in place to take the necessary steps in the event that the customer's credit standing worsens, such as collecting a deposit to cover asset deterioration as necessary. Additionally, risk management departments conduct predictive monitoring of industry trends and indicators that could impact asset value fluctuations for each major asset category while maintaining ongoing risk communication with the business divisions. The Group also regularly measures customer credit risk and asset value fluctuation risk of its portfolio to monitor whether it is within a certain range of capital to ensure sound management.

b. Real estate

The Group makes investment in and provides financing of commercial real estate such as offices, residences, commercial facilities, logistics facilities, hotels, and data centers in and outside Japan, and in leasing and other business operations based on its owned properties. These assets are subject to revenue fluctuation risk and price fluctuation risk. In the real estate-related business, in addition to rent revenue from tenants, the Group recovers funds by selling assets that are not to be held over the long term. Rent revenue and revenue from sale of assets may fluctuate depending on the market environment, such as economic trends, the financial landscape, and the rent market in the specific location of the asset, and this could impact the Group's business results and financial position.

Main efforts to address risk The Group makes a careful decision based on a comprehensive review of future asset value and liquidity prior to working on each deal to ensure a reasonable return for the asset value fluctuation risk. Furthermore, the Group continues monitoring the status of asset management, price trends, and industry trends on an ongoing basis after the business relationship has commenced and has a system in place to maximize revenue. Additionally, risk management departments conduct predictive monitoring of industry trends and indicators that could impact asset value fluctuations while monitoring ongoing risk communication with the business divisions. The Group also regularly measures the asset value fluctuation risk of its portfolio to monitor whether it is within a certain range of capital to ensure sound management.

Major risks

③ Investment risk

The Group invests in solar power, wind power, and other renewable energy businesses in Japan and overseas as well as various operating companies and funds. These investments are subject to such risks as changes in the business environment including declining demand, revenue falling below the plan, diminished recoverability of the investment amount due to sluggish performance of investees or partners, investees' stock value falling below a certain level, and investees' stock value staying below a certain level for a considerable period of time due to unexpected changes in the economic or financial situation or a major disruption of the financial markets regardless of the investee's performance. These risks could result in a total or partial loss of principal of the investment, including through valuation loss, or create the necessity of additional funding. In addition, there is the risk that the Group may be unable to exit or restructure the business at the desired time or using the desired method due to differences with the partner's management policy or low liquidity of the investment asset. Furthermore, the Group's position may be adversely affected by not being able to obtain relevant information from the investee. These risks could impact the Group's business results and financial position.

Main efforts to address risk The Group holds investment meetings according to individual investment amounts and severity of risk to gather the opinions of relevant departments. It makes careful decisions based on comprehensive reviews of future investment value and liquidity from a broad point of view when considering each investment to ensure a reasonable return for the risk. Additionally, the Group has a system in place to continue monitoring the status of investment management and industry trends on an ongoing basis after the business relationship has commenced to maximize revenue. The Group also regularly measures the risk of fluctuations in the value of its investments to monitor whether it is within a certain range of capital to ensure sound management.

④ Market risk

a. Interest rate fluctuation risk

The fees for leases and installment sales conducted by the Group are set based on the purchase price for the transacted property and the market interest rates at the time of contract. Most of these basically do not fluctuate during the contract term. The cost of funds for acquiring the leased property, on the other hand, is affected by fluctuations in market interest rates, as the funds are procured at both fixed and variable interest rates for the purpose of funding diversification and reduction of funding costs. As such, a sharp rise in market interest rates resulting from sudden changes in the financial situation could impact the Group's business results and financial position.

b. Exchange rate fluctuation risk

The Group actively conducts business outside Japan, and as foreign currency-denominated assets increase, so does their proportion within our consolidated operating assets. The financial statements of the Group's consolidated subsidiaries outside Japan are expressed in local currencies while the Company's consolidated financial statements are expressed in the yen. As such, although funding is, in principle, conducted in the same currency as the asset, should a large fluctuation occur in exchange rates, it could impact the Group's business results and financial position in yen terms.

Main efforts to address risk The Group constantly watches movements in the financial markets and, as needed, monitors through asset liability management (ALM) any imbalances in the form of interest rates or foreign exchange between asset management and funding. It then manages interest rate fluctuation risk through appropriate hedge operations while taking interest rate movements into account. To address exchange rate fluctuation risk, in principle, the Group raises funds in the same currency as the operating asset in an effort to minimize loss on currency valuation of assets. The Group also regularly measures the quantitative risk of the position of portfolio holdings incurring a loss over a certain period of time at a certain probability and to what extent in the event that interest or foreign exchange rates take a disadvantageous turn based on past statistics, and monitors whether it is within a certain range of capital in an effort to ensure sound management. Meanwhile, the ALM Committee meets quarterly or as required to analyze scenarios and data in connection with geopolitical risk, pandemics, and various other risk factors and to determine the ALM policy based on trends in the financial market environment, the risk situation, and other considerations.

⑤ Liquidity risk

When engaging in acquisition of lease properties for leases, installment sales, and monetary lending, the Group raises a large amount of funds in yen and other currencies. The Group attempts to balance the period of leases and other credit transactions and investments with the period of funding, but should it experience difficulty securing enough funds because of heightened risk aversion on the part of financial institutions and investors due to a free fall in economic and financial conditions, major confusion in the financial markets, or a decline in the Group's creditworthiness, it could impact the Group's business results and financial position.

Main efforts to address risk With respect to funding, the Group works to ensure the liquidity of funds through efforts to diversify by funding directly from the market, including corporate bonds, commercial papers, and securitization of lease receivables in addition to borrowing from financial institutions, as well as balancing long- and short-term funding, careful management of cash flow, and measures to supplement liquidity during emergencies, such as through the acquisition of commitment lines.

Additionally, the Group conducts stage-by-stage management of liquidity, putting in place funding arrangements to ensure that the immediately necessary funds can be secured, including funds for repayment, even if the funding environment deteriorates. It also reports on the status of funding to the ALM Committee.

In addition to conducting interest rate sensitivity analysis (analyzing the impact of interest rate fluctuation on revenue), the ALM Committee carries out comprehensive investigations of ④ market risk and ⑤ liquidity risk in the event of stress in the financial markets or other relevant areas, including the potential impact on profit and loss. It then determines a funding strategy and risk response policies to implement a company-wide strategy aligned with the market environment. Regarding risk management in particular, it coordinates with the Risk Management Committee, which is one arm of the company-wide integrated risk management system. By strengthening the predictive management system and coordinating with contingency planning, it makes efforts to improve the flexibility and resilience of financial structures in the event of a crisis situation emerging.

Additionally, to enhance its foreign currency funding capacity, the Group has established a regional financial hub in North America and has put in place a group financing system that includes the centralization of funding. The regional financial hub offers not only indirect financing but also various forms of funding, including issuance of commercial papers and corporate bonds, thus providing funds to group companies operating in North America.

Major risks

⑥ Country risk

As the Group operates businesses globally, it is subject to risks due to which losses may arise depending on the political and economic situation in the countries and regions where the business partners and investees are located. In addition to changes in economic conditions such as rapid declines in currency values or stock prices or sovereign defaults in a given country, various factors such as conflict, civil unrest, or political instability could result in an additional provision for credit losses or the recognition of impairment losses related to credit transactions or investments in that country or entities. These could impact the Group's business results and financial position.

Main efforts to address risk The Group sets upper limits on transaction volumes based on each country's economic strength and creditworthiness. Additionally, the Group monitors whether the balance of credit transactions and investments involving country risk remain within the prescribed limits. In this way, the Group works to diversify its reliance on specific countries and regions to reduce the impact of losses in the event that country risk materializes.

⑦ Operational risk

a. Risk related to earthquakes, wind and flood damage, pandemics, war, terrorism, etc.

The Group uses sites, systems and other resources in and outside Japan to conduct its operations. Earthquakes, wind and flood damage, or other natural disasters, as well as pandemics, war, terrorism, or other unpredictable circumstances, could cause a reduction of activities or prevent operations at those sites by damaging the sites themselves or the systems or by injuring employees or preventing them from coming to work. Moreover, depending on the extent of the damage or how long the event lasts, a large sum of money could be required to restore the systems or other resources, or it may take a long time for business operations to recover. Such a situation could impact the Group's business results and financial position.

Main efforts to address risk The Group has designated responsible departments depending on the envisioned risk to prepare for such circumstances and has a system in place to establish a crisis response headquarters to respond to a critical situation. The Group is also working to establish a system for business continuity by putting together a business continuity plan, implementing redundancy measures for core systems, establishing a system infrastructure that allows work from home, and implementing office shifts limited to operations that must continue.

b. System risk

The Group utilizes email as well as a variety of information systems to carry out accounting processes, management of various contracts, customer management, asset management of leased properties, and other operations. An outage or failure of these information systems arising from poor maintenance, poor development, or other such problems could cause an interruption of contract and collection operations or services provided to customers, which in turn could cause a suspension of operating activities or economic loss, thereby impacting the Group's business results and financial position.

Main efforts to address risk The Group has a system in place to properly manage and maintain these systems through internal cooperation and partnership with other companies to ensure their stable operation. The Group has an integrated response system for failures that includes swift action and sharing of information internally and externally when failures occur as well as establishment and implementation of measures to prevent subsequent recurrence. Additionally, group-wide IT control is conducted by implementing the Company's standard system development process at group companies in Japan and other countries.

c. Cybersecurity risk and information security risk

The Group utilizes email as well as a variety of information systems to carry out accounting processes, management of various contracts, customer management, asset management of leased properties, and other operations. These information systems are subject to risk of business email scams, malware infections, unauthorized access by outside parties, and other cyberattacks. Unauthorized access by outside parties, malware infractions, human error, fraud, scams, and other problems could result in system outages or failures, monetary damages, leaks or unauthorized use of confidential information or customer information, or other incidents. These could cause an interruption of contract and collection operations or services provided to customers, which in turn could cause a suspension of operating activities, economic loss, or loss of social confidence from leakage of important information, thereby impacting the Group's business results and financial position.

Main efforts to address risk The Group has established a cross-organizational Security Incident Response Team (MHC-SIRT)* to address these risks and has a system in place to prevent incidents at the entrance, internal, and exit stages and respond to them if they occur. Specifically, in preparation for cyberattacks that exploit vulnerabilities, the Group keeps software up to date to detect unauthorized access, malware, and other cyberattacks and maintains management preparedness to prevent problems. At the same time, the Group has established an internal and external coordination system and conducts drills to prepare for incidents. Moreover, targeted email training is provided for all employees, and internal education on information security is carried out on an ongoing basis.

In the unlikely event of an incident, MHC-SIRT takes the lead in promptly implementing initial response, while also identifying the scope of impact, preventing the spread of damage, analyzing the cause, restoring systems, etc., and formulating and deploying recurrence prevention measures in an integrated manner. This establishes a system to ensure the continuity and early recovery of critical operations and minimize the impact on the Group's business operations.

* MHC-SIRT is a cross-organizational team operating inside the Group that responds to information security incidents, primarily focusing on cyberattacks such as targeted email attacks and unauthorized access against the Group. (MHC: Mitsubishi HC Capital).

Major risks

d. Legal risk

The Group's operations are subject to a range of relevant legislation in and outside Japan. As the primary examples in Japan, its operations must comply with the Companies Act, tax laws, the Financial Instruments and Exchange Act, the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade, anti-bribery laws, the Act on the Protection of Personal Information, the Money Lending Business Act, the Installment Sales Act, the Act on Prevention of Transfer of Criminal Proceeds, and environmental laws and regulations. Outside Japan, the Group's operations are subject to the legislation of each country and region as well as to oversight by regulatory authorities. Should there be a failure of compliance with legislation, social norms, or company rules, it could impact the Group's business results and financial position by causing restrictions on or interruptions to operations, a claim for damages from customers or others, or a loss of social trust.

Main efforts to address risk The Group conducts its business activities in accordance with laws, regulations, and internal rules. To ensure legal compliance, it has established the necessary internal regulations and set up the Legal Office that includes qualified legal professionals. This department provides various forms of legal support, conducts education and training for officers and employees, and works to strengthen the legal risk management system on a consolidated basis.

The Group is also implementing global financial crime countermeasures, including the exclusion of anti-social elements, prevention of money laundering and terrorist financing, and compliance with economic sanctions. Furthermore, taking into account changes in the global situation and regulatory trends, the Group is working to enhance its customer due diligence and customer management framework and to utilize digital technologies such as eKYC* in line with financial crime risks.

* eKYC stands for *electronic know your customer* and refers to a mechanism that completes identity verification electronically.

e. Risk related to changes in laws, regulations, accounting standards, and tax systems

The Group's operations are subject to a range of relevant legislation, accounting and tax regulations, and other systems in and outside Japan. Should there be substantial changes or revisions to any of the various systems closely related to the Group's operations that the Group was unable to properly address, there could be penalties for nonconformance, suspension of product offering, restrictions on business activities, decreases in sales in terms of accounting, or other negative consequences that could impact the Group's business results and financial position.

Main efforts to address risk The Group's Corporate Center divisions, business divisions, sales offices in Japan, and sites in each country continuously monitor revisions and changes to the various systems in and outside Japan, such as legal, accounting, and tax systems, applying to their relevant operations and countries. In addition, the Group gathers information on and implements measures to address changes and revisions as quickly as possible while reinforcing such monitoring by actively utilizing outside experts.

f. Administrative risk

The Group conducts transactions in various forms, and various administrative work arises with each transaction. Improper administrative work, including human error, fraud, and other irregularities, could cause an interruption of contract and collection operations or services provided to customers, which in turn could cause a suspension of operating activities or loss of customer trust, thereby impacting the Group's business results and financial position.

Main efforts to address risk The Group has established administrative rules for each transaction and conducts business according to these rules while reviewing them as needed. Additionally, an internal reporting system is in place for internal administrative incidents. Should such an incident occur, the system includes swiftly addressing the incident, identifying the cause, and establishing and implementing measures to prevent recurrence.

■ Other risks (business and operating environment risks)

The Group also recognizes and appropriately manages the following risks:

Other risks

① Compliance risk

The Group ensures that all officers and employees act with high ethical standards, complying not only with laws and regulations but also social norms. However, in the unlikely event that any actions in violation of these occur, it could impact the Group's credibility, business results, and financial position.

Main efforts to address risk The Company's Legal & Compliance Department, which oversees the Group's compliance. Additionally, the Group has formulated and implemented a compliance program to ensure thorough adherence to laws and regulations. Specifically, to promote awareness and shared understanding of fundamental compliance-related values and ethics, the Group has established the Group Code of Ethics and Code of Conduct as a set of guidelines for its officers and employees. Furthermore, the Group has prepared various policies and internal rules related to compliance to supplement the Code of Ethics and Code of Conduct and conducts ongoing compliance education.

The Group also conducts regular compliance awareness surveys of officers and employees to verify the penetration of the Code of Conduct and the situation within the workplace environment.

In addition, the Group is working to strengthen its compliance system by preparing and operating an internal whistleblowing system that allows officers and employees to report and consult on misconduct (any violation of legislation, internal rules, or the Code of Ethics, including corruption, or any action that could potentially be a violation).

② Risk related to conduct

The Group is implementing various measures based on the keyword of transformation to achieve Our 10-year Vision of "Together we innovate, challenge and explore the frontiers of the future." During this process, any actions by our officers and employees that compromise customer protection, fair competition, market integrity, public interest, or social norms and cause harm to our stakeholders could impact the Group's credibility, business results, and financial position.

Main efforts to address risk The Group emphasizes integrity as one of the core elements of the Action Principles, which set forth the values and attitudes each employee should have along with the actions they should take within the Basic Management Policy. This means maintaining high ethical standards and constantly returning to the basics. The Group ensures that all officers and employees conduct themselves accordingly.

③ Risk related to talent recruitment

The Group must stably secure adequate talent to maintain and strengthen its competitiveness in the various businesses it operates in and outside Japan. The Group strives to continuously recruit and train capable talent, but should it not be able to adequately do that, this could impact the Group's business results and financial position.

Main efforts to address risk The Group actively promotes securing talent through new graduate and mid-career recruitment. For new graduate recruitment, we conduct internships and recruiter interviews where employees and students can interact. For mid-career recruitment, we have introduced initiatives to recruit through employee referrals and to rehire former employees. These and other measures to recruit diverse talent have helped strengthen our recruitment system. Additionally, to encourage each employee to take initiative and continuously create value, the Group promotes talent development under themes such as career, by job level, DX, and self-development. It supports employee growth through various opportunities, including training programs, assistance with obtaining qualifications, and the introduction of the Career Challenge Program (an internal and external open application system for various positions) that contributes to employees' career development, thereby fostering employee development.

④ Risk related to labor and employment management

The Group employs a large number of staff in its business operations. This involves the risk of long working hours having a negative effect on the mental or physical health of employees or other negative impacts, making them unable to fulfill the expected duties. There is also the risk of legal infringements through failure to appropriately monitor legal requirements relating to employment and similar areas. Additionally, there is the possibility of these risks resulting in damage to public trust.

Main efforts to address risk The Group promotes operational improvements through DX and introduces systems that enable diverse workstyles, such as flextime without core hours, remote work, and satellite offices. In this way, it works not only to reduce long working hours but also to create a work environment that supports employees with childcare or nursing care responsibilities. Additionally, to address harassment and other personnel issues, the Group has introduced measures for employees in Japan and overseas, including an internal whistleblowing system and consultation hotline. To enable employees to develop their abilities to the fullest, the Group is addressing workplace enhancement as a major focus of initiatives.

Other risks

⑤ Risk related to expansion of business foundation, strategic partnerships, and M&As

In pursuit of continued growth through expansion of its business foundation, the Group engages in strategic partnerships with outside entities in and outside Japan aimed at the enhancement of various services and tries to diversify and expand the Group's business portfolio through M&As in addition to expanding businesses on its own.

The Group endeavors to diversify its businesses and enhance its services through this kind of approach. However, changes in domestic or international economic and financial conditions, intensification of competition, changes in the business environments or strategies of partners, revision of relevant legislation, and other factors could cause a failure to achieve expected results or create a need to record additional expenses, such as a goodwill impairment loss recorded at the time of an M&A. Such a situation could impact the Group's business results and financial position.

Main efforts to address risk In addition to reviews by the relevant departments according to the individual investment amounts and severity of risks, the Group brings in outside experts for a comprehensive review of the rationality of the investment structure and the future investment effect from a broad point of view when considering each M&A or partnership deal. Even after an M&A deal is executed, the Group's rules are applied to establish a system for proper operational management, and monitoring is carried out on the business plan, results management, and other aspects so that the necessary actions can be taken in a timely manner.

⑥ Risk associated with expansion of business domains and development of new services

The Group is expanding the scope of its operations on a global basis, including new business domains, within the scope permissible under laws, regulations, and various other conditions. Should the expanded businesses and services not develop as envisioned within the expanded scope of operations, or if risks exceeding the scope of reasonable assumptions emerge within that process, it could impact the Group's business results and financial position.

Main efforts to address risk When entering new business domains and developing new services, the Group identifies potential risks based on a preliminary risk assessment and considers appropriate countermeasures prior to proceeding. In evaluating risks, the Group conducts multifaceted analysis of information and data while also working to enhance evaluation methods by leveraging experience and knowledge gained through existing businesses. Additionally, the Group continuously monitors the progress of its expanded business domains and the latest risk conditions and has a system in place in which relevant departments coordinate as necessary to implement prompt countermeasures.

⑦ Intensifying competition

Competition in the leasing and other businesses of the Group conducted in and outside Japan could intensify not only from companies in the same business but also from financial institutions and others. Alternatively, the competitive landscape could change due to a shift in business models of other industries, technical innovation, or other factors. If competition intensifies further, it could impact the Group's business results and financial position due to a decline in market share or reduced profits.

Main efforts to address risk The Group is advancing various initiatives to maintain and strengthen its competitiveness, including the provision of higher value-added services, enhanced value creation as an asset holder, low-cost funding, and the accelerated promotion of its digital strategy. Through these initiatives, the Group aims to mitigate risks associated with intensifying competition and achieve sustainable growth.

⑧ Climate change risk

Risks arising from the strengthening of laws and regulations, policy changes, and technological innovation in line with the transition to a decarbonized society, as well as physical risks such as extreme weather and increasingly severe natural disasters stemming from global warming, may affect the Group's business results and financial position through impacts on the economy. This includes deterioration in the business performance of customers and declines in the value of assets owned by the Group. Moreover, if the Group's response to climate change risk or its information disclosure is or is deemed to be inadequate, the Group's corporate value may be adversely affected.

Main efforts to address risk The Group has positioned "Promote a decarbonized society" as one of its material issues, recognizing it as a priority theme to address in achieving sustainable growth. Accordingly, the Group has expressed its support for the TCFD recommendations and has built a framework related to identifying, assessing, and managing climate-related risk in line with the recommendations. The Group is actively working to disclose the related information through the ESG Data Book and other materials. Going forward, the Group will continue to review the analysis methods and the details of the disclosure in response to changes in the external environment and as its analysis and assessment of climate change risks deepen.

⑨ Human rights violation risk

With corporate responsibility extending throughout the supply chain and the emphasis on sustainability initiatives, the prevailing view is that companies should recognize stakeholders as broadly encompassing ordinary individuals and local residents. Under these circumstances, if the Group were to neglect these stakeholders, and human rights violations were to occur within the Group or be committed by customers of the Group, it could be perceived as the Group itself causing, encouraging, or directly participating in those human rights violations. In turn, this could lead to damage to the Group's corporate value.

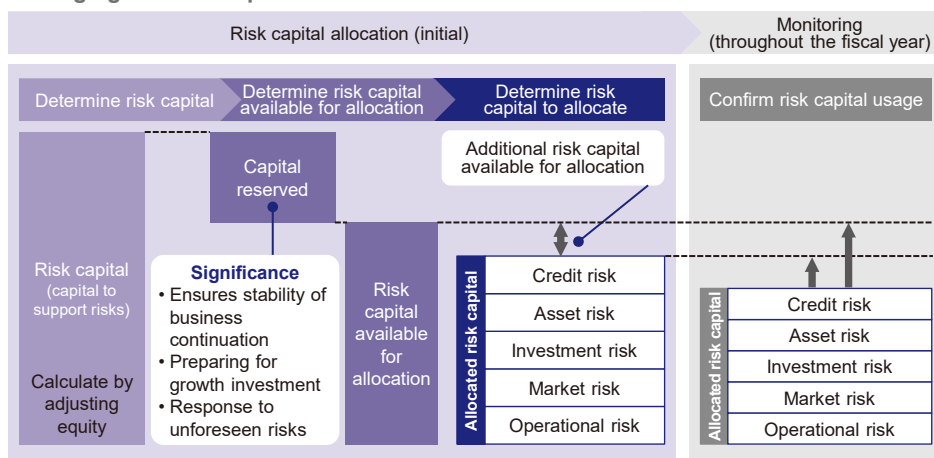
Main efforts to address risk The Group has established the Human Rights Policy, declaring that we "recognize that conducting business with the utmost respect for human rights is a major challenge, and we will fulfill our responsibilities in this regard across all our business activities." We are working to eliminate human rights violations through human rights due diligence, which identifies human rights violation risks at customers, partners, and suppliers and engages in dialogue about such violations, and the operation of a human rights hotline that accepts consultations on human rights from outside the company.

Risk and capital management

The Group measures and quantifies the various risks it faces on a uniform scale using statistical methods based on the framework of integrated risk management. We then manage risk and capital for securing sound business management by comparing equity, which represents our management strength, with quantified risks.

Specifically, we set planned risk amounts (allocated risk capital) for each category of risk—credit risk, asset risk, investment risk, market risk, and operational risk—as the limits of our risk tolerance. We then confirm whether the limits are commensurate with our management strength and take risks within those limits during each term. The status of risks and our portfolio are continuously monitored and reported to management.

Managing risk and capital to ensure soundness



Stress tests

We conduct stress tests on a regular basis to understand the impacts of risks that cannot be comprehended by statistical methods. Specifically, we analyze and verify the potential impacts on the Group's periodic profit and loss and equity under stress conditions based on multiple scenarios, such as deterioration of the global economy, as well as market fluctuations and declining credit conditions in each business field.

Through this multifaceted verification, we check whether our management and business plans are reasonable in their risk appetite and whether our risk capacity is sufficient.

Risk management-related awareness and education

We conduct e-learning and other training in the necessary areas of risk management for all employees (including dispatched workers). For Directors, including Outside Directors, we regularly explain our risk management framework in detail at Board of Directors meetings and Audit and Supervisory Committee meetings to share the status of risk management.

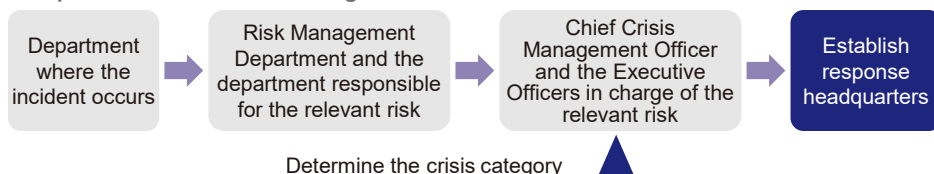
We have established the Risk Management Rules, which clarify the basic policies and management processes for risks, and disseminated it to all employees. Furthermore, emphasizing risk communication with sales and business divisions, we periodically hold the Risk Management and Examination Consultation Meeting to share the potential areas of risks, the current status of risks, and the status of risk management. We have also created and shared the Risk Management Dashboard, which visualizes risk-related management information.

Through these initiatives, we share internally what kind of risks we should take for our business growth to establish risk ownership of sales and business divisions.

■ Crisis management

The Group has crisis management regulations, disaster response regulations, and response manuals in place. It has also established a framework to minimize the impact that natural disasters, human-caused disasters, accidents, and other events have on business operations. Furthermore, in the event of a crisis, the Group categorizes the crisis based on the status of the event in question and establishes a crisis management headquarters or disaster response headquarters if it determines the situation to be a “crisis situation.” In July 2025, we conducted a drill to establish a disaster response headquarters during a simulated Nankai Trough earthquake. Under management leadership and in close coordination with relevant departments, the Risk Management Department collected and shared information, examined response policies, and issued instructions, enhancing our practical response capabilities in emergencies.

Response flow for crisis management



Crisis category	Crisis situation	Response
State of alert	A situation that can be handled by the department in charge and is not a “crisis situation,” but may develop into one due to delays or errors in the response	Response by the department in charge
Crisis situation	A situation that is likely to cause significant delays or prolonged interruptions in operations and a significant loss of credibility that may jeopardize the Company’s continued existence	Crisis management headquarters

■ BCP

To prepare for serious disasters such as a Nankai Trough earthquake, which is said to be imminent, we have established a business continuity plan (BCP) and a response structure under which relevant departments, led by a disaster response headquarters and other teams, work in close coordination. The measures are intended to ensure that critical business operations can continue or be rapidly restored during emergencies. We have also determined three post-disaster phases (initial response, business continuity, and restoration) to follow in chronological order and defined the actions and specific measures to be taken in each phase. Furthermore, we conduct regular drills involving either selected relevant departments or all employees, depending on the training objectives. Through these exercises, we verify the effectiveness of our business continuity framework and pursue its continuous improvement.

BCP measures

Phase	Objectives	Items to be implemented	Main concrete measures
Initial response	Ensuring the safety of officers and employees	Appropriate initial response Confirming the safety of officers and employees and directing the initial response policy	○Introduction of safety check systems ○Diversifying communication means • Company iPhone, MCA* radio, etc. ○Information system redundancy • Email, etc. ○Periodic training/education • Safety check / Communication check training • Disaster response headquarters start-up training • Debt fulfillment training • System switchover/recovery training • BCP training (e-learning), etc.
Business continuity	Fulfillment of minimum social responsibilities	Debt fulfillment Payments to suppliers and repayments to financial institutions, etc.	
Restoration	Ensuring business infrastructure	Normal operations Establishing an infrastructure that enables the execution of key system operations	○Core system redundancy • Core systems (main systems)

* Multi-channel access

On July 10, 2025, we conducted a BCP drill at our Marunouchi, Osaka, Nagoya, and Toyosu offices based on a Nankai Trough earthquake scenario. The drill included the establishment of a disaster response headquarters. Organized by the Risk Management Department, the exercise was conducted under the fundamental policy of prioritizing people’s lives above all else.

During the drill, the disaster response headquarters collected, organized, and analyzed information from both internal and external sources, and checked the escalation process (the appropriateness of reporting, consultation, and escalation) and the decision-making process. In addition, we conducted practical simulation exercises to test the procedures in place to enable coordination among offices. For information sharing, we ran a scenario in which telephone communication was unavailable and implemented alternative means of communication, including MCA radio systems and the disaster-response chat platform LINE WORKS.

Following the drill, an external consulting firm provided an assessment of the results. The assessment confirmed the effectiveness of measures such as disseminating information about areas expected to be inundated by a tsunami, organizing information using whiteboards, providing concise escalation reports, and enabling prompt decision-making through the head of the disaster response headquarters. On the other hand, areas for improvement were identified, including advance preparation of hazard maps for the areas surrounding each office, prioritization of information reported during meetings, more efficient information gathering, and clearer criteria for escalation.

We continuously incorporate issues identified through drills into revisions of our BCP and related response frameworks. Through these efforts, we remain committed to enhancing the effectiveness of our business continuity management and strengthening organizational resilience.

Information security

Information Security Policy

MHC positions information security and cyber security as management issues of the utmost importance. As such, we are aware of our societal duty to protect the information assets in our possession, including those of our clients, from various security threats, and through the compliance of our officers and employees with the following Information Security Policy we have established, we make every effort to maintain and enhance the confidentiality, integrity, and availability of our information assets.

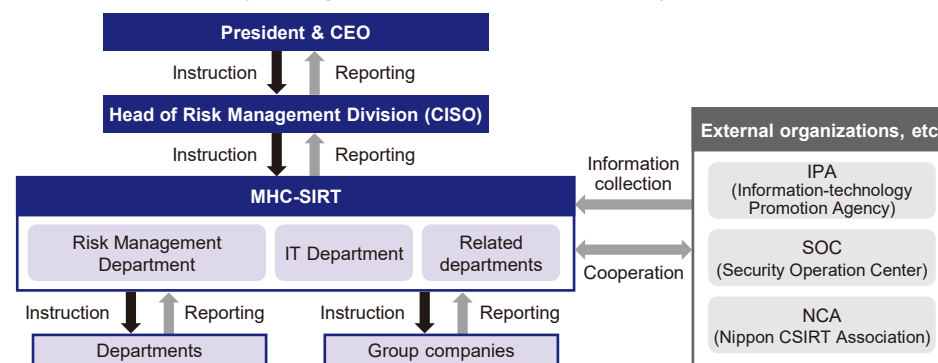
1. All individuals engaged in our business have an obligation to uphold security measures regarding information assets, and shall, without respite, undertake information security practices which conform with security control measures organizationally, individually, physically, and technically.
2. We shall apply information security measures continuously and proactively, so as to realize “the quantitative expansion, sharpened accuracy, and further enhancement of added value” to the information assets in our possession, to work for the strategic utilization of information assets, and to offer and return useful information to our clients.
3. Together with instituting preventative measures against serious information security incidents that we expect, in the event such an incident does actually occur, we shall disclose that fact in a timely and appropriate manner and move to bring the situation quickly under control using our company-wide response framework. Furthermore, we shall investigate the causes of the incident and takes steps to prevent its reoccurrence.
4. Together with working to enhance the information-security awareness of all individuals engaged in our business, we shall install educational and training programs regarding information security.
5. As with other laws and ordinance, all individuals engaged in our business shall comply with laws, ordinances, guidelines, standards, etc. regarding information security.

Information Security Policy

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

Information security organization

To protect all of its information assets from various security threats, the Group strives to establish an effective information security management framework and rules. We have established a cross-organizational team—the MHC-SIRT (Security Incident Response Team) led by the Head of the Risk Management Division (CISO), who is a Managing Executive Officer—which is responsible for preventing cyberattacks and conducting periodic in-house education and training, as well as examining responses and investigating causes when incidents occur. In addition, each office has been assigned an Information Security Manager and a person in charge of information security, constituting an information security management framework on a company-wide basis.



Classification	Specific activities
Security trends	Collecting information on external information security incidents, information exchange with external organizations, etc.
Multi-layered defense	- Software vulnerability countermeasures, website filtering, multi-factor authentication, etc. - Attack detection and blocking through EDR,¹ etc. - Cloud usage visibility (CASB²), cloud misconfiguration management (CSPM³), etc. - Backup data acquisition, redundancy of critical systems, etc.
Education and training	- All employees: targeted email training, e-learning, etc. - MHC-SIRT: cyber incident response training, system recovery drills, etc.
Incident response	- Support for incident response and security response to group companies - Monitoring by external SOC - Acquisition of security-related logs (PC operation logs, etc.)

¹ Endpoint detection and response: a system that monitors suspicious behaviors of and attacks to PCs and servers for the purpose of swiftly responding

² Cloud access security broker: a security solution that provides visibility and control over cloud usage and monitors data exfiltration and unauthorized use

³ Cloud security posture management: a security solution that detects cloud misconfigurations and misconfigured public access settings, helping reduce the risk of intrusions

■ Security trends

MHC-SIRT collects, assesses, and shares information about cyberattacks that occur in Japan and overseas, vulnerabilities, etc. on a daily basis and takes countermeasures swiftly and appropriately, with the cooperation of external institutions specialized in security.

■ Multi-layered defense

The Company has taken multi-layered technical measures to prepare for cyberattacks, such as monitoring of device behaviors using EDR, software vulnerability countermeasures, website filtering, and multi-factor authentication. For public websites that manage personal information and other important information, the Company has taken technical measures such as implementing WAF* and a tamper detection system. The Company also regularly conducts vulnerability assessments using an assessment service at least once a year, in addition to the time of developing the websites, and takes corrective measures in accordance with the seriousness of vulnerabilities.

To prepare for human errors, the Company has in place a system to prevent email errors. The system encourages self-checks and automatically makes attached files password-protected when sending emails externally. Furthermore, files that include high-risk information are automatically detected by the system and cannot be sent before being double-checked by a manager.

* Web application firewall: a security measure to protect web applications from malicious attacks

■ Education and training

The Company conducts e-learning education on information security and cybersecurity for all officers and employees every year. To ensure information security management, information security training is conducted and a written oath on security rules with which officers and employees who engage in operations must comply is collected when employees enter the Company. Learning contents and other materials of the Company are shared with its group companies, and the entire Group is actively working on information security education. In addition, as education on targeted emails and phishing emails, the Group conducts targeted email training every year, in which attack simulation emails are sent to officers and employees to increase their sensitivity to security.

MHC-SIRT conducts a drill based on multiple scenarios of ransomware infections, unauthorized access, etc. and a joint drill within the Group once a year. The Company also participates in a nationwide joint Computer Security Incident Response Team (CSIRT) drill hosted by the Nippon CSIRT Association and the National Cybersecurity Office every year to increase the effectiveness of our response to cyberattacks.

■ Incident response

The Company has established a response policy and framework based on an information security BCP, aiming to prepare for and minimize the impact of cyberattacks and information security incidents on operations, as well as to ensure that the business can continue or be restored promptly. We have escalation rules and incident response procedures in place to be followed if an information security or other incident occurs. In times of emergency, we will carry out our initial response, identification of the scope of impact, recovery, recurrence prevention measures, etc., with MHC-SIRT at the helm. Serious incidents are reported to the Head of the Risk Management Division (CISO), and management takes the lead in responding to the incidents.

In addition, the Company conducts security monitoring using an external security operation center 24 hours a day, 365 days a year, so that the Company can prevent the spread of damage and recover early on such as by isolating affected devices when an anomaly is detected.

Number of incidents

	FY2023	FY2024	FY2025
Major information security incidents*	0	0	0

* The number of incidents involving the leakage of critical information related to our stakeholders or the Group due to unauthorized access or other security breaches, which have a material impact on the Group's operations or management

■ Information security management for partner companies

The Company has in place procedures to select and manage external business partners and assesses the status of information security measures, etc. at business partners based on information security requirements when outsourcing operations. Specifically, we implement measures tailored to the nature of the risks we identify. For outsourced operations involving our critical information, we conduct on-site assessments of contractors to verify the status of their security controls from the perspective of preventing information leakage. We also use checklists to confirm that contractors have adequate business continuity and operational capabilities. For outsourced operations involving the handling of personal information, we exercise particular care in contractor management to prevent information leakage, including obtaining written confirmation from contractors regarding appropriate security and information management measures. In addition, we check the status of the management at our contractors and conduct audits annually.

■ Third-party assessment and certification

A department of the Company (the Public Business Department) underwent assessment by the Japan Quality Assurance Organization (JQA) and acquired ISMS certification under ISO/IEC27001.

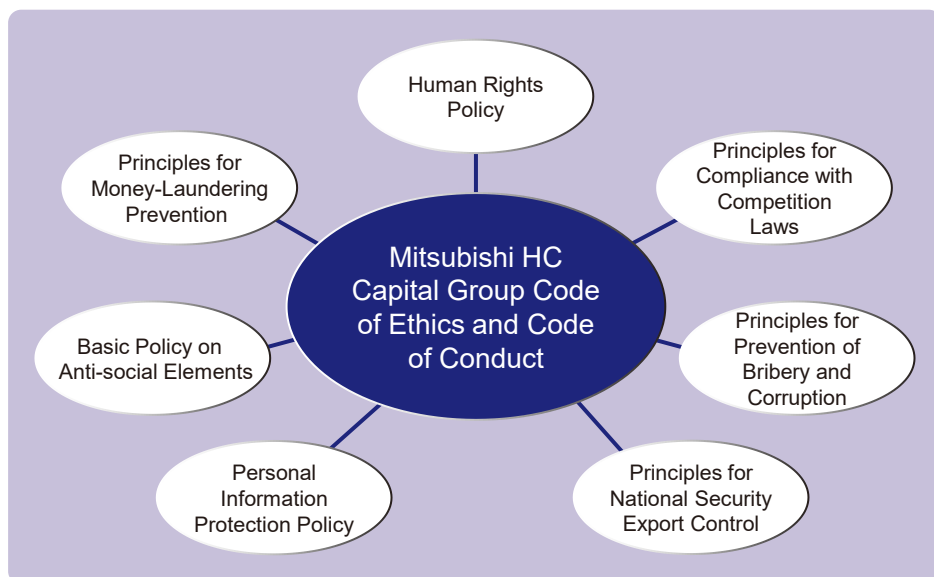


JQA-IM1471

Compliance

■ Compliance efforts

The Group strongly recognizes that the trust and confidence of its customers and society are the cornerstones of its existence and considers it of utmost importance to engage in corporate activities based on a high sense of mission and ethics in order to practice Our Mission. From this perspective, in order to share fundamental values and ethics for compliance and reflect them in business, we have established clear policies for each main issue based on the Mitsubishi HC Capital Group Code of Ethics and Code of Conduct and laws and regulations of each country as a guideline for Group officers and employees. Furthermore, we continuously conduct integrity training to share with all Group officers and employees the importance of integrity (maintaining the highest standards of ethics and constantly returning to the basics), which is an action principle of our Group.



► **Sustainability website and various policies**
https://www.mitsubishi-hc-capital.com/english/sustainability/various_policies.html

■ Code of Ethics

1. Establishing Trust

Fully recognizing the weight of our social responsibility and public mission, we aim to establish the unshaken trust of society through complete information management and sound and proper business activities, including the timely and appropriate disclosure of company information.

2. Customer-Oriented Approach

Consistently taking a customer-oriented approach and having good communication, we offer products and services that best meet customers' needs to obtain customers' satisfaction and support.

3. Strict Compliance with Laws and Regulations

We strictly adhere to all applicable laws and rules (including social, industry, and company rules) and undertake appropriate and sincere corporate activities in line with social norms. We also respect internationally accepted standards as a corporate group operating globally.

4. Respect for Human Rights and the Environment

Respecting the personality and character of each other and emphasizing conservation of the global environment that is the shared asset of humankind, we pursue harmony with society.

5. Exclusion of Anti-Social Elements / Money-Laundering Prevention

We take a resolute stance against anti-social elements that threaten the order and safety of civil society. In compliance with all applicable laws and regulations related to preventing money laundering, we take every possible measure to block money laundering and terrorist financing.

► Please refer to our website.

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

■ Compliance Manual

To ensure compliance with the Code of Ethics and Code of Conduct, we have prepared a Compliance Manual with more specific and easy-to-understand explanations, and we conduct ongoing training.

► Compliance Manual

https://www.mitsubishi-hc-capital.com/sustainability/governance/pdf/compliance_manual.pdf (Japanese only)

(Note) While the Japanese version is disclosed on our website, we have developed manuals tailored to the actual circumstances of each country of operation based on the content of this manual.

■ Compliance management framework

The Group regards compliance as one of its most important management challenges. As such, it has established a compliance management framework under which the Board of Directors assumes ultimate supervisory responsibility. The Board of Directors regularly receives reports from the Chief Compliance Officer (CCO) and the Compliance Committee, and oversees the Group's overall compliance status, including compliance with the Code of Ethics and Code of Conduct, the operational status of the whistleblowing system, and policies for handling material compliance incidents.

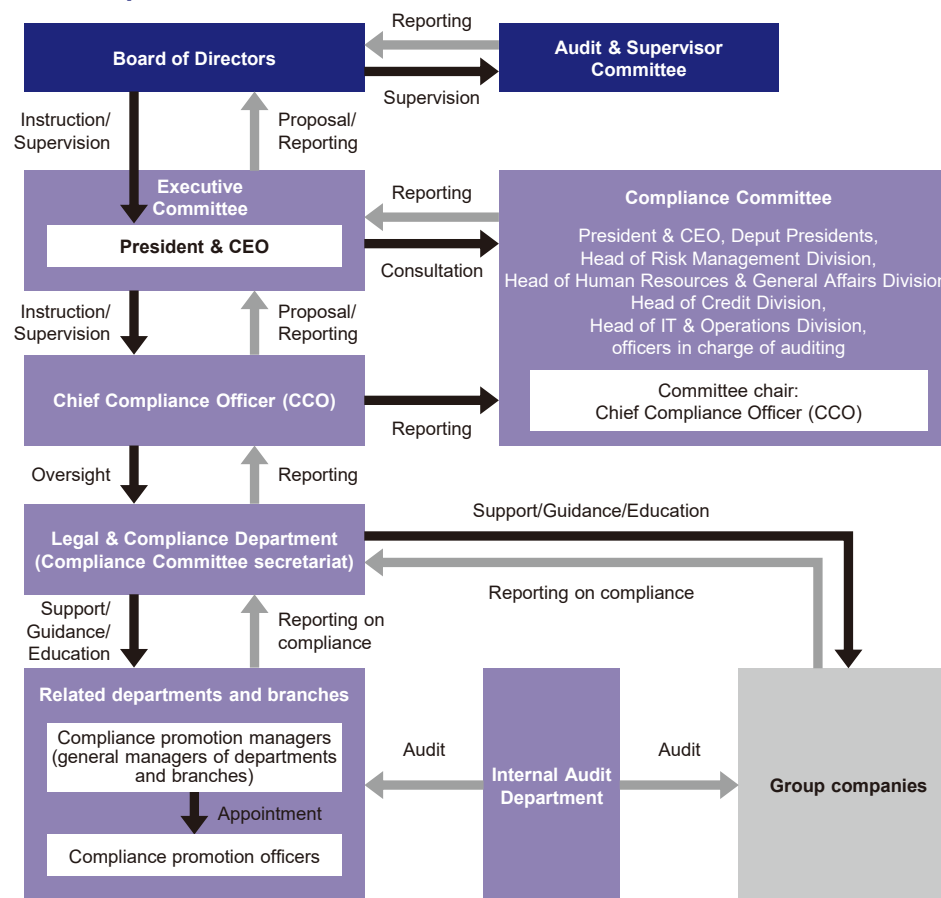
In the Group, under the leadership of the CCO, who has overall responsibility for the development and operation of the compliance management framework, the Legal & Compliance Department plans and manages the internal framework and provides guidance and supervision to each division and group company, as well as guidance on the correction of compliance violations. In addition, the Compliance Committee deliberates matters such as compliance with the Code of Ethics and Code of Conduct, adherence to anti-corruption requirements, and the operation of the whistleblowing system (hotline). The committee reports its findings to the Board of Directors through the CCO, thereby ensuring oversight at the Board level.

If a compliance violation occurs, the Legal & Compliance Department promptly reports it to the CCO and management to decide the appropriate course of action. The Group promptly takes appropriate measures based on its fundamental policy of fulfilling its social responsibility as a corporation, preventing further harm, and ensuring the thorough prevention of recurrence.

In addition, with regard to the whistleblowing system, the CCO regularly reports to the Board of Directors and the Audit & Supervisory Committee on its management and operational status and proposes improvements as necessary. This framework enables us to ensure the effectiveness of the whistleblowing system and the transparency of its governance.

The Group continues to enhance and improve its compliance management framework through a three-layer structure consisting of supervision by the Board of Directors, oversight by the CCO, and operation by the Legal & Compliance Department.

■ Compliance structure

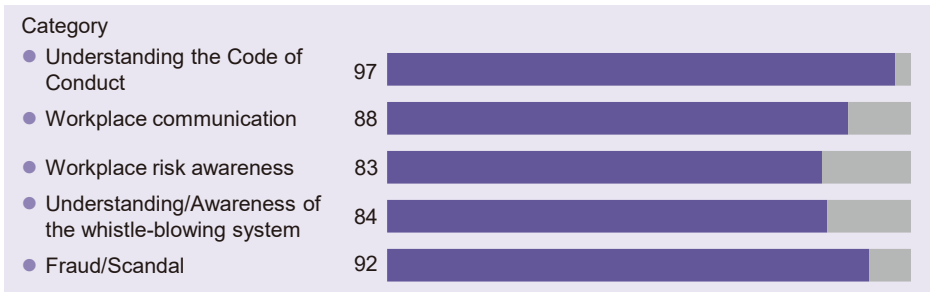


■ Compliance-related awareness and education

With regard to the various business laws (Money Lending Business Act, Installment Sales Act, Financial Instruments and Exchange Act, etc.) under which the Group is registered and licensed, the Company provides individual training and measures the level of understanding within the Company. In addition, the Group provides yearly education to all officers and employees (including non-regular employees) on the Code of Ethics and Code of Conduct and other priority items related to compliance and anti-corruption (understanding anti-bribery; compliance with antitrust laws; preventing fraud, insider trading, transactions with anti-social forces, and money laundering; protecting personal information; the Whistleblower Protection Act; export control; anti-harassment; etc.). In addition to training, we periodically monitor progress using compliance awareness surveys and self-checks, measuring the level and depth of understanding within the Company.

For organizations identified as having potential compliance-related issues, such as those whose compliance awareness survey results fall significantly below benchmark levels, the Group conducts root cause analyses and develops and implements corrective actions to further embed a culture of compliance.

[FY2025 Mitsubishi HC Capital Group compliance awareness survey results (percentage of favorable responses)]



■ Integrity initiatives

In order for officers, employees, etc., to make the right decisions and take the right actions, we need to share with the Group's officers and employees that it is important to behave based on integrity (maintain the highest standards of ethics and constantly return to the basics), not just prioritizing compliance.

We continuously implement integrity initiatives, in which employees consider what integrity is, what they should do to practice integrity, what integrity-based actions they have taken, etc., running training programs and dialogues to promote the practice of proactive behavior based on the high ethical standards of each officer and employee.

■ Compliance with the Code of Ethics and Code of Conduct and a framework for compliance violation investigation

The Group affirms our compliance with the Mitsubishi HC Capital Group Code of Ethics and Code of Conduct by periodically conducting a self-check. The Group also provides whistleblowing points of contact for the prevention, early detection, and correction of fraud, etc. In cases when a violation of laws or regulations is found, or any doubt arises, employees must immediately report it to their direct supervisor and the CCO via the compliance promotion manager (department head) and the Legal & Compliance Department. There were no material violations of compliance that needed to be disclosed nor fines imposed related to compliance violations, including corruption, in the latest investigation (for the period from April 1, 2025 to March 31, 2026). During the same reporting period, no material disciplinary actions, dismissals, or other sanctions that needed to be publicized were imposed on any Group officer or employee for compliance violations, including corruption-related misconduct such as bribery.

In addition, no revisions needed to be made to our Code of Ethics and Code of Conduct as a result of a review conducted in March 2026. We will continue to comply with our Code of Ethics and Code of Conduct and regularly monitor compliance.

Number of compliance violations*

	FY2023	FY2024	FY2025
Corruption or bribery	0	0	0
Discrimination or harassment	3	2	0
Leakage of personal information (customers' privacy data)	0	0	0
Conflicts of interest	0	0	0
Money laundering	0	0	0
Insider trading	0	0	0
Scope	a	a	a

* Number of serious cases among violations resulting in disciplinary action

■ Response to compliance violations

If any violations of laws or regulations are confirmed as a result of investigations, we impose appropriate penalties, etc. including disciplinary actions on the officers, employees, etc. who engaged in the violations.

Anti-money laundering, counter-terrorist financing, and compliance with economic sanctions

The Group views anti-money laundering, counter-terrorist financing, and compliance with economic sanctions as important management challenges. With the involvement of senior management, we have established relevant policies and procedures and are strengthening our risk management framework on a group-wide basis.

The Group implements risk mitigation measures commensurate with the risks identified and assessed in light of the characteristics of its businesses, transaction types including non-face-to-face transactions, and actual transaction practices.

At the commencement of a transaction, the Group verifies the customer, transaction details, and beneficial owners, screens against sanctions lists, and conducts other due diligence. For customers and transactions assessed as high risk, such as foreign politically exposed persons, the Group takes measures proportionate to the risk, including additional verification, approval by senior management, and strengthened monitoring. In addition, the Group undertakes ongoing customer due diligence and monitoring after a business relationship has been formed.

Through transaction monitoring, the Group investigates transactions suspected of money laundering or terrorist financing. Where necessary, it takes appropriate actions, including filing reports in accordance with applicable laws and regulations.

The Group retains information obtained during transactions, transaction records, and other related documents, in accordance with applicable laws and internal regulations. In addition, we strive to enhance our response capabilities through ongoing training and awareness programs for officers and employees.

Furthermore, we assess the effectiveness of our management framework through internal audits and other processes, and, where necessary, conduct evaluations and reviews with input from external experts.

■ Principles for Money-Laundering Prevention

The 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 continually 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.

► Principles for Money-Laundering Prevention

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

Prevention of fraud and corruption

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

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

- Do not engage in any form of corruption such as bribery, money laundering, embezzlement, obstruction of justice, forced provision of benefits, and bid-rigging.
- Fully understand laws and regulations, and do not engage in any form of bribery, such as providing entertainment or gifts that may invite suspicion or distrust from society, or offer any money or other benefits to Japanese or foreign government employees or other equivalent persons for the purpose of gaining unfair advantages.
- When dealing with business partners and others, do not provide or accept entertainment or gifts that deviate from social norms or sound business practices, regardless of whether you are in or out of the country.
- Do not take advantage of your position and authority in the Company to make demands to business partners or others for personal profit.
- Maintain a firm stance against anti-social forces that threaten the order and safety of civil society, and do not have any relationship whatsoever with them, including business relationships.
- Do not commit any act that may violate insider trading regulations.

■ Principles for Prevention of Bribery and Corruption

In performing our respective duties, all officers and employees of the Group shall comply with laws and regulations for preventing bribery and corruption (hereinafter "Anti-Corruption Laws") applicable in countries and regions where the Group performs business according to the principles below. The Anti-Corruption Laws include the Penal Code, the National Public Service Ethics Act, and the Unfair Competition Prevention Act (all in Japan), the Foreign Corrupt Practices Act (the US), the Bribery Act (the UK), and the Bribery & Corruption Laws and Regulations (China). The Group prohibits all officers and employees from offering and receiving any bribes because those acts cause suspicions or distrust from society.

- (1) Corrupt practice means unlawfully utilizing the power, authority, and status of oneself or a third party in relation to one's job duties. It includes bribery, embezzlement, obstruction of justice, coercion of payoffs, and bid-rigging. None of the Group members shall conduct corrupt practices in any form.
- (2) Bribery practice collectively means "bribe-giving," including offering, promising to give, or providing a bribe to public officials or equivalent persons, and "bribe-taking," including demanding, promising to receive, or receiving a bribe. None of the Group members shall conduct bribery practices in any form, such as offering or receiving entertainment or gifts that may cause suspicions and distrust from society, nor any money or other benefits to profit illegally.
- (3) Whether inside or outside the country, no one shall offer or receive any entertainment or gift beyond common sense and sound commercial custom to or from a supplier or business partner.
- (4) No one shall demand that any supplier or business partner offer private profit by exploiting its position or abusing its authority in the company.
- (5) The Group shall establish the necessary internal structure to comply with Anti-Corruption Laws inside and outside the country by setting an auditing process, providing training to all officers and employees of the Group, maintaining an internal whistle-blowing system that receives anonymous reports, and stipulating relevant rules and procedures. In addition, if any corrupt practice is discovered, the Group shall subject the relevant person to strict punishment and take measures to prevent the recurrence.
- (6) Any occurrence of corrupt practice, including bribery, and the Group's initiatives to prevent them shall be disclosed as necessary to ensure information transparency.

In addition, to eliminate bribery and corrupt practices and to ensure fair execution in the Group's businesses, the Company shall ask our suppliers and business partners involved in the Group's businesses to cooperate in complying with Anti-Corruption Laws and understanding the Group's principles.

► Principles for Prevention of Bribery and Corruption

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

Whistleblowing system

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

The whistleblowing system provides multiple points of contact within and outside the Company where officers, employees, etc. (including those already retired) can report and consult without hesitation and may do so anonymously. The dedicated external operators and lawyers that serve as independent reporting channels are independent third parties outside the Group. These channels are available 24 hours a day, 365 days a year, and support multiple languages, allowing users both in Japan and overseas to easily access them.

We also provide awareness and training programs for officers and employees (including non-regular employees), regarding the purpose and use of the whistleblowing system, with the aim of promoting understanding of the system and fostering a culture that encourages its use. In addition, employees in managerial positions in Japan periodically receive training on handling reports and consultations on workplace bullying and harassment, violations of laws and regulations, etc.

Departments and persons in charge that receive reports and consultations are obliged to maintain confidentiality, and officers and employees who report or consult about misconduct or related issues shall receive no disadvantageous treatment whatsoever due to such reporting or consulting.

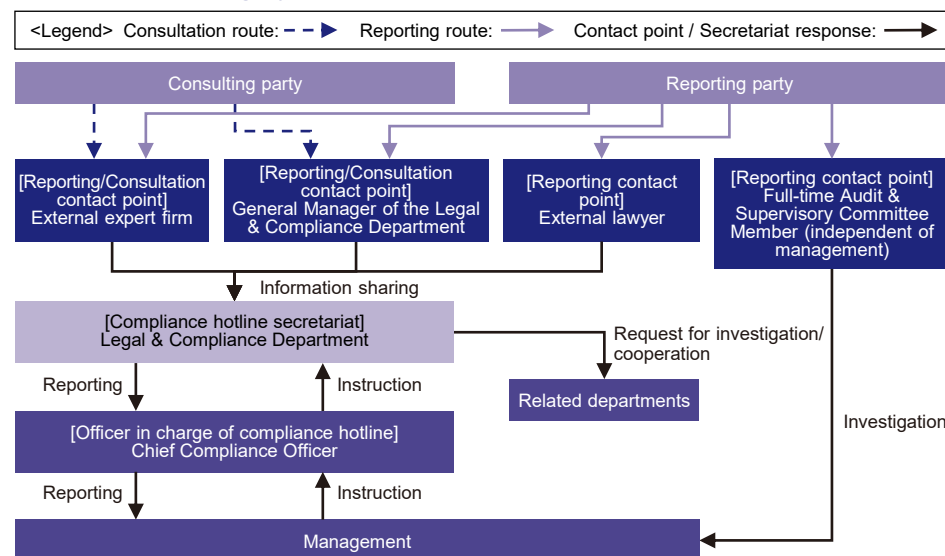
We receive advice from lawyers and other external experts when handling individual cases. Our whistleblowing system and response to whistleblowing are regularly assessed by external experts (law firms) to ensure their appropriateness.

What can be consulted or reported

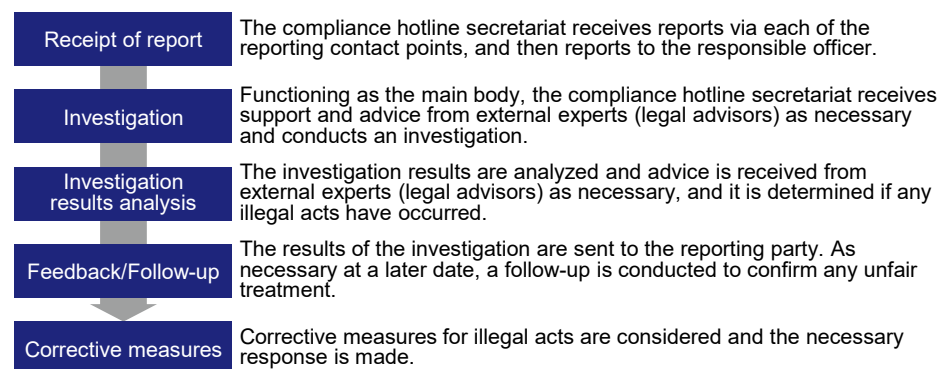
Any of the following acts are subject to this system:

- 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 employees and the like both in Japan and overseas
- Acts of power harassment, sexual harassment, and other forms of harassment
- Other inappropriate acts in violation of laws, regulations, rules, or social justice

Reporting and consultation route and response structure in the whistleblowing system



Response after receiving a report/consultation and to compliance violations



■ Number of whistleblowing reports and consultations

	FY2023	FY2024	FY2025
Number of internal reports and consultations	35	32	27
Breakdown			
Management	4	3	3
Harassment	24	20	14
Communication	1	0	3
Misconduct, etc.	3	5	0
Other	3	4	7
Number of cases deemed to be violations			
Management	0	0	0
Harassment	7	4	1
Communication	0	0	0
Misconduct, etc.	0	0	0
Other	0	0	0
Number of serious violations of laws and regulations			
Management	0	0	0
Harassment	0	0	0
Communication	0	0	0
Misconduct, etc.	0	0	0
Other	0	0	0
Scope	a	a	a

■ Political contributions, lobbying activities, and relationships with industry associations

Expenditures on political contributions, lobbying activities, and related activities

	Unit	FY2022	FY2023	FY2024	FY2025
Amount	¥ in millions	0	0	0	0
Scope		c	c	c	c

Expenditures for industry associations and similar organizations (Japan Leasing Association)

	Unit	FY2022	FY2023	FY2024	FY2025
Amount	¥ in millions	13.6	13.8	13.5	13.1
Scope		c	c	c	c

Tax governance

Tax Policy

We at Mitsubishi HC Capital Group shall adhere to legal requirements, social norms, and internal regulations based on our Code of Ethics and Code of Conduct, and conduct business activities with appropriateness and sincerity. In relation to tax, we strive to contribute to society and improve our corporate value by adhering to the following policies and fulfilling our tax payment obligations appropriately.

1. We shall comply with tax laws, regulations, and rules of each country and regional jurisdiction in which we operate together with international rules such as tax treaties, and fulfill our tax payment obligations according to the value created by our business activities.
2. We shall not conduct activities mainly for mitigating tax obligations, which deviates from the intent and purpose of tax laws and regulations, rules, and international rules such as tax treaties, and without business rationality.
3. We shall comply with tax laws, regulations, and rules of each country and regional jurisdiction in which we operate, and disclose information on tax appropriately.
4. We strive to maintain open and transparent relationships with tax authorities in each country and regional jurisdiction in which we operate by cooperatively responding to requests from tax authorities.
5. We shall set appropriate pricing for intergroup transactions across borders based on the OECD Transfer Pricing Guidelines and tax laws, regulations, and rules of each country and regional jurisdiction, following the arm's length principle.
6. We shall establish a system for Group tax governance, and appropriately identify, evaluate, and manage tax risks. Further, we shall establish a system that can appropriately control tax risks, including consulting with external professionals and conducting pre-inquiries to tax authorities as necessary.
7. We shall seek understanding and cooperation from our business partners and trading counterparts regarding the above policy.

► Tax Policy

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

Tax governance framework

The Company recognizes the importance of ensuring tax compliance and appropriately managing tax risks. It has established a unified tax governance framework across the Group.

Within the Group, the Chief Financial Officer (CFO), who also serves as a Managing Executive Officer, has overall responsibility for the Group's tax management and oversees the establishment and operation of the tax management framework. The Executive Committee receives reports on significant tax initiatives and material tax risks and deliberates on them where necessary.

The Accounting Department, the central function for tax management, is responsible for planning, developing, and operating the Group's tax management framework. It also manages tax compliance and material tax risks across the Group. In addition, the department enhances the effectiveness of tax governance by providing guidance and support to group companies and through ongoing monitoring of their tax-related activities.

Each group company appoints a person responsible for tax affairs and carries out its tax-related activities under its own responsibility. Group companies regularly report to the Accounting Department on their tax compliance status and tax risk management. They are also required to promptly report and coordinate with the Accounting Department regarding significant tax risk events and responses to tax audits.

In this way, the Company is striving to ensure that its tax governance is effective and transparent, combining the group-wide management framework led by the CFO and the Accounting Department with each group company's accountability framework.

Tax amount by region

Region	FY2021		FY2022		FY2023		FY2024	
	(¥ in billions)	Percentage	(¥ in billions)	Percentage	(¥ in billions)	Percentage	(¥ in billions)	Percentage
Japan	27.9	80.2%	41.5	81.4%	19.0	59.1%	16.0	51.6%
North America	0.5	1.6%	6.0	11.8%	5.7	17.9%	6.8	22.1%
Europe and Middle East	4.9	14.1%	3.2	6.3%	5.3	16.8%	7.9	25.6%
Asia & Oceania	1.4	4.1%	0.2	0.5%	2.0	6.2%	0.2	0.7%
Other	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	34.8	100.0%	51.0	100.0%	32.1	100.0%	31.1	100.0%

(Note) FY2025 tax amounts are being calculated.

Environmental

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Environmental management

■ Environmental Policy

Basic Philosophy

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

Code of Conduct

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

► Environmental Policy

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

■ Environmental management system

Basic approach

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

Self-declaration of conformity with ISO 14001

The Group is working to achieve its environmental objectives and promote continual improvement in the area. To that end, we introduced an environmental management system (EMS) that conforms to the requirements of the ISO 14001 standard. Furthermore, since 2001, we have been receiving and renewing third-party certifications from accredited certification bodies, aiming to continually improve our environmental performance.

In December 2023, the Company shifted its EMS to self-declaration of conformity.* Meanwhile, it confirms that the system is being appropriately used such as by monitoring the progress of environmental plans and responding to matters that must be complied with. These efforts are aimed at swiftly formulating and implementing a medium- to long-term management strategy that accurately grasps the changes taking place in contemporary social and business environments.

Mitsubishi HC Capital UK PLC (formerly Hitachi Capital (UK) PLC), our group company in the UK, has been certified under ISO 14001:2015 by an external certification body.

* Self-declaration of conformity is one of the formal options according to the ISO 14001 standard for companies to take on the responsibility of evaluating whether they satisfy the requirements of ISO international standards and declaring their determination on their own, instead of undergoing assessment and receiving certification from an external certification body.

■ Compliance with environmental laws and regulations

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

Category	Unit	FY2022	FY2023	FY2024	FY2025
Violations of environmental laws and regulations		0	0	0	0
Findings made by external parties relating to the environment (litigation, exposure, notification, etc.)	Cases	0	0	0	0
Fines and penalties for environmental violations	¥	0	0	0	0
Scope		a	a	a	a

Addressing climate change

■ The Group's commitment to achieving a decarbonized society

The Group has identified “Promote a decarbonized society” as one of its key challenges (materialities) related to the environment and is working to achieve this goal through its business activities.

Recognizing that companies are responsible for curbing global warming and addressing climate change, we make clear our support for the objectives of the Paris Agreement and other international agreements on climate change countermeasures. In line with these international frameworks, we are actively working on initiatives to reduce greenhouse gas (GHG) emissions.

Meanwhile, in Japan, we support the objectives of the Act on Promotion of Global Warming Countermeasures and the Energy Conservation Act. We also endorse the government's 2030 GHG emissions reduction target. Additionally, our management system is aligned with these laws, regulations, and policy targets, and regardless of whether reporting is mandatory, we are continuously implementing initiatives to measure, manage, and reduce GHG emissions.

Furthermore, we actively contribute to industry-wide decarbonization efforts through the Leasing Business Association. We participate in activities such as the development of the Guidance Relating to Supply Chain Emissions Accounting at Leasing Companies, thereby contributing to the advancement of cross-industry environmental initiatives.

The Group continues to work toward the realization of a decarbonized society by promoting environmentally conscious decision-making and actions, complying with relevant regulations, and cooperating with internal and external stakeholders. In addition, we recognize the growing significance of the impacts of climate change on our business activities and financial performance. Accordingly, we are committed to appropriately identifying and managing climate-related risks and opportunities while enhancing our climate-related disclosures. Specifically, we have defined our approach to climate change under the perspectives of governance, strategy, risk management, and metrics and targets in line with the recommendations of the Task Force on Climate-related Financial Disclosures and are committed to providing transparent and comprehensive disclosures.

■ Information disclosure based on TCFD

In November 2021, the Group expressed its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Now we are intensifying efforts to reduce our GHG emissions. In addition, the Group is working to realize a decarbonized society by contributing to the decarbonization of customers through its business activities.

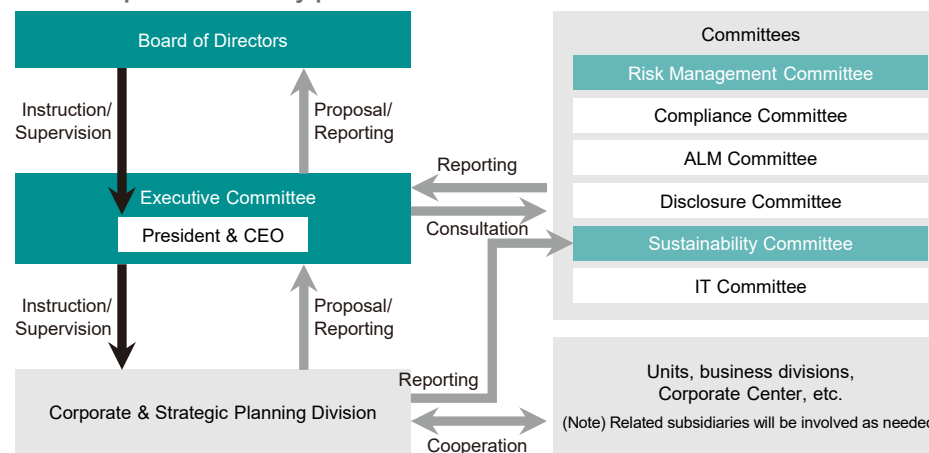
① Governance

The Sustainability Committee is one of the advisory bodies to the Executive Committee. To contribute to the realization of a sustainable and prosperous future, the committee meets and discusses climate change and other key challenges related to sustainability. It reports the results to the Executive Committee and the Board of Directors. In addition, we have discussed our materialities at the Sustainability Committee and Executive Committee, with decisions made by the Board of Directors.

The Board of Directors oversees the progress on sustainability-related targets. In FY2026, it introduced a mechanism to reflect the achievement level of targets related to decarbonization in officers' compensation. The Group will continue to strengthen the governance framework by enhancing target setting and monitoring progress against those targets.

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

The Group's sustainability promotion structure



Organizational bodies and roles in the sustainability promotion structure

Organizational body	Roles
Board of Directors	The Board of Directors identifies the Group's basic policies, including materiality, and periodically confirms the status of business managed and executed based on these basic policies.
Executive Committee	The Executive Committee resolves group-wide measures that relate to management, including response policies, action plans, and the progress of metrics for the Group's materiality and environmental issues. Important matters are reported to the Board of Directors.
Risk Management Committee	The Risk Management Committee manages risks related to overall management in comprehensive and systematic ways. The overall impact on climate change risks, human rights risks, and other major risks is reported to the Executive Committee. The committee is chaired by the Head of the Risk Management Division, and its members consist of the President & CEO, Deputy Presidents, Head of the Corporate & Strategic Planning Division, CFO, Head of the Credit Division, Head of the IT & Operations Division, and officers in charge of auditing. In principle, the committee meets twice a year.
Sustainability Committee	The Sustainability Committee formulates long-term plans related to the Group's sustainability promotion, including materiality and environmental issues, as well as goals and plans for non-financial metrics. The committee also monitors the progress of metrics set by each business division and reports important matters to the Executive Committee. The committee is chaired by the Head of the Corporate & Strategic Planning Division, and its members comprise the President & CEO, Deputy Presidents, CFO, Head of the Human Resources & General Affairs Division, Head of the Risk Management Division, Head of the Credit Division, and Head of the IT & Operations Division. In principle, the committee meets twice a year.
Corporate & Strategic Planning Division	The Corporate & Strategic Planning Division is in charge of drafting and driving the execution of plans for group-wide strategies based on the Group's basic sustainability policy. It gathers knowledge related to the Group's sustainability from Japan and overseas, drafts policies and strategies, and reports those matters to the Sustainability Committee and other committees.

② Risk management

Our operating results and financial condition may be affected by risks arising from the transition to a decarbonized society. These transition risks include stricter regulations, policy changes, and technological innovation. There are also the physical risks associated with climate change, such as increasingly severe extreme weather events and natural disasters resulting from global warming. Such impacts may arise through adverse effects on the economy, including the deterioration of the business performance and financial condition of our business partners, as well as declines in the value of assets owned by the Group.

Our Group recognizes climate change risk as one of the critical risks within its group-wide risk management framework. We identify, assess, and manage climate change risk through our existing integrated risk management framework, while developing mechanisms to incorporate such risks into business strategies and other initiatives, as appropriate. Furthermore, taking the transition to a decarbonized society as an opportunity, we contribute to addressing social issues.

a. Risk management framework overview

The Group uses its integrated risk management framework to comprehensively manage risks in its major businesses and other areas that could have a substantial impact on investors' decisions.

The important risks managed within the integrated risk management framework include, credit risks, asset risks, investment risks, market risks, liquidity risks, and operational risks.

The departments overseeing specific risks monitor issues arising from developments in the external environment or other changes, regularly consider measures to address such risks, comprehensively and systematically manage risks across the Group on a global basis, and then report and deliberate them at meetings of the Risk Management Committee and other committees. We also operate a risk management framework in which important matters are reported to and discussed by the Executive Committee and Board of Directors. In addition to holding regular meetings on a semiannual basis, the Risk Management Committee convenes extraordinary meetings as necessary, such as when significant changes occur in the external environment, thereby ensuring a framework for timely and agile deliberations.

b. Classification and examples of impacts of climate change risks

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

We believe that impacts will occur over a variety of time frames (short, medium, and long term) through broad transmission routes including existing risks such as credit risks, asset risks, and investment risks. Furthermore, in addition to direct impacts on the Group's business activities, the onset of indirect impacts through the Group's customers is also possible.

Based on such risk characteristics and the details of the TCFD recommendations, we categorize examples of impacts of climate change risks for each of the Group's major risks, also taking into account its risk management framework. Under the integrated risk management framework, we are building a system to identify, assess, and manage climate change risks in light of their relation to other major risks.

Going forward, we will review the risk classification and examples of impacts in accordance with the extent of our analysis and assessment of changes in the external environment and climate change risks.

Classification and examples of impacts of climate change risks

Major risks	Timeframe*	Transition risk	Physical risk
Credit risk	Short to long term	Deterioration of customers' business environments and increases in the Group's credit costs due to policy and regulatory changes, technological innovations, changes to stakeholders, etc.	- Damage to lease assets, collateral assets, etc. and increases in the Group's credit costs due to extreme weather - Deterioration of customers' business environments and increases in the Group's credit costs due to climate change (rising temperatures, etc.)
Asset risk	Short to long term	Assets becoming obsolete and less profitable or valuable due to policy and regulatory changes, technological innovations, changes to stakeholders, etc.	- Direct damage to assets due to extreme weather - Deterioration of asset use environments and utility value (decreased profitability, shorter useful life, etc.) and decline of use opportunities due to climate change
Investment risk	Short to long term	Business becoming less profitable or valuable due to policy and regulatory changes, technological innovations, changes to stakeholders, etc.	- Direct damage to business value due to extreme weather - Deterioration of business environments, profitability, and value due to climate change
Market risk	Short to long term	Impacts of the transition to a decarbonized society on companies and fluctuations in the value of securities, etc. held by the Group	Disruption in financial markets, deterioration of the corporate management environment, fluctuations in the value of securities, etc. held by the Group due to extreme weather and climate change
Liquidity risk	Short to long term	Deterioration of reputation among stakeholders and deterioration of funding conditions due to delayed responses to the transition to a decarbonized society	Disruption in financial markets and the funding environment due to extreme weather and climate change
Operational risk	Short to long term	Increase in regulatory compliance costs due to the tightening of GHG emissions reporting obligations, etc.	Suspension of operations, etc. due to damage caused by natural disasters to business sites, data centers, etc.
Reputational risk	Short to long term	Deterioration of reputation among stakeholders due to insufficient response and disclosure related to climate change	
Strategic risk	Medium to long term	Failure to achieve strategic targets due to inadequate business strategies related to the transition to a decarbonized society and the impacts of natural disasters and extreme weather	

* Until the current year in the short term, until 2030 in the medium term, and until 2050 in the long term

(Reference) Classification and examples of impacts in the TCFD recommendations

Transition risks: risks related to the transition to a low-carbon economy

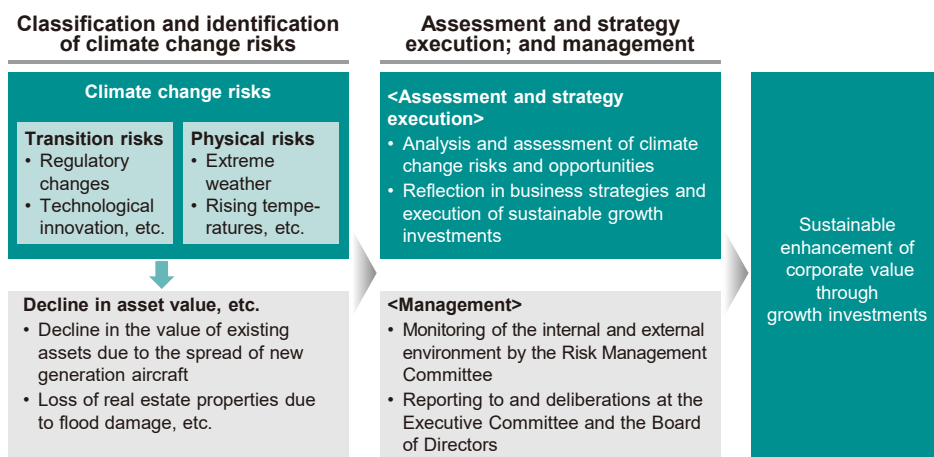
Type	Environmental changes brought by climate change	Impacts on customers / the Group's business, etc.
Policy and legal risk	- Introduction of carbon tax, etc. - Tightening of regulations requiring reporting of GHG emissions - Policy changes and regulatory tightening related to the competitiveness of assets and investment businesses - Increase in climate-related litigations	- Increase in costs and deterioration of business conditions of customers; increase in the Group's credit costs - Increase in regulatory compliance costs - Decline of value and profitability of assets and investment business - Increase in litigation costs
Technology risk	- Shift to facilities, machinery, etc. that emit less GHGs - Shift to low emission technologies (renewable energy, storage batteries, carbon capture and storage technologies, etc.)	- Decline of value and profitability of obsolete assets and investment business - Failure of investment in new technology-related assets and businesses - Increases in customers' transition costs and the Group's credit costs
Market risk	- Customers' behavioral changes - Changes in demand-supply conditions in markets	Decline of value and profitability of assets and investment business
Reputational risk	Reputational damage due to delayed response to climate change, insufficient information disclosure, etc.	- Adverse impacts on funding - Adverse impacts on corporate activities and business activities

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

Type	Environmental changes brought by climate change	Impacts on customers / the Group, etc.
Acute risk	Increase in natural disasters such as typhoons and floods	Damage to assets and investment business due to natural disasters
Chronic risk	Sea level rise along with rising average temperatures, etc.	- Decline of value and profitability of assets and investment business due to climate change (rising temperatures, etc.) - Increase in credit costs due to changes in customers' business environments

c. Status of integration into overall risk management

We have a system in place where various impacts of climate change risks on other major risks are reported and deliberated at the Risk Management Committee. The focus is primarily given to business areas within the Group that are considered most significantly affected by climate change, taking into account each country's policy targets and their progress. Additionally, the development of targets and plans related to climate change and details of monitoring are reported and deliberated at the Sustainability Committee. The details of deliberations of both committees are reflected in our Group's overall management strategies under the Board of Directors' supervisory system, allowing us to appropriately respond from the perspectives of overall risk management and individual risks.



③ Strategies

We identify risks and opportunities for the Group brought by future climate change and conduct scenario analysis on transition risks and physical risks to appropriately disclose information and consider measures that incorporate climate-related ideas into business strategies.

While we assess transition risks generally in qualitative terms, we also assess them quantitatively for particularly important segments.

The scenario analysis was carried out based on information and data available at present. We will obtain more information and related data by using the analysis results and through dialogue with stakeholders. We will also strive to disclose more information on climate change initiatives by improving our analysis methods and expanding the scope of businesses to be analyzed.

a. Overview of the scenario analysis

Overview of transition risk analysis

	Target sector	Main segment
Target sectors and main segments	Energy (oil, gas, coal, and electric utilities)	Environment & Energy
	Transportation (air freight and passenger air transportation)	Aviation
	Materials and buildings (real estate management and development)	Real Estate
	Among the Group's segments, the Customer Solutions Unit was included in the target segments of the analysis because it conducts a wide range of business activities across target sectors, such as financial solutions business for companies and government agencies, sales finance business provided through collaboration with vendors, real estate leasing business, and financial services business, etc. through its business sites in Japan. Meanwhile, the Global Customer Business Unit was excluded from the target segments because the business sites of overseas group companies are located in multiple regions, such as Europe and the Americas, and the analysis would therefore require significant work.	
Sector and segment selection method	- Summarize the relationships between the sectors that have the potential to be significantly affected by climate change and the segments of the Group by referring to the Final Report of the Task Force on Climate-related Financial Disclosures (TCFD) and other information. - Select the target sectors and segments of the analysis by comprehensively considering the asset balance, business characteristics, and amounts of GHG emissions of the Group's segments by sector as well as external professionals' opinions. From these perspectives, a quantitative scenario analysis was conducted for the Aviation segment (JSA's aircraft operating lease business) and the Real Estate segment (domestic equity investment business, etc.).	
Scenario	- Net Zero Emissions by 2050 Scenario (NZE Scenario) and Stated Policies Scenario (STEPS Scenario) published by the International Energy Agency (IEA) * In the quantitative scenario analysis, the Net Zero 2050 Scenario and the Current Policies Scenario published by the Network of Central Banks and Supervisors for Greening the Financial System (NGFS) were used as some preconditions.	
Reason for selecting the above scenario	The materials published by the IEA contain a medium- to long-term outlook for the energy market and relevant policy trends, as well as medium- to long-term market trends and policy trends of the Groups' key segments.	
Analysis method	- In the qualitative scenario analysis, identify the risks and opportunities that may arise in working toward realizing a decarbonized society in the target sectors and assess their business impacts. - In the quantitative scenario analysis, assess the impacts of the risks and opportunities identified in the qualitative scenario analysis and our strategies to address them on our financial standing in 2050. Assess the impact on profitability in the income statement of the Aviation segment and the impact on cash flow of the Real Estate segment.	

Overview of physical risk analysis

Subjects of analysis	Assets for business possessed by the Environment & Energy Business Division, the Real Estate Business Division, and the Group's offices and branches
Scenario	Shared Socioeconomic Pathways (SSP5-8.5) published by the Intergovernmental Panel on Climate Change (IPCC)
Reason for selecting the above scenario	Because of the wealth of information on various changes in the natural environment, such as temperatures, rainfall and snowfall, dryness, and rising sea levels
Analysis method	Assess business impacts of extreme weather and changes in climates that can occur at the locations of assets for business (qualitative analysis)

b. Results of the scenario analysis

Discussions about the impacts of climate change on our business were held at the divisions in charge of Environment & Energy, Aviation, Real Estate, and Customer Solutions, which are the target segments of the scenario analysis, and at the Risk Management Department, which is the department in charge of risk management for the entire Group, to ensure consistency between scenario analysis results and existing strategic policies.

The Group endeavors to minimize risks and maximize opportunities by taking short- and long-term measures regarding risks and opportunities related to climate change. As a result of the qualitative scenario analysis of transition risks, we recognize the need to appropriately handle risks and opportunities associated with the expansion of renewable energy (Environment & Energy), the shift to fuel-efficient aircraft and aircraft engines and low-carbon fuels such as SAF^{*1} and hydrogen (Aviation), growing demand for low-carbon buildings (Real Estate), and other trends. The results of the quantitative scenario analysis suggest that the Aviation segment is expected to see lower lease fee income due to declining aircraft demand, a decline in the value of current aircraft models due to regulatory tightening, and increased credit costs for airline companies. Meanwhile, resilience is expected to be strengthened thanks to an increase in the percentage of new generation aircraft^{*2} with expected demand growth and the implementation of strategies and measures to seize new business opportunities such as SAF. The Real Estate segment is expected to see increased outflow of cash as a result of the introduction of carbon tax, a decline in the value of low-carbon buildings due to regulatory tightening, and increased outflow of cash due to higher utilities and other expenses. Meanwhile, resilience is expected to be strengthened thanks to an increase in the percentage of low carbon buildings with growing demand and the implementation of strategies and measures to seize opportunities such as revitalization investment business.

Furthermore, based on the results of the physical risk analysis, we anticipate risks including damage caused by disasters to power stations and deterioration of power generation facilities such as solar panels (Environment & Energy), loss in the value of real estate due to intensification of natural disasters and increases in construction and operation expenses and renovation costs (Real Estate), and damage caused by disasters to the Group's offices and increases in their operation expenses and insurance costs.

While appropriate measures for climate change risks have been developed, in terms of the opportunities brought by climate change, the acquisition of business opportunities has been incorporated into our strategies. We have also set metrics related to climate change and established a system to regularly monitor relevant trends in Japan and overseas and the status of initiatives of the Group.

*1 SAF: sustainable aviation fuel

*2 Fuel-efficient aircraft that emit less CO₂ compared with the current generation

Results of the qualitative scenario analysis

Types of risks/ opportunities		Time- frame	Details of climate change-related risks and opportunities	Measures to address risks / Measures to realize opportunities	
Risks	Transition risk	Policy and legal	Short to long term	Increased business management costs associated with the introduction of carbon tax and tightening of regulations requiring reporting of GHG emissions, etc.	Reduce GHG emissions by promoting energy conservation, switching to renewable electricity, etc. at the Group's offices and branches.
		Techno- logy	Short to long term	Increased depreciation expense and residual value risk of existing assets such as aircraft and aircraft engines	Mitigate impacts by increasing the percentage of new generation aircraft and aircraft engines in the portfolio.
		Market	Short to long term	- Increased costs of renovating/repairing existing buildings and development - Possibilities of price declines of non-low carbon properties owned by the Group - Risk of losing earnings due to delayed response to the demand for low carbon buildings - Decline in the electricity sales price due to intensified competition in the renewable energy market	- Consider mitigating impacts by passing the cost onto rent. - Reduce carbon emissions from maintenance and renovation processes (renewing equipment of aged properties (including logistics warehouses), installing power generation equipment such as solar panels, etc.). - Introduce and enhance development functions to respond to a low carbon society. - Consider securing earnings by participating in the battery storage business, etc. while paying attention to the regulatory environment, etc.
		Reputa- tion	Short to long term	Deterioration of reputation among overseas ESG investors and domestic financial institutions due to delayed response to climate change	Promote reducing the emissions from the Group and relevant supply chains and proactively disclose activities based on the TCFD recommendations, etc.
	Physical risk		Short to long term	- Increase in temporary suspension of operations and operation expenses - Damage to real estate value, increase in operating expenses, and prolonged construction periods - Damage to power generation plants and reduced efficiency of power generation using solar panels and other equipment due to storms, etc., and impacts on wind power generation business due to changes in wind conditions	- Enhance the capabilities to respond to natural disasters by formulating a BCP for minimizing damage. - Strengthen resilience by taking measures to deal with natural disasters (detailing risks related to leasing, investment, and financing, installing or renovating disaster management equipment, etc.). - Consider measures for enabling early recovery by strengthening the management framework for the Group's power generation plants.

* Until the current year in the short term, until 2030 in the medium term, and until 2050 in the long term

Types of risks/ opportunities		Time-frame	Details of climate change-related risks and opportunities	Measures to address risks / Measures to realize opportunities
Opportunities	Products and services	Short to long term	Expansion of opportunities for low-carbon building leasing, investment, and financing businesses and increase in prices and unit rent prices of owned or managed low-carbon buildings	Introduce and strengthen development functions to respond to a low-carbon society.
	Markets	Short to long term	- Expansion of leasing opportunities for energy conservation equipment - Increase in leasing opportunities for new generation aircraft associated with aviation companies' demand for switching aircraft and aircraft engines - Increase in leasing opportunities associated with higher demand for switching airport equipment - Expansion of revenue opportunities associated with increased demand for renewable energy - Expansion of opportunities for renewable energy businesses	- Consider increasing the procurement of energy conservation equipment. - Capture demand by increasing the transaction volume of new generation aircraft and aircraft engines. - Offer leasing services in line with customers' demand for switching heat source equipment, etc. - Expand renewable power generation business in Japan and overseas. - Expand battery storage and aggregation businesses.
			- Increased leasing opportunities associated with the spread of hydrogen-compatible and electric aircraft - Possibilities of gaining earnings from new SAF/hydrogen-related businesses	- Capture demand associated with increased transaction volume of hydrogen-compatible and electric aircraft. - Participate in and support the hydrogen value chain including storage, transportation, production and filling facilities, and clean energy supply and consider engaging in SAF-related businesses.
		Long term		

* Until the current year in the short term, until 2030 in the medium term, and until 2050 in the long term

Results of the quantitative scenario analysis

Impacts of transition risks and opportunities on business in the NZE Scenario for 2050

Risks/ Opportunities	Business	Change factors	Impact rate (profit change ÷ business size*)
Risks	Aviation	• A decrease in lease fee income due to declining aircraft demand	±0% to -1%
		• A decrease in the value and sales prices of current aircraft models due to regulatory tightening	-1% to -3%
		• An increase in credit costs for customers due to regulatory tightening	±0% to -1%
	Real Estate	• An increase in cash outflow as a result of the introduction of carbon tax	±0% to -1%
		• A decrease in the value and sales prices of low carbon properties due to regulatory tightening	-3% to -5%
		• An increase in cash outflow due to higher utilities expenses, etc. caused by regulatory tightening	±0% to -1%
Risks, measures	Aviation	• An increase in the percentage of new generation aircraft expected to see growing demand; efforts to seize new business opportunities such as SAF	+3% to +5%
	Real Estate	• An increase in the percentage of low carbon buildings expected to see growing demand; efforts to capture revitalization investment business	+5% to +7%

* Business size refers to the sales volume assumed in the STEPS scenario for 2050 (total cash inflow for the Real Estate segment).

The figures above are the results of calculating the rates of future impacts based on the scenarios and other data published by major institutions, and their accuracy is not guaranteed.

The initiatives above have been set as preconditions for calculating the rates of future impacts and do not indicate action plans for such initiatives.

④ Metrics and targets

Our Group recognizes that realizing a decarbonized society is an urgent issue. It has set a GHG emissions target (Scope 1 and 2) based on national policy targets and Our 10-year Vision. As shown in the table below, our emissions in FY2025 declined by 71.8% compared to FY2019, surpassing the FY2030 target of 70% ahead of schedule. Accordingly, we have begun reviewing our interim targets toward achieving net-zero emissions by 2050. The established targets may be revised if necessary in such cases as where GHG emissions increase significantly in the future due to new businesses or other activities, or where numerical values change as the calculation of GHG emissions of the entire Group including its supply chain is further refined. However, we plan to set the targets so that they will be in line with national policy target levels, just as the current targets are.

a. The Group's environmental targets

Metrics	FY2024 result	FY2025 result	FY2030 target
The Group's GHG emissions (Scope 1, 2)	4,458t-CO ₂ e (-60.5% compared to FY2019)	3,180t-CO ₂ e (-71.8% compared to FY2019)	3,388t-CO ₂ e (-70% compared to FY2019)* ¹
Percentage of new generation aircraft in our aircraft portfolio* ²	76.1%	78.9% ☒	83%
Percentage of green buildings in our real estate portfolio* ³	65%	62%	64%
Total new transactions volume of leasing of decarbonization-related assets* ⁴	¥12.3 billion	¥38.1 billion	¥102.0 billion
Power generation capacity in operation* ⁵	1.18GW	1.2GW	Approx. 2.3GW

*1 As the FY2030 target of 70% was achieved ahead of schedule, the interim targets toward achieving net-zero emissions by 2050 will be revised.

*2 Fuel-efficient aircraft that emit less CO₂ compared with the current generation. Models: A220, A320NEO, A321NEO, A330NEO, A350, B737MAX, B787. Targets and results are both calculated based on net book value (Jackson Square Aviation's business).

*3 In the real estate business, the share (number of buildings) of environmentally certified properties (CASBEE, DBJ Green Building, BELS, etc.) or buildings using 100% renewable energy among assets over which the Group has some degree of control (Mitsubishi HC Capital Realty's investment properties) and assets under management by the Group's asset management companies with the Company acting as a sponsor (Mitsubishi HC Capital Realty Advisers' private REITs + CenterPoint Development's private placement funds)

*4 Total transactions volume of leasing mainly of the following equipment (GX Assessment Lease) for FY2024 and beyond:

- Equipment for which CO₂ reduction effects generally required in green finance can be expected
- Energy-efficient, environmentally friendly products
- Machinery for the ESG lease promotion business

*5 Power generation capacity corresponding to the Group's stake in the domestic renewable power generation business

Environmental data marked with ☒ has received limited assurance from SOCOTEC Certification Japan.

b. Future efforts

To further enhance the effectiveness of promoting a decarbonized society, our Group has compiled our initiatives and progress since setting Scope 1 and 2 targets, along with processes toward achieving our interim Scope 3 targets, and formulated the Transition Plan toward the Realization of a Carbon-neutral Society. By promoting and sophisticating these initiatives, we aim to realize carbon neutrality across our entire supply chain by 2050.

■ Transition Plan toward the Realization of a Carbon-neutral Society

We are advancing a range of initiatives aimed at realizing a carbon-neutral society by 2050. To further enhance the effectiveness of these efforts, we formulated and disclosed our Transition Plan toward the Realization of a Carbon-neutral Society (hereinafter “Plan”) in June 2025. The Plan outlines specific initiatives for promoting a decarbonized society through our business activities and for transforming our assets into sustainable and resilient assets throughout our value creation process, based on various guidelines, including the TPT Disclosure Framework.* We aim to achieve carbon neutrality (net zero) by 2050 with respect to GHG emissions from our own business activities (Scope 1 and Scope 2), as well as emissions primarily associated with our customers' use of leased assets (Scope 3).

The Plan has been independently assessed by DNV Business Assurance Japan K.K.

* The TPT Disclosure Framework is a framework that sets out disclosure requirements for climate transition plans. It was developed by the Transition Plan Taskforce (TPT), which was established by the HM Treasury in March 2022 with the objective of defining best practices for transition planning. The framework was created through a comprehensive collaborative process involving more than 600 organizations worldwide, including financial institutions, corporations, and government bodies.

Overview of the Plan

Sections	Details
Message from the President & CEO	The Group's stance toward the realization of a carbon-neutral society
Handling climate change	- Positioning of the Plan at the Group and major strategies in achieving our materiality, “Promote a decarbonized society” - The Group's commitment to achieving carbon neutrality across Scope 1, 2, and 3 emissions
1. Reduction of the Group's GHG emissions	- Historical trend in the reduction of the Group's GHG emissions and specific future reduction initiatives - Major initiatives for reducing emissions of the leasing, installment sales, rental, and investment and lending portfolios in light of the high percentage of Scope 3 emissions among the Scope 1, 2, and 3 emissions of the Group
2. Reduction of emissions in the Group's leasing, installment sales, rental, and investment and lending portfolios	- Group-wide sustainability promotion policy (a policy on areas not to pursue) and interim targets for major assets and businesses based on scenario analyses - Building relationships with a wide variety of stakeholders, such as by building systems for collaborations with customers, cooperating with government and industry organizations, strengthening our relationships with local communities, and proactively participating in initiatives - Concept of funding through sustainable finance and formulation of the sustainable finance framework
3. Governance and risk management	Sustainability promotion framework, metrics and targets, fostering of a culture, and human resource development
Major future actions	Key initiatives for the major strategies toward achieving our materiality, “Promote a decarbonized society”
Appendix	Conformity with an international disclosure framework

► Transition Plan toward the Realization of a Carbon-neutral Society

https://www.mitsubishi-hc-capital.com/english/sustainability/environment/carbon_neutral/pdf/transition_plan2025060602.pdf

► Independent assurance report by DNV Business Assurance Japan

https://www.mitsubishi-hc-capital.com/english/sustainability/environment/carbon_neutral/pdf/transition_plan2025060604.pdf

Efforts on natural capital and biodiversity

■ Information disclosure based on TNFD

The Group has built relationships with diverse stakeholders around the world and is working with its customers and partner companies in various regions to address social issues. Natural capital, including biodiversity, is an important theme that—alongside climate change—can have a medium- to long-term impact on the sustainability of business activities, society, and the economy. Recognizing this, the Group conducted an initial analysis of our relationship with natural capital based on our business activities, using the TNFD recommendations as a reference. Based on the results of this analysis, we will further deepen our understanding of natural capital and biodiversity and strive to create environmental and social value through our business activities. Furthermore, we will appropriately support our customers' efforts and contribute to the realization of a nature-positive future.

① TNFD general requirements

General requirements in this disclosure are as follows:

a. The application of materiality

Our Group's nature-related disclosures are based on the concept of double materiality, which focuses on both nature's financial impact on our Group (financial materiality) and the impact of our Group's business activities on nature (impact materiality).

b. The scope of disclosures

The scope of the Group's disclosures includes all businesses of the Company and its major consolidated subsidiaries domestically and around the world. We assess the entire value chain, including upstream and downstream activities, not limited to businesses we directly operate. In addition, we analyze sectors considered to significantly depend on and impact nature, with reference to the TNFD's LEAP approach,* aiming to systematically identify nature-related dependencies, impacts, risks, and opportunities.

c. The locations of nature-related issues

Recognizing that nature-related issues may arise in diverse geographic areas, our Group first identifies high-priority sectors (business domains with significant dependencies and impacts on nature) and then selects and conducts individual analyses of priority locations associated with relevant businesses. In conducting these analyses, we utilize external databases, such as those for protected areas and Key Biodiversity Areas (KBAs).

d. Integration with other sustainability-related disclosures

Nature-related issues are closely connected with climate change, circular economies, and other environmental and social issues. To understand them more comprehensively, we are looking into creating integrated disclosures using such existing frameworks as the TCFD while taking into account any overlaps or consistency issues in the information we present.

e. Timelines under consideration

Our Group studies nature-related risks and opportunities from a medium- to long-term perspective. As our analyses deepen, we will consider setting more appropriate timelines.

f. Engagement with indigenous peoples, local communities, and affected stakeholders in identifying and assessing nature-related issues

Our Group places great importance on engaging in dialogue with a wide range of stakeholders, not only shareholders, but also employees, business partners, customers, creditors, and local communities. Please refer to our Human Rights Policy and Multi-stakeholder Policy.

* A nature-related risk and opportunity analysis process defined by the TNFD consisting of "Locate your interface with nature," "Evaluate your dependencies and impacts on nature," "Assess your nature-related risks and opportunities," and "Prepare to respond to nature-related risks and opportunities and to report on your material nature-related issues"

② Governance

MHC's Sustainability Committee is an advisory body to the Executive Committee. For our Group to contribute to the realization of a sustainable and prosperous future, the committee meets to discuss climate change and other key issues related to sustainability and reports to the Executive Committee and the Board of Directors.

Furthermore, as materialities, our Group identified "Promote a decarbonized society" and "Realize a circular economy," which are closely related to natural capital. These materialities were deliberated by the Sustainability Committee and the Executive Committee and approved by the Board of Directors.

Going forward, we will enhance our governance to ensure that nature-related issues are reflected in management decisions and risk management, based on the relationship between our Group's business activities and their dependencies and impacts on nature. To achieve this, we will expand the scope of our targets for realizing a nature-positive future and monitor our progress, including our efforts on climate change and a circular economy.

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

This item is identical to the section under “Information disclosure based on TCFD,” as it relates to governance for climate change response.

▶ Please refer to “Governance: Supervision by the Board of Directors and the roles of top management” under “Information disclosure based on TCFD” for details.

Human Rights Policy and the human rights management process

In accordance with our Group’s Human Rights Policy, we systematically conduct human rights due diligence under our management oversight framework. We also have management processes to ensure that human rights are respected, including a complaint handling mechanism. Through these efforts, we strive to mitigate human rights risks in our corporate activities and avoid negative impacts on the environment and society, including in areas related to nature.

▶ Details of our Group’s human rights initiatives:
<https://www.mitsubishi-hc-capital.com/english/sustainability/social/>

③ Strategies

In addition to providing financing solutions that support capital investments, our Group operates a diverse range of businesses, including electricity sales, building leases, and real estate finance. These business activities are directly and indirectly connected with natural capital, such as land, energy resources, and surrounding ecosystems. In consideration of these business characteristics, we conducted an analysis of the relationships between our Group’s businesses and nature with reference to the TNFD’s LEAP approach. The aim was to identify risks and opportunities that may arise with future changes in the natural environment and strengthened regulations, impacting our Group’s business operations and financial performance. We also aimed to facilitate appropriate disclosure and study future initiatives.

We select priority sectors and analysis target segments considered to have particularly large interactions with nature, particularly with biodiversity. We then assess the dependencies and impacts of those sectors and analyze priority locations. Based on the results, we clarify risks and opportunities that may arise in light of our Group’s business characteristics and identify key ones to treat as material for our Group.

Going forward, we will refine the results in light of our business characteristics, regional contexts, and the characteristics of data from the external tools we use. Additionally, through dialogue with our stakeholders, we will enhance the quality of related information and data. With these measures, along with more sophisticated analysis methods and a broader analytical scope, we are endeavoring to disclose information appropriately.

a. Selection of priority sectors and business segments subject to analysis

To understand the interconnections (dependencies and impacts) between our Group’s business activities as a whole and nature, we created a heat map using ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure), a tool developed by the United Nations Environment Programme Finance Initiative (UNEP FI) and other organizations to analyze natural capital. We selected the priority sectors and the analysis target segments by comprehensively considering the following factors related to the TNFD’s priority sectors: their balances of credit and investment transactions, their business characteristics, and the degrees of their dependencies and impacts on nature. We also incorporated insights from external experts.

For details on the interconnections between our Group’s business activities and nature, please refer to “Appendix: Interconnection between our Group’s business activities and nature (dependencies and impacts).”

Priority sectors (industries) identified by TNFD	Relevant segments of our Group
Utilities and related sectors	Environment & Energy and Customer Solutions
Real estate management, development, and related sectors	Real Estate and Customer Solutions

(Note) Among our Group’s business segments, Customer Solutions has been included in the segments subject to analysis because it conducts cross-sector business activities in Japan, providing financial solutions for corporate and government clients, vendor-affiliated sales finance, building leases, financial services, etc.

b. Dependencies and impacts on nature of each sub-sector of priority sectors

This analysis mainly focused on the following areas: lease transactions for buildings and renewable energy equipment conducted by the Customer Solutions Unit, the electricity sales business operated by the Environment & Energy Business Division, and real estate investment and lending transactions conducted by the Real Estate Business Division. Primarily focusing on these domains, we analyzed the dependencies and impacts on nature across upstream, downstream, and direct operations within the value chains of the selected priority sectors and assessed their significance using a six-level scale.

This assessment was conducted for each sub-sector of the priority sectors, which were selected with reference to ENCORE, and the average value was calculated. As this assessment is an initial analysis, we plan to gradually review and update its content as necessary while taking into account the characteristics of our Group’s businesses and the regional contexts in which we operate.

b.1 Utilities and related sectors' major dependencies and impacts on nature

We have confirmed that dependency on the natural environment is relatively high in the utilities and related sectors (mainly power generation businesses) although there are differences depending on the power generation method. In particular, dependency was high mainly in leasing transactions of renewable energy equipment and the electricity sales business. Specifically, biomass power generation depends on nature-derived fuels such as wood resources, while solar and wind power generation rely not only on natural environmental factors such as sunlight and wind volume, but also on the stability of meteorological conditions determined by global climate regulation (ecosystem services) provided mainly by forests and oceans.

Utilities and related sectors' major dependencies on nature

			Dependency (ecosystem services)																				
			Provisioning services			Regulating & maintenance services																	
Value chain	Relevant sectors		Biomass provisioning	Genetic material	Water supply	Animal-based energy	Global climate regulation	Water flow regulation	Mediation of sensory impacts (other than noise)	Air filtration	Soil quality regulation	Soil and sediment retention	Solid waste remediation	Water purification	Storm mitigation	Flood mitigation	Pollination	Nursery population and habitat maintenance	Local climate regulation	Biological control	Rainfall pattern regulation	Dilution by atmosphere and ecosystems	Noise attenuation
Up-stream	Property acquisition	Capital investment																					
	Management during a contract period	Fuel procurement (wood chips)																					
Fuel procurement (palm oil)																							
Thermal power generation and maintenance																							
Solar power generation and maintenance																							
Wind power generation and maintenance																							
Biomass power generation and maintenance																							
Electricity transmission, distribution, and sales																							
Down-stream	Sale/Disposal	Disposal																					

Low dependence

<

Low dependence High dependence

(Note) Regarding the scores (N/A, ND, VL-VH) set for each relevant sector, impact items of ecosystem services whose scores have been assessed as N/A or ND for the entire value chain have been omitted from the table. The same approach is also applied to the utilities and related sectors' major impacts on nature and the real estate management, development, and other sectors' major dependencies and impacts on nature.

In addition, electricity sales businesses may have various impacts on the natural environment at each stage of the facility lifecycle, including site selection, construction, and operation, as well as equipment disposal. Among the potential impacts, surrounding ecosystems may be disturbed by land modification, emissions of GHGs and other air pollutants primarily during biomass and other power generation operation may contribute to climate change, such emissions may impact ecosystems through the atmospheric environment, and waste may be generated when equipment is disposed.

We recognize that solar and wind power generation in particular have relatively shorter equipment lifespans compared with other power generation methods, making appropriate waste management throughout the entire lifecycle an important area for consideration.

Utilities and related sectors' major impacts on nature

			Impact (pressure)											
Value chain	Relevant sectors		Disturbance (noise, light, etc.)	Area of freshwater use	Emissions of GHGs	Area of seabed use	Emissions of non-GHG air pollutants	Biotic resource extraction	Emissions of toxic pollutants into water and soil	Emissions of nutrient pollutants into water and soil	Generation and release of solid waste	Area of land use	Volume of water use	Invasion of alien species
Up-stream	Property acquisition	Capital investment												
	Management during a contract period	Fuel procurement (wood chips)												
Fuel procurement (palm oil)														
Thermal power generation and maintenance														
Solar power generation and maintenance														
Wind power generation and maintenance														
Biomass power generation and maintenance														
Electricity transmission, distribution, and sales														
Down-stream	Sale/Disposal	Disposal												

Minor impact

Major impact

Minor impact Major impact

b.2 Real estate management, development, and other sectors' major dependencies and impacts on nature

In the real estate management, development, and other sectors, business activities by their nature are closely linked to the land and the surrounding environment. In particular, during construction and demolition, there is a clear dependence on the natural environment (ecosystem services), including water supply, water flow regulation, soil and sediment retention, and rainfall pattern regulation. Moreover, the functions provided by nearby ecosystems, such as storm and flood mitigation, are considered among the factors that may influence the safety and continuity of business operations.

Real estate management, development, and related sectors' major dependencies on nature

			Dependency (ecosystem services)															
			Provisioning services		Regulating services												Cultural services	
Value chain	Relevant sectors		Water supply	Animal-based energy	Global climate regulation	Water flow regulation	Mediation of sensory impacts (other than noise)	Air filtration	Soil and sediment retention	Solid waste remediation	Water purification	Storm mitigation	Flood mitigation	Local climate regulation	Rainfall pattern regulation	Dilution by atmosphere and ecosystems	Noise attenuation	Visual amenity services
Up-stream	Property acquisition	Materials procurement																
		Construction/Acquisition																
Direct operation	Management during a contract period	Management / Customer attraction / Renovation																
Down-stream	Sale/ Disposal	Demolition																
		Sale																

Low dependence

High dependence

Against this background of interdependent factors, both the construction and demolition processes of buildings can potentially have a certain impact on the natural environment, including the disturbance of surrounding ecosystems due to land modification, as well as emissions of toxic pollutants into water and soil.

Real estate management, development, and related sectors' major impacts on nature

			Impact (pressure)									
			Disturbance (noise, light, etc.)	Area of freshwater use	Emissions of GHGs	Area of seabed use	Emissions of non-GHG air pollutants	Emissions of toxic pollutants into water and soil	Generation and release of solid waste	Area of land use	Volume of water use	Invasion of alien species
Up-stream	Property acquisition	Materials procurement										
		Construction/Acquisition										
Direct operation	Management during a contract period	Management / Customer attraction / Renovation										
Down-stream	Sale/ Disposal	Demolition										
		Sale										

Minor impact  Major impact

c. Analysis of priority location

As noted in the previous section, priority sectors' dependencies and impacts on nature are influenced by the characteristics of the natural environment in the regions where relevant businesses or assets are located.

The TNFD requires companies to identify priority locations within both their direct operation locations and value chains that meet the criteria specified by the TNFD, such as sensitive locations, including locations important for biodiversity conservation, and material locations, where companies have identified significant nature-related dependencies, impacts, risks, or opportunities.

Furthermore, disclosure of both the process for identifying these priority locations and the result of the analysis is recommended. In line with this requirement, our Group analyses priority locations based on the prescribed criteria.

c.1 Process for identifying priority locations

This process serves to identify the locations that require focused analysis in a phased manner, in consideration of businesses' dependencies and impacts on nature. We ultimately identified our priority locations after selecting priority sectors, defining sensitive locations, and choosing material locations.

Selection of priority sectors	We have selected utilities and related sectors, as well as real estate management, development, and related sectors as priority sectors. Please refer to "③a. Selection of priority sectors and business segments subject to analysis" for the process of selecting priority sectors.
Definition of sensitive locations	As explained in "③b. Dependencies and impacts of each sub-sector of priority sectors on nature," in utilities and related sectors, which are priority sectors, there are concerns about disturbances to ecosystems at each stage of the lifecycle of a power generation facility used in electricity sales: land modification associated with site selection, construction and operation, and disposal of equipment. Similarly, in real estate management, development, and related sectors, there are concerns about land modification resulting from building construction and demolition processes impacting surrounding ecosystems. Taking all this into account, we have defined areas important for biodiversity as sensitive locations.
Selection of material locations	a. Selection of transactions with high dependencies and impacts on natural capital In the priority sectors, we have identified transactions with relatively high dependencies and impacts on natural capital, mainly in investment, lending, and building leases related to power generation facilities. We have also included investments in logistics facilities conducted by the Real Estate Business Division in order to comprehensively identify where we come into contact with natural capital. (Note) Building leases cover a wide range of properties, including new constructions and demolitions. Therefore, there may be broad impacts through changes in land use and materials procurement. For this reason, we classify them as high-priority transactions without restrictions on asset types.

Selection of material locations

b. Selection of material locations

Among the locations above, we have selected a total of 101 facilities as material locations that are strategically important to our Group: power generation facilities with significant generation capacity financed or invested in by the Environment & Energy Business Division, leased buildings with substantial total floor area handled by the Customer Solutions Unit, and logistics facilities in which Mitsubishi HC Capital Realty invests, driving real estate and urban revitalization businesses.

Identification of priority locations

Using the Integrated Biodiversity Assessment Tool (IBAT) and the reference indicators and information described in "② Analysis method," we have identified sites among our material locations associated with areas considered important for biodiversity.

c.2 Analysis method

In this analysis, we have compiled site information related to businesses and transactions within its scope. We have also evaluated the points where each site and important area interact using such tools as the IBAT—developed by the United Nations Environment Programme (UNEP) and other organizations. We referred to geographical information on such things as protected areas, KBAs, and the Species Threat Abatement and Restoration (START and STARR) metrics, aiming to identify sites where biodiversity risks could materialize. (As of December 2025)

Businesses or transactions subject to analysis	- Power generation business (power generation facilities) - Building lease transactions (leased buildings) - Real estate investment transactions (logistics facilities)
Number of sites subject to analysis	101 (45 power generation facilities, 40 leased buildings, and 16 logistics facilities)
Method for identifying interaction points	We cross-checked the geographical information (e.g., protected area and KBAs) related to the areas important for conservation that was identified using the IBAT and the location information of sites subject to analysis. If a site overlapped with or was located within two kilometers of the important areas, the site was deemed to have an interaction point with such areas.
Reference indicators and information	Protected areas, KBAs, and STAR (START and STARR) metrics

c.3 Evaluation results for priority locations

It was confirmed that a little over half of the sites subject to analysis interacted with protected areas or KBAs in some way. By property, a higher percentage of power generation facilities had such interaction points compared to leased buildings and logistics facilities. Three power generation facilities were found to be adjacent to internationally protected areas or an International Union for Conservation of Nature (IUCN) protected area classified as management category II or higher (categories of high ecological significance): a biomass power plant adjacent to a Ramsar site, and two solar power plants adjacent to the IUCN protected areas.

As a result of examining the average STAR metrics (STARR) by facility type, solar power plants showed a markedly higher value than other facility types. Therefore, among power generation businesses, solar power generation is one in which biodiversity concerns are particularly important.

STAR metrics for power generation facilities likely vary depending on the location. Because it is preferable to build solar power plants in flat areas with favorable sunlight conditions, many are situated near protected areas where the ecosystems retain relatively high potential natural value and opportunities for ecological recovery, even though they have been heavily modified. By contrast, wind power plants tend to be located at high-elevation sites such as ridgelines, where ecosystems have remained relatively untouched. Meanwhile, biomass power plants are often situated near urban areas with a long history of human alteration. Accordingly, STAR metrics for solar power plants are thought to be higher than those for wind and biomass power plants.

Leased buildings are often located in urban areas, and logistics facilities tend to be situated along highways and major arterial roads in relatively well-developed areas. Thus, both types of sites are considered to have fewer interaction points with protected areas or KBAs compared with power generation facilities.

Through this analysis, we gained an understanding of how differences in the locations of businesses and transactions affect nature-related risks and opportunities. More specifically, depending on the location, we may need to conduct risk management while taking impacts on the ecosystem into account, while efforts that contribute to ecosystem restoration and conservation may lead to opportunities. Going forward, we will utilize the analysis results to identify key nature-related risks and opportunities in our credit and investment transactions and to enhance our evaluation and management processes going forward.

	Sites subject to analysis	Sites that have interaction points with protected areas or KBAs	Protected areas and KBAs that have interaction points with the sites	Number of interaction points with each protected area or KBA									Average of STAR metrics (STARR)
				Ramsar sites	IUCN protected area management category							KBAs (no KBAs that fall under AZE)	
					Ia: Strict nature reserve	Ib: Wilderness area	II: National park	III: Natural monument or feature	IV: Habitat/ Species management area	V: Protected landscape or seascape	VI: Protected areas with sustainable use of natural resources		
Power generation facilities	45	31	71	1			2		20	13	20	15	16.6
Solar	29	18	33				2		8	6	9	8	23.0
Wind power	11	9	22						8	6	5	3	7.9
Biomass	5	4	16	1					4	1	6	4	3.7
Leased building	40	21	47						18	16	5	8	2.0
Logistics facilities	16	6	9						2	5		2	0.3
Total	101	58	127	1			2		40	34	25	25	8.2

(Notes) The IUCN protected area management categories are defined by the IUCN. The smaller the category number, the more strictly the area is managed.

KBAs refer to areas of particular importance for biodiversity conservation. Alliance for Zero Extinction (AZE) sites are areas that are inhabited by endangered species that exist in only one place and that are considered to be of particularly high importance for biodiversity conservation within KBAs.

STAR metrics (STARR) are scores calculated by weighing the distribution and rarity of Red List species that were previously present in a given area, and they represent the potential contributions of recovery actions.

d. Major nature-related risks and opportunities

Based on our Group's business characteristics, we have classified potential nature-related risks and opportunities and identified the major material ones through the following: determining priority sectors and the scope of the analysis, assessing the dependencies and impacts of priority sectors, and studying the results related to priority locations.

We have also identified nature-related risks that could impact our business revenues, such as fluctuations in power output due to climate change.

Going forward, we will use the results to steadily implement measures to reduce the identified risks while also considering and implementing measures to capture opportunities.

d.1 Utilities and related sectors

Categories of risks and opportunities		Risks and opportunities for our customers' and the Group's businesses	Response measures
Physical risks	Acute risks	- Damage to or suspension of power plant equipment due to natural disasters, such as earthquakes and tsunamis, resulting in decreased electricity sales revenue and increased maintenance and management costs - Power generation outages due to facility fires and ash dispersed into the air, resulting in decreased electricity sales revenue and increased maintenance and management costs	- Adopt disaster-resilient designs and construction methods. - Communicate with local communities to develop cooperation frameworks in preparation for disasters.
	Chronic risks	[Biomass] - Reduced supply or rising prices of timber resulting in increased raw material procurement costs, and regulatory tightening leading to higher compliance costs [Solar and wind power] - Fluctuations in power output due to changes in weather conditions, resulting in decreased electricity sales revenue [Common across the utilities sector] - Damage to equipment in natural disasters, resulting in credit risks, costs for repairs and upgrades, and increased insurance premiums	[Biomass] - Modify equipment so that a broader range of fuels can be used. [Solar and wind power (common)] - Stabilize power output by promoting investments focused on geographic diversification, upgrading to high-efficiency equipment, and implementing other measures. - Reduce the revenue fluctuation risk by continuing to monitor equipment utilization rates and using index insurance linked to sunlight and wind conditions. [Common across the utilities sector] - Adopt disaster-resilient designs and construction methods; optimize insurance coverage, deductible amounts, and other conditions; and accumulate financial reserves for disaster preparedness. - Enhance skills related to equipment operation technology and streamline the maintenance and project management frameworks across the Group, thereby contributing to mitigating losses and enabling early recovery in the event of power generation outages or equipment damage, as well as reducing running costs.

Categories of risks and opportunities		Risks and opportunities for our customers' and the Group's businesses	Response measures
Transition risks	Policies	Tightened regulations on ecosystem preservation and water resource management, resulting in increased costs for the development, installation, maintenance, and management of power generation equipment, plants, and other facilities, as well as their demolition upon the expiry of contracts	- Appropriately remove soil, water, waste, and other materials and restore the environment at pre-development sites. - Regularly monitor local governments' greening requirements and waste management regulations. - Estimate demolition costs in multiple long-term scenarios, assuming tightened regulations and other policy shifts. - Adopt a standardized profitability planning model that incorporates demolition costs at contract expiration.
Opportunities	Reputational capital	Environmental preservation activities in areas adjacent to power plants, leading to enhanced corporate presence and value as a nature-conscious company	- Reduce and mitigate land modification (deforestation and land development) by adopting agrivoltaics and other solutions. - Contribute to the development of agriculture, forestry, and fisheries in local communities through renewable energy generation business, such as by allocating a portion of electricity sales revenue to efforts that support the livelihoods of local residents and the maintenance and management of local resources.

d.2 An example of our Group's efforts in the utilities and related sectors (response to nature-related risks and opportunities)

Agrivoltaics enables farmland to be continually used and opens up the possibility for renewable energy to be introduced. We believe that this approach allows us to promote the power generation business in harmony with local communities while giving due consideration to the impacts of land use on nature.

The solar power generation business of our Group takes the natural environment into consideration while also facilitating renewable energy expansion through the ownership and operation of agrivoltaics power plants premised on the continuation of farming.



[Facility information]

- Name: Tokorozawa Kitaiwaoka solar power plant
- Generation capacity: 989kW
- Crops cultivated: Blueberries, grapes, etc.

d.3 Real estate management, development, and other related sectors

Categories of risks and opportunities		Risks and opportunities for our customers' and the Group's businesses	Response measures
Physical risks	Acute risks	- Natural disasters leading to increased repair costs and suspension of lessees' operations causing higher credit costs - Inadequate measures to mitigate declines in real estate value in the event of a disaster, hurting competitiveness	Strengthen the resilience of the Group's investments, financing, and owned properties by refining investment and financing risk assessment and installing and upgrading disaster prevention equipment.
	Policies	Tightened ecosystem preservation and water resource management regulations, resulting in increased costs for property development, installation, maintenance, and management, as well as for demolition upon contract expiration	- Appropriately remove soil, water, waste, and other materials and restore the environment at pre-development sites. - Regularly monitor local governments' greening requirements and waste management regulations. - Estimate demolition costs in multiple long-term scenarios, assuming tightened regulations and other policy shifts. - Adopt a standardized profitability planning model that incorporates demolition costs at contract expiration.
Transition risks	Market	- Growing disclosure requirements for nature-related risks demanding enhanced and streamlined information management frameworks - Deteriorated value of non-nature-friendly properties that the Group invests in, finances, or owns	- Enhance and streamline information management frameworks in anticipation of regulatory tightening, and respond through collaboration with external specialized agencies and stakeholders (including engagement through dialogue and exchange of views). - Further enhance risk assessments related to dependencies and impacts on nature, improve resource efficiency, and reduce environmental impacts.
	Reputational	Insufficient nature-related efforts at partner businesses raising the risk of reputational damage, thereby decreasing rental and other revenues and increasing credit costs	- Confirm business partners' environmental management frameworks. - Establish waste management guidelines. - Promote proper disposal such as by raising awareness among tenants and management companies. - Conduct prior consultation regarding responses to material violations of environmental laws and regulations.
	Liability	Inappropriate development activities and environmental management, leading to a heightened liability risk as an investor and increased credit costs for lessees	- Conduct legally mandated due diligence on water quality, soil contamination, and other environmental impacts prior to development and environmental monitoring during the contract period. - Request tenants and property management companies to ensure appropriate management practices. - Conduct prior consultation regarding responses to material violations of environmental laws and regulations.

Categories of risks and opportunities		Risks and opportunities for our customers' and the Group's businesses	Response measures
Opportunities	Market	- Construction and development conducted in harmony with the surrounding natural environment, resulting in increased property value as well as enhanced reputation and trust from customers and local communities - Growing demand for eco-friendly equipment, driving increased business opportunities	Adopt and upgrade properties and equipment in consideration of access to greenery and ecosystem preservation.
	Resource efficiency	- Efficient use of construction materials, lowering development costs - Introduction of water-saving solutions in properties invested in, financed, or owned by the Group, enabling reduced water consumption and lower operating costs, as well as increased business opportunities driven by growing demand for water-saving equipment	Collaborate with environmentally conscious construction companies to implement environmental measures, such as reducing material usage, using recycled materials, selecting appropriate construction methods, and adopting water-saving technology.
	Products and services	- Development and leasing of new, higher-demand properties, including nature-conscious and green properties, resulting in increased revenue and enhanced property value - Construction and development conducted in harmony with the surrounding natural environment, leading to enhanced reputation and trust from customers and local communities	- Mitigate the impact of nature-related risks and capture new leasing, investment, and financing opportunities by increasing the proportion of green buildings in our portfolio. - Develop and upgrade properties in consideration of access to greenery and ecosystem preservation.
	Reputational capital	Increased recognition as a nature-conscious company, contributing to enhanced corporate value in the medium to long term	Adopt and upgrade properties and equipment in consideration of access to greenery and ecosystem preservation.

d.4 An example of our Group's efforts in the real estate management, development, and other related sectors (response to nature-related risks and opportunities)

In the management and development of real estate, we believe it is important to design buildings and create spaces with a focus on fostering harmony with the surrounding natural environment and local communities.

In the building leasing business of our Group's Customer Solutions segment, we are committed to further developing surrounding areas, creating attractive communities, and contributing to society through the ownership and management of real estate properties focused on creating spaces that harmonize buildings and greenery.



[Property information]

- Name: TRUNK (HOTEL)
- Management company: TRUNK co., Ltd.
- Address: 5-31, Jingumae, Shibuya-ku, Tokyo, 150-0001
- Site area: 2,794.24m²
- Total floor area: 5,096.44m²
- Structure/Scale: Four stories above ground and one basement level
- Agreement type: Fixed-term building lease agreement

④ Management of risks and impacts

Our Group has processes in place to appropriately identify, assess, and manage environmental and social risks arising from natural capital and their negative impacts. Through these processes, we aim to gradually integrate the identified nature-related risks into our existing risk management framework.

Ensuring responsible practices across our business activities and throughout the entire value chain helps mitigate and avoid various adverse impacts on existing risks—such as credit risk, asset risk, and investment risk—that stem from environmental and social risks. Moreover, such practices contribute to our efforts to achieve the Sustainable Development Goals (SDGs) and fulfill the commitments of the Paris Agreement.

We also believe that, in order to appropriately manage these risks, it is important to clarify our perspective on areas where negative environmental and social impacts may arise. Accordingly, we have established such procedures as the Guidelines for Transactions with a Potential Negative Impact on the Environment and Society as group-wide policies, based on our discussions on materiality. Our sales departments, Corporate Center departments, and management collaborate to ensure that each individual project is appropriately carried out in accordance with these policies.

a. Establishment of the Guidelines for Transactions with a Potential Negative Impact on the Environment and Society and related procedures

Guidelines for Transactions with a Potential Negative Impact on the Environment and Society and related procedures

Areas where credit, investment, and other transactions are prohibited	• New transactions with business operators whose largest sales by segment among their business portfolio come from the extraction of or interests in coal (whether thermal coal or metallurgical coal), oil, or natural gas^{*1} • New transactions with business operators who are suspected of engaging in human rights violations such as forced labor, human trafficking, or child labor in transactions related to our Group's transactions but are not taking appropriate measures to rectify such violations • New transactions related to the extraction of fossil fuels • New transactions related to constructing coal- or oil-fired thermal power generation plants, upgrading their equipment, or similar projects
Areas where credit, investment, and other transactions must be carefully considered	• New transactions in the thermal power generation sector^{*2} • New transactions related to development involving deforestation that may have a significant impact on the environment • New transactions related to palm oil production

^{*1} Excluding business operators who have disclosed their plans to reduce GHGs.

^{*2} As stated for the area where credit, investment, and other transactions are prohibited, new transactions related to the constructing coal- or oil-fired thermal power plants, on or upgrading their equipment upgrading, and similar projects of coal- or oil-fired thermal power plants are prohibited in principle. However, transactions contributing to transitions aligned with the Paris Agreement are allowed.

b. The process for identifying, assessing, and managing environmental and social risks and their impacts

The process for identifying, assessing, and managing environmental and social risks and their impacts

① Due diligence	Due diligence is conducted by sales organizations that have direct contact with customers. Based on available public information, information provided by customers, and other information, they judge whether individual credit, investment, or other transactions fall under either of the categories above—areas where such transactions are prohibited or where careful consideration is required.
② Engagement	If a transaction is determined to be one in which careful consideration is required, the relevant sales organization conducts additional due diligence using supplement materials, checklists, and other relevant documents under the group-wide policy for sustainability promotion. In addition, they have discussions as necessary with departments that manage environmental and social risks (relevant risk management departments). Based on the results of the additional due diligence and discussions, they engage with the customer through dialogue on the initiative that they determine in light of the potential impacts on the environment and society.
③ Decision on a response policy	The responsible departments assess the effectiveness of the initiative based on discussions with the sales organization. They then judge whether the transaction should be allowed. If they find it difficult to make a judgment even after conducting engagement, a response policy shall be discussed and decided from the perspective of sustainability in a meeting in which management participates.

⑤ Metrics and targets

In FY2025, the Group began an analysis to understand our dependencies and impacts on natural capital and biodiversity. The aim of the analysis is to identify nature-related risks and opportunities so that information can be properly disclosed and future initiatives studied.

We currently use a set in the climate change area as metrics and quantitative targets, with the basis being our relationship with natural capital. These include the percentage of green buildings in our real estate portfolio and the percentage of properties effectively used after lease expiration. In the medium to long term, our Group seeks to increase the percentage of environmentally certified properties in our portfolio. We aim to achieve this with the understanding that annual metrics may fluctuate to a certain extent due to the nature of the real estate business, which involves acquiring and selling assets.

We regard the results of this analysis as basic knowledge for further understanding our Group's relationship with natural capital, and we plan to utilize them in considering future initiatives and information disclosure.

Metric	FY2025 result	FY2028 target	FY2031 target
Percentage of green buildings in our portfolio*1	62%	61%	66%
Percentage of properties effectively used after lease expiration*2	96.0%	97.5%	

*1 In the real estate business, the share (number of buildings) of environmentally certified properties (CASBEE, DBJ Green Building, BELS, etc.) or buildings using 100% renewable energy among assets over which the Group has some degree of control (Mitsubishi HC Capital Realty's investment properties) and assets under management by the Group's asset management companies with MHC acting as a sponsor (Mitsubishi HC Capital Realty Advisers' private REITs + CenterPoint Development's private placement funds, etc.). For businesses with continuous asset turnover, we seek to improve the percentage over the medium to long term, while allowing for fluctuations in the metric.

*2 Definition by the Japan Leasing Association: Among properties whose lease contracts have expired, the percentage of those (based on initial purchase prices) that were either re-leased, sold, or disposed of by operators with high recycling rates.

⑥ Appendix: Interactions between our Group's business activities and nature (dependencies and impacts)

In selecting our priority sectors and business segments subject to analysis, our Group considers the main business segments that correspond to the priority sector, as well as the balances of their credit, investment, and other transactions, to identify and confirm the relationship between our dependencies and the resulting impacts on ecosystem services).

Dependency heat map

TNFD priority sectors	Our main business segments							Dependency (ecosystem services)																									
	Customer Solutions	Corporate Center	Mobility	Logistics	Global Customer Business	Environment & Energy	Aviation	Real Estate	Biomass provisioning	Genetic material	Water supply	Animal-based energy	Global climate regulation	Water flow regulation	Mediation of sensory impacts (other than noise)	Air filtration	Soil quality regulation	Soil and sediment retention	Solid waste remediation	Water purification	Storm mitigation	Flood mitigation	Pollination	Nursery population and habitat maintenance	Local climate regulation	Biological control	Rainfall pattern regulation	Dilution by atmosphere and ecosystems	Noise attenuation	Recreation related services	Visual amenity services	Education, scientific, and research services	Spiritual, artistic, and symbolic services
Energy	✓			✓																													
Materials	✓			✓	✓	✓																											
Transportation	✓			✓	✓	✓																											
Automobiles & components	✓				✓	✓																											
Consumer durables & apparel	✓																																
Restaurants, food retail, etc.	✓			✓ ^{*1}		✓ ^{*2}																											
Food & beverage	✓																																
Household & personal products	✓																																
Pharmaceuticals & biotechnology	✓																																
Semiconductors & semiconductor manufacturing equipment	✓																																
Utilities, etc.	✓	✓			✓	✓																											
Real estate management & development	✓							✓																									

Low dependence

Low dependence High dependence

*1 Railcar leasing and other transactions related to the transportation of grains, fertilizers, animal feed, and other products in North America, conducted via our group company PNW Railcars, Inc.

*2 Transactions providing renewable electricity and related energy services to stores, logistics facilities, and other properties owned or used by food retail and distribution operators, conducted via our group company Mitsubishi HC Capital Energy Inc.

We carry this out in order to comprehensively understand the relationship between our Group's business activities and nature.

In the table below, check marks denote our Group's business segments that have a balance of credit, investment, and other transactions of ¥1 billion or more in any of the priority sectors.

Impact heat map

	Our main business segments								Impact (pressure)												
TNFD priority sectors	Customer Solutions	Corporate Center	Mobility	Logistics	Global Customer Business	Environment & Energy	Aviation	Real Estate	Disturbance (e.g. noise, light)	Area of freshwater use	Emissions of GHGs	Area of seabed use	Emissions of non-GHG air pollutants	Other biotic resource extraction	Other abiotic resource extraction	Emissions of toxic pollutants into water and soil	Emissions of nutrient pollutants into water and soil	Generation and release of solid waste	Area of land use	Volume of water use	Introduction of invasive species
Energy	✓			✓																	
Materials	✓			✓	✓	✓															
Transportation	✓			✓	✓	✓	✓														
Automobiles & components	✓				✓	✓															
Consumer durables & apparel	✓																				
Restaurants, food retail, etc.	✓			✓ ^{*1}		✓ ^{*2}															
Food & beverage	✓																				
Household & personal products	✓																				
Pharmaceuticals & biotechnology	✓																				
Semiconductors & semiconductor manufacturing equipment	✓																				
Utilities, etc.	✓	✓			✓	✓															
Real estate management & development	✓							✓													

Minor impact

Major impact

Minor impact Major impact

*1 Railcar leasing and other transactions related to the transportation of grains, fertilizers, animal feed, and other products in North America, conducted via our group company PNW Railcars, Inc.

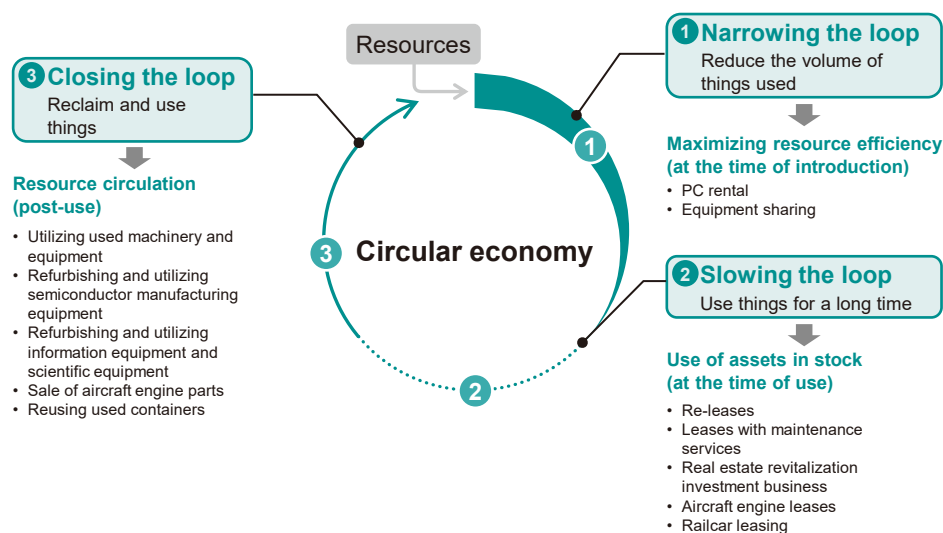
*2 Transactions providing renewable electricity and related energy services to stores, logistics facilities, and other properties owned or used by food retail and distribution operators, conducted via our group company Mitsubishi HC Capital Energy Inc.

Efforts toward a circular economy

Major initiatives

Our Group contributes to the realization of a circular economy through a variety of businesses.

Leasing, which is our founding business, has a high affinity with a circular economy due to the nature of its business model. Our Group has a variety of value propositions and solutions that maximize the value of the facilities and equipment covered by our contracts. As shown in the chart below, our Group's circular economy-related businesses are linked to various factors for realizing a circular economy. We are working on businesses related to a circular economy in many areas, such as those shown on this page.



<References>

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Value and solutions provided by our Group at the lifecycle stages of assets

① Time of introduction: maximizing resource efficiency—narrowing the loop

Providing a wide range of finance functions

We provide the appropriate things that meet customers' needs, such as equipment that promotes decarbonization and energy conservation and engines that contribute to improving the utilization rate of aircraft. We also provide a wide range of financing functions, such as operating leases, sharing, and rentals to fulfill customers' needs for use (as opposed to ownership).

Related businesses

PC rental, equipment sharing, subscription services etc.

② Time of use: use of assets in stock—slowing the loop

Lease contracts

At the expiration of a lease contract, customers are offered two options: entering into re-lease contract (usually a one-year contract extension) or returning the leased asset. If the former option is chosen, the initial contract period will be extended. This allows for extended use every year at a lower cost than the initial contract period.

Real estate revitalization investment business

To encourage the use of existing stock, we acquire old offices and other facilities and revitalize their real estate value by updating their equipment and renovating their common areas.

Aircraft engine lease business

We maintain and improve the asset value of engines through timely and appropriate maintenance, making it possible to use them for long periods.

Related businesses

Re-leases, leases with maintenance services, equipment refurbishing (reuse), real estate revitalization investment business, aircraft engine leasing, etc.

③ Post-use: resource circulation—closing the loop

Secondary use

If the customer decides to return the leased property when the lease contract expires, the returned property will be redirected for secondary use by new customers. Leveraging our Group's strengths such as our expertise and network, we work in multiple areas, purchasing and leasing not only the equipment that customers return but also their idle assets and equipment, while also engaging in the refurbishing and reuse business.

Part-out business

We are also pursuing the possibility of reusing and recycling aircraft engines and information equipment, which are difficult to reuse. We dismantle and maintain them and sell reusable parts as spare parts. Ultimately, we contribute to the realization of a circular economy by properly disposing of items that are difficult to reuse and recycle.

■ Realize a circular economy: Target for effective use of assets whose lease terms have ended

Our Group aims to achieve the Japan Leasing Association's target of 95% or higher effective use of assets whose lease terms have ended (by FY2030). Accordingly, we have set a target of 97.5%, starting this fiscal year.

Effective use of assets whose lease terms have ended by FY2030 ^{*1}	97.5%
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^{*1} Based on the Japan Leasing Association's calculation standards

Results of effective use of assets whose lease terms have ended

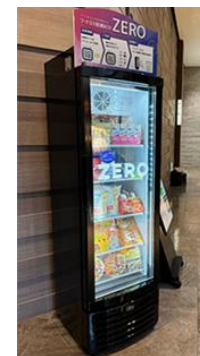
Target company	FY2022	FY2023	FY2024	FY2025
Mitsubishi HC Capital ^{*2}	97.0%	96.7%	96.1%	96.0%

^{*2} Scope: Mitsubishi HC Capital (non-consolidated, Customer Solutions Unit)

■ Stakeholder engagement

MHC closed a capital and business alliance agreement with ZERO Corporation (hereinafter "ZERO") and is working to reduce food loss and CO₂ emissions in Japan by providing sales support, financing for installation, and operational support for unmanned vending machines known as Food Loss Reduction Box ZERO provided by ZERO.

MHC, as a service user, introduced and installed the vending machines at its Marunouchi Office, Nishi-Shimbashi Office, Nagoya Office, and Osaka Office, enabling its employees to buy foods that are safe to eat but cannot be distributed due to their short shelf life, seasonal packaging, damaged packaging, or other reasons.



Amount of GHG reduced through ZERO boxes installed in the Company

	Unit	FY2024	FY2025
Amount of GHG reduced	kg-CO ₂ e	2,672	5,433

^{*} September 2024 to March 2025

Locations: Marunouchi Office, Nishi-Shimbashi Office, Nagoya Office, Osaka Office

Measuring tool: My-Eco-Ruler

Conditions for calculating the amount of reduction (key conditions): An intake of 1kcal is set as the functional unit and global warming is set as the impact category. The latest GWP100 values in the IPCC's Climate Change 2021 (Sixth Assessment Report) are used. To represent average food consumption in Japan, the amount of activity by ingredient (amount of consumption and calories) is calculated based on public statistical information, such as the Food Supply and Demand Table published by the Ministry of Agriculture, Forestry and Fisheries. Emission factors for respective activities are calculated based on databases such as IDEv3.1, 3.3, ecoinvent v3.10.

The amount of reduction is calculated based on data provided by ZERO, under the assumption that the reduction of food loss through the use of ZERO boxes leads to a reduction of activities throughout the entire product life cycles—from production and processing to consumption and disposal—of foods with equivalent calorific value.

Sustainable finance

■ Basic view on sustainable finance

The Group utilizes sustainable finance to financially support and accelerate initiatives aimed at addressing social issues and promoting a decarbonized society, one of our materialities.

To facilitate funding through sustainable finance, we have established the Sustainable Finance Framework and the Transition Finance Framework in accordance with internationally recognized guidelines.

Through funding under these frameworks, we support key assets and businesses targeted under our Transition Plan toward the Realization of a Carbon-neutral Society, while also disclosing and communicating our initiatives and their environmental impacts externally.

We also provide GX Assessment Lease, a financial solution that supports customers' adoption of decarbonization-related equipment. A portion of the funds used to provide this service is procured through sustainable finance.

Through continued financial support for initiatives that reduce environmental impacts and generate social value, we strive to achieve both a sustainable society and economic growth.

■ Sustainable Finance Framework

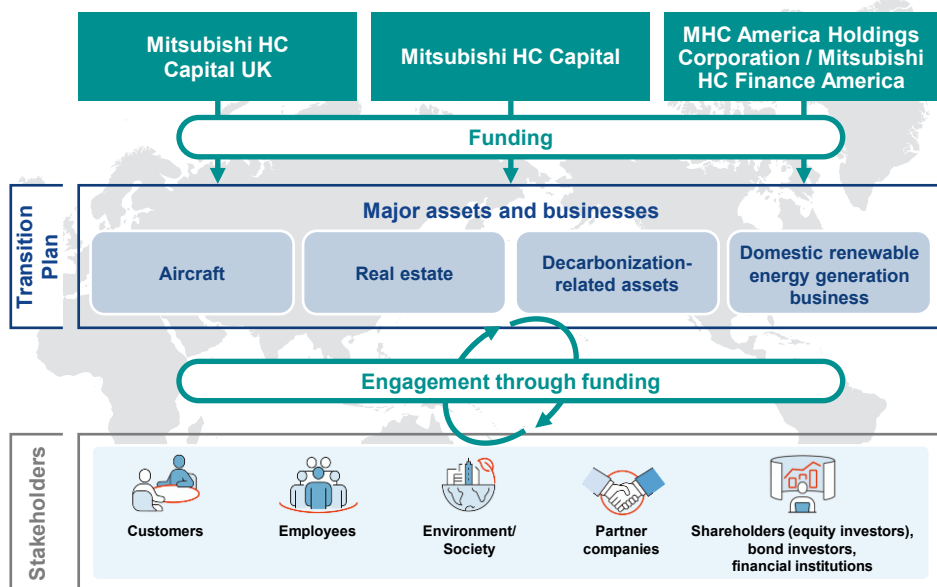
The Group formulated the Sustainable Finance Framework in December 2024.

Title	Sustainable Finance Framework	
Formulation date	Formulated: December 2024 Revised: October 2025	
Available sustainable finance	• Green bond/loan • Social bond/loan • Sustainability bond/loan • Sustainability-linked bond/loan	
Conformity assessment of the framework	Obtained a Second Party Opinion from DNV Business Assurance Japan	
Bond issuance amount	January 2025: Sustainability-linked bond July 2025: Green bond	¥20.0 billion ¥15.0 billion

In addition to financing under the above framework, we issued a sustainability bond totaling ¥10.0 billion and secured a transition loan in 2023. We have also continued to raise funds through green loans via bilateral transactions with financial institutions.

► **Sustainable Finance Framework**
https://www.mitsubishi-hc-capital.com/english/sustainability/pdf/Sustainable_Finance_Framework.pdf

► **Second Party Opinion**
https://www.mitsubishi-hc-capital.com/english/sustainability/pdf/MHCC_Sustainable_Finance_FW_SPO_EN_Final_signed.pdf



■ Transition Finance Framework

The Group formulated the Transition Finance Framework in October 2025.

Under this framework, the environmental targets established in our Transition Plan toward the Realization of a Carbon-neutral Society are used as KPIs.

Title	Transition Finance Framework	
Formulation date	Formulated: October 2025	
Available sustainable finance	• Transition bond/loan • Transition-linked bond/loan	
Conformity assessment of the framework	Obtained a Second Party Opinion from DNV Business Assurance Japan	
Bond issuance amount	February 2026: Transition-linked bond	¥15.0 billion

We have also continued to raise funds through transition loans via bilateral transactions with financial institutions.

► Transition Finance Framework

<https://www.mitsubishi-hc-capital.com/sustainability/pdf/transition-finance-framework.pdf> (Japanese only)

► Second Party Opinion

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

► Transition Plan toward the Realization of a Carbon-neutral Society

https://www.mitsubishi-hc-capital.com/english/sustainability/environment/carbon_neutral/

► Please refer to the following information for details on sustainable finance:

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

■ Evaluation of sustainable finance initiatives through decarbonization support

We received the Silver Prize (Minister of the Environment Award) in the issuer/borrower category at the 7th ESG Finance Awards Japan, organized by the Ministry of the Environment with the aim of promoting and expanding sustainable finance.

We received this award in recognition of our support for customers' decarbonization efforts through our GX Assessment Lease and for extending these efforts to regional communities through partnerships with regional financial institutions. We will continue to promote efforts toward the realization of a decarbonized society by linking our services with funding secured through sustainable finance initiatives.



Environmental performance

■ Consumption volume by energy type

Category / Energy source		Unit	FY2021	FY2022	FY2023	FY2024	FY2025
Direct energy consumption	Gasoline	kl	744	885	754	696	532
	Diesel fuel		108	146	218	192	168
	Kerosene		29	28	0	1	0
	Heavy oil		-	-	38	44	44
	Urban gas (LNG)	m³	398,229	306,837	323,646	413,071	156,086
	LPG		0	3,936	4,473	4,376	4,545
Indirect energy consumption	Power	kWh	14,168,540	13,424,687	13,144,817	12,771,121	10,080,403
	Renewable power		3,308,174	4,450,646	5,154,773	9,570,938	7,632,101
	Percentage of renewable energy	%	23.3	33.2	39.2	74.9	75.7
	Purchased steam, hot water, and cooling water	GJ	10,601	814	1,006	891	1,234
Scope			a	a	a	a	a

■ Consumption volume by energy type (calorific value)

Category / Energy source		Unit	FY2021	FY2022	FY2023	FY2024	FY2025
Direct energy consumption	Gasoline	GJ	25,733	30,618	25,167	23,250	17,779
	Diesel fuel		10,665	5,519	8,280	7,313	6,392
	Kerosene		1,060	1,039	0	20	0
	Heavy oil		-	-	1,487	1,702	1,702
	Urban gas (LNG)		17,881	13,746	12,946	16,523	6,243
	LPG		0	437	446	437	454
	Total		55,339	51,359	48,326	49,245	32,570
Indirect energy consumption			151,716	134,658	132,060	128,219	101,735
Total			207,055	186,017	180,386	177,464	134,305
Scope			a	a	a	a	a

■ Volume of GHG emissions (Scope 1 and 2): targets vs. results

Short-term GHG emissions reduction target	Energy usage in Japan: -1% compared to the prior fiscal year					
Energy consumption of domestic group companies on a consolidated basis (GJ)	FY2024 (base year)		FY2025 result		Rate of reduction from FY2024	
	80,090		53,109		-33.7%	
Short-, medium-, and long-term GHG emissions reduction targets	Short-term/FY2028: -67% compared to FY2019 Medium-term/FY2030: -70% compared to FY2019 Long-term/FY2050: Net zero					
Scope 1 and 2 GHG emissions of the Group on a consolidated basis (market basis) (t-CO ₂ e)	FY2019 (base year)	FY2025 result	Rate of reduction from FY2019	FY2028 target	FY2030 target	FY2050 target
	11,292	3,180	-71.8%	3,726	3,388	0

* As the FY2030 target of a 70% reduction was achieved ahead of schedule, the interim targets toward achieving net-zero emissions by 2050 will be revised.

* As significant progress has been made in reducing energy usage, which was a short-term target, future short-term targets will also focus on GHG emissions reduction.

■ Volume of GHG emissions (Scope 1 and 2)

Category	Unit	FY2021	FY2022	FY2023	FY2024	FY2025
Scope 1	t-CO ₂ e	3,449	3,211	3,092 ☑	3,093 ☑	2,127 ☑
Scope 2 (location basis)		7,880	6,786	5,777 ☑	4,930 ☑	3,732 ☑
Scope 2 (market basis)		6,606	4,546	3,482 ☑	1,365 ☑	1,053 ☑
Total of Scope 1 and 2 (market basis)		10,055	7,757	6,574	4,458	3,180
Scope		a	a	a	a	a

Environmental data marked with ☑ have received limited assurance from SOCOTEC Certification Japan.

■ Volume of GHG emissions (Scope 3)

Category	Unit	FY2023	FY2024	FY2025
Category 1	Purchased goods and services	7,135 ☒	9,486 ☒	8,643 ☒
Category 2	Capital goods	15,245 ☒	14,132 ☒	21,897 ☒
Category 3	Fuel- and energy-related activities not included in Scope 1 or Scope 2	1,586 ☒	1,570 ☒	1,190 ☒
Category 4	Transportation and distribution (upstream)	Not applicable		
Category 5	Waste generated in operations	5,123 ☒	2,190 ☒	2,379 ☒
Category 6	Business travel	1,095 ☒	1,089 ☒	1,036 ☒
Category 7	Employee commuting	2,431 ☒	2,424 ☒	2,312 ☒
Category 8	Leased assets (upstream)	Not applicable		
Category 9	Transportation and distribution (downstream)	Not applicable		
Category 10	Processing of sold products	Not applicable		
Category 11	Use of sold products	Accounting of emissions in this category will be considered going forward		
Category 12	End-of-life treatment of sold products	Not applicable		
Category 13	Leased assets* ¹ (downstream)	6,570,471 ☒	7,932,547 ☒	12,955,257 ☒
Category 14	Franchise	Not applicable		
Category 15	Investment* ²	41,141 ☒	94,086 ☒	360,346 ☒
Total of Scope 3		6,644,227 ☒	8,057,525 ☒	13,353,062 ☒
Scope		a	a	a

Environmental data marked with ☒ have received limited assurance from SOCOTEC Certification Japan.

*1 Pertaining to certain building, aircraft, and aircraft engine leasing transactions (aircraft engine leasing was added to the scope from FY2026)

*2 Pertaining to certain real estate investment and financing transactions

(Note 1) For categories 2, 5, 13, and 15, the calculation method was changed from FY2023 in the process of acquiring assurance.

(Note 2) The total amount of Scope 3 emissions is the sum of all categories' emissions amounts including fractional parts, and may therefore differ from the sum of the individually rounded emissions amounts shown above.

■ Output from renewable power generation facilities in operation

Item	Unit	FY2021	FY2022	FY2023	FY2024	FY2025
Solar	MW	907	1,020	920	1,102	1,217
Wind		298	340	343	507	503
Other		-	4	29	29	40
Total		1,205	1,366	1,293	1,638	1,760
Scope		a	a	a	a	a

■ Water resources

	Unit	FY2023	FY2024	FY2025
Amount of water consumption	m ³	6,214	6,270	7,243
Scope		c-	c-	c

■ Waste

	Unit	FY2023	FY2024	FY2025
Amount of (municipal) waste	t	148	176	154
Amount of industrial waste	t	-	536	478
Scope		c-	c-	c

Independent third-party assurance report



Independent Assurance Report

Mr. Taiju Hisai
Representative Director, President & CEO
Mitsubishi HC Capital Inc.

We, SOCOTEC Certification Japan (hereafter "SOCOTEC"), have performed a limited assurance engagement, in response to the entrustment from Mitsubishi HC Capital Inc. (hereafter the "Company"), in order to provide an opinion as to whether the subject matter information ("FY2025 GHG Emissions Calculation Report" and "FY2025 Percentage of New-Generation Aircraft in Our Portfolio Calculation Report" (period: 1 April 2025 to 31 March 2026)) of the Company meets the criteria in all material respects.

1 Subject Matter Information and Criteria

The subject matter information for our assurance is a report on "greenhouse gas emissions (Scope 1, Scope 2 (location-based and market-based)) and other indirect greenhouse gas emissions that occur in the Company's value chain (Scope 3 (Categories: 1, 2, 3, 5, 6, 7, 13, 15)), and the percentage of new-generation aircraft in the aircraft portfolio of the MHC Group (Jackson Square Aviation Business)" covering the operations and activities at the Company and its consolidated companies in Japan and overseas (19 domestic subsidiaries and 29 overseas subsidiaries) described in the "FY2025 GHG Emissions Calculation Report" and "FY2025 Percentage of New-Generation Aircraft in Our Portfolio Calculation Report" (period: 1 April 2025 to 31 March 2026).

The criteria for preparing subject matter information is the "GHG Emissions Calculation Procedure Manual(Ver. 3.0)".

Subject matter information period: 1 April 2025 to 31 March 2026		
GHG emissions Scope 1: 2,127 t-CO ₂ e Scope 2: location-based 3,732 t-CO ₂ e market-based 1,053 t-CO ₂ e		
The percentage of new-generation aircraft in the aircraft portfolio 78.9 %		
Other indirect GHG emissions that occur in the Company's value chain Scope 3*: 13,353,062 t-CO ₂ e Breakdown (t-CO ₂ e) Category 1: 8,643 Category 2: 21,897 Category 3: 1,190 Category 5: 2,379 Category 8: 1,036 Category 7: 2,312 Category 13: 12,955,257 Category 15: 360,346 *The Scope 3 total is the aggregate result for each category, including decimals, and does not directly match the aggregate result that is rounded off for each category.		

2 Management Responsibility

The "FY2025 GHG Emissions Calculation Report" and "FY2025 Percentage of New-Generation Aircraft in Our Portfolio Calculation Report" (period: 1 April 2025 to 31 March 2026) was prepared by the management of the Company, who is responsible for the integrity of the assertions, statements and claims made therein (including the assertions over which we have been engaged to provide limited assurance), the collection, quantification and presentation of all data and information in the report, and applied criteria, analysis and publication.

The management of the Company is responsible for maintaining adequate records and internal controls that are designed to support the reporting process and ensure that the "FY2025 GHG Emissions Calculation Report" and "FY2025 Percentage of New-Generation Aircraft in Our Portfolio Calculation Report" (period: 1 April 2025 to 31 March 2026) is free from material misstatement whether intentional or negligent.

3 Assurance Practitioner's Responsibility

The responsibility of SOCOTEC is to express a limited assurance conclusion as to whether the subject matter information has been prepared in compliance with the criteria in all material respects.

We have performed limited assurance engagement in accordance with the verification procedures stipulated by SOCOTEC and "JIS Q 14064-3:2023 (ISO 14064-3:2019) Specification with guidance for the verification and validation of greenhouse gas statements" and the International Standard on Assurance Engagements (ISAE) 3000 (Revised), "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" of International Auditing and Assurance Standards Board (IAASB).

The procedures performed in the limited assurance engagement are limited in their type, timing and scope as compared to the procedures performed in the reasonable assurance engagement. As a result, our limited assurance engagement does not provide as high assurance as reasonable assurance engagement.

Our procedures performed depend on the assurance professional practitioner's judgement, including an assessment of the risk of material misstatement, whether due to fraud or error. Our conclusion was not designed to provide assurance on internal controls.

We believe that we have obtained the evidence to provide a basis for our limited assurance conclusions.



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Independent Assurance Report

4 Assurance Procedures

The procedures that SOCOTEC has performed are based on professional judgement and include, but are not limited to:

- Evaluation of policies and procedures created by the Company in relation to subject matter information
- Inquiries to the Company personnel to understand the above policies and procedures
- Verification that the target project meets eligibility requirements
- Matching with the basis data by trial calculation and recalculation
- Obtaining and collating material for important assumptions and other data
- Sites visited to confirm the calculation structure and procedures, data collection and implementation status of record control

Head Office (Marunouchi Office) / Nishi-Shimbashi Office

5 Statement of Our Independence, Quality Management and Competence

SOCOTEC has introduced and maintained a comprehensive management system that conforms to the accreditation requirements of "JIS Q 17021-1:2015(ISO/IEC 17021-1:2015) Conformity assessment - Requirements for bodies providing audit and certification of management systems - Part 1: Requirements". In addition, we have also established a management system according to "JIS Q 14065:2025(ISO 14065:2020) General principles and requirements for bodies validating and verifying environmental information". These meet the requirements of International Standard on Quality Management 1 by the International Auditing and Assurance Standards Board and Code of Ethics for Professional Accountants by International Ethics Standards Board for Accountants. We maintain a comprehensive quality management system that includes ethical rules, professional standards and documented policies and procedures for compliance with applicable laws and regulations. The SOCOTEC Group is a comprehensive third-party organisation in testing, inspection and certification operations, and provides management system certification and training services related to quality, environment, labour and information security in countries around the world. Engaged in performance data and sustainability report assurance of environmental and social information, SOCOTEC affirms that it is independent of the organisation that has ordered the assurance engagement, its affiliated companies and stakeholders, and that there is no possibility of impairing impartiality or conflict of interest.

We assure that the team engaged in the assurance is selected based on knowledge and experience in the relevant industry, as well as the competence requirements for this assurance engagement.

6 Use of Report

Our responsibility in performing our limited assurance activities is to the management of the Company only in accordance with the terms for this engagement as agreed with the Company. We do not therefore assume any responsibility for any other purpose or to any other person or organisation.

7 Our Conclusion

On the basis of our procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the subject matter information is not, in all material respects, prepared and reported in accordance with the stated criteria.

SOCOTEC Certification Japan


 Masahide Fukushima
 Head of Verification
 17 August 2026
 ENDT6947-1



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Social

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Human rights initiatives

■ Basic policy on human rights

The Group's Code of Ethics and Code of Conduct set out our commitment to respecting human rights and the environment. The Code of Conduct states under "Human rights" that "Consistent with the fundamental spirit of respect for humanity, no employee engages in any discriminatory action or human rights violation on the ground of gender, sexual orientation, age, nationality, race, ethnicity, political opinion, beliefs, religion, social status, lineage, illness, or disability."

Furthermore, we respect and support international norms concerning human rights, labor, the environment, and anti-bribery, including the International Bill of Human Rights, the Ten Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, the Guiding Principles on Business and Human Rights (Ruggie Framework), the ILO Declaration on Fundamental Principles and Rights at Work, and the Children's Rights and Business Principles. We strive to respect the human rights of all stakeholders under these basic principles on human rights.

The Group's Compliance Manual states under "Respect for human rights and the prohibition of discrimination" that "All Group employees must respect basic human rights and must not engage in any discriminatory action or human rights violation on the ground of gender, sexual orientation, gender identity, age, nationality, race, ethnicity, political opinion, beliefs, religion, social status, lineage, illness, or disability." 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 or caregiving, Sexual Orientation and Gender Identity (SOGI) harassment, abuse of power, and customer harassment."

■ Human Rights Policy

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

We prohibit any discrimination based on race, ethnicity, nationality, place of origin, social status, social origin (family origin), gender, marital status, age, language, disability, health status, religion, thoughts and beliefs, property, sexual orientation, gender identity, and differences in occupation or form of employment. 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 fulfil our obligations to respect human rights in a manner expected of global companies, aiming to realize a society that respects human rights.

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

We guarantee freedom of association and collective bargaining rights and equal pay for equal work.

1. Global Standards to be Respected and Upheld

We respect the human rights described in the International Bill of Human Rights, the Ten Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, the ILO Declaration on Fundamental Principles and Rights at Work, the Children's Rights and Business Principles, and other international standards.

Furthermore, based on the Guiding Principles on Business and Human Rights, as a corporate group that operates its businesses globally, we will uphold and respect internationally recognized standards relating to human rights, and concurrently comply with associated laws and regulations. Where there is a contradiction between internationally recognized standards, or the like, and the laws and regulations of a country or region in which we operate, we will seek methods to maintain respect for the international standards.

2. Role

This Human Rights Policy complements the Mitsubishi HC Capital Group Code of Ethics and Code of Conduct. The policy clarifies our commitment to conduct business activities while fulfilling our responsibilities to respect human rights. As such, the policy has been approved by the Executive Committee and reported to the Board of Directors.

3. Scope of Application

This Human Rights Policy will apply to all persons engaged in duties at any Mitsubishi HC Capital Group company. Additionally, we will actively require customers, partners, and suppliers to uphold and practice this Human Rights Policy. Furthermore, if the measures we take to ensure this are deemed insufficient or inappropriate, and they are confirmed to contribute to violating human rights, we will take the appropriate action to rectify these measures.

4. Human Rights Due Diligence

Based on the Guiding Principles on Business and Human Rights, we have created a human rights due diligence framework, and are continuing to make efforts to evaluate and identify human rights risks in our business activities and supply chains, take measures to prevent and mitigate such risks, assess the effectiveness of these measures, and disclose relevant information.

5. Relief Measures, etc.

In addition to not violating human rights ourselves in our business activities and services we provide, we will take action to ensure our stakeholders, including customers, partners, and suppliers, do not violate human rights. Furthermore, if it is determined that we have caused a human rights violation or have engaged in or contributed to such a violation, we will act to provide relief and rectify the situation. Specifically, based on the internal reporting system, we will make efforts to prevent improper actions on a global basis. We are also working to provide relief for and rectify situations of human rights violations by anticipating risks of incidents present at our Company and across the supply chain and establishing an independent third-party human rights reporting hotline.

6. Communication, Dissemination, Education and Awareness-Raising

We will communicate, disseminate, and provide appropriate education, awareness-raising and talent development so that this Human Rights Policy is incorporated in all business activities.

7. Dialogue with and Information Disclosure to Stakeholders

We will hold dialogue and discussions with relevant external stakeholders on measures for potential and real impacts on human rights. Furthermore, we will disclose our efforts that are based on this Human Rights Policy on our corporate website, etc., and work to obtain the understanding of stakeholders.

8. Governance and Administration Framework

Determination of the necessity of revisions, etc. to this human rights policy will be subject to approval by the Executive Committee, then reported to the Board of Directors.

► Human Rights Policy

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

Human rights due diligence

The Group launched and is utilizing its group-wide Human Rights Project to conduct human rights due diligence, which is positioned as an important process for conducting sustainable business activities.

The Company began conducting human rights due diligence on a non-consolidated basis in FY2023, initially covering credit transactions and outsourcing transactions. It then gradually expanded the scope to include purchases, investments, and other transactions. The initiative was rolled out across group companies in Japan and overseas, with group-wide implementation achieved in FY2025.

We continue to improve and enhance our human rights due diligence system by incorporating feedback from sales and other frontline departments and exchanging opinions with external experts.

We conduct the following two activities through human rights due diligence:

1. Screening business partners based on information regarding concerns about human rights violations

We have established a system for identifying business partners with concerns about human rights violations in critical risk areas by cooperating with an external information vendor.

2. Engagement with business partners to eliminate human rights violation risks

Where concerns have been identified through screening, we engage with the business partner and, by confirming the actual situation and their response, we urge them to respect human rights.

Human rights due diligence is conducted as a day-to-day consideration of individual transactions when starting a transaction and each time a decision is made on whether to continue it.

The Group is working on initiatives to respect human rights based on the Guiding Principles on Business and Human Rights Guiding Principles on Business and Human Rights and other guidelines. The main objective of human rights due diligence is to prevent human rights risks in our corporate activities and reduce their impacts by improving and enhancing human rights awareness at our business partners through engagement. Accordingly, we will continue to conduct human rights due diligence.

Processes of conducting human rights due diligence



Status of human rights due diligence for business partners

Identified critical risk area	Number of concerns		
	FY2023 ^{*1}	FY2024	FY2025
Occupational health and safety	1	0	0
Forced labor and human trafficking	0	0	0
Child labor	0	0	0
Discrimination and gender	0	0	0
Impacts on surrounding areas	0	0	0
Total	1	0	0

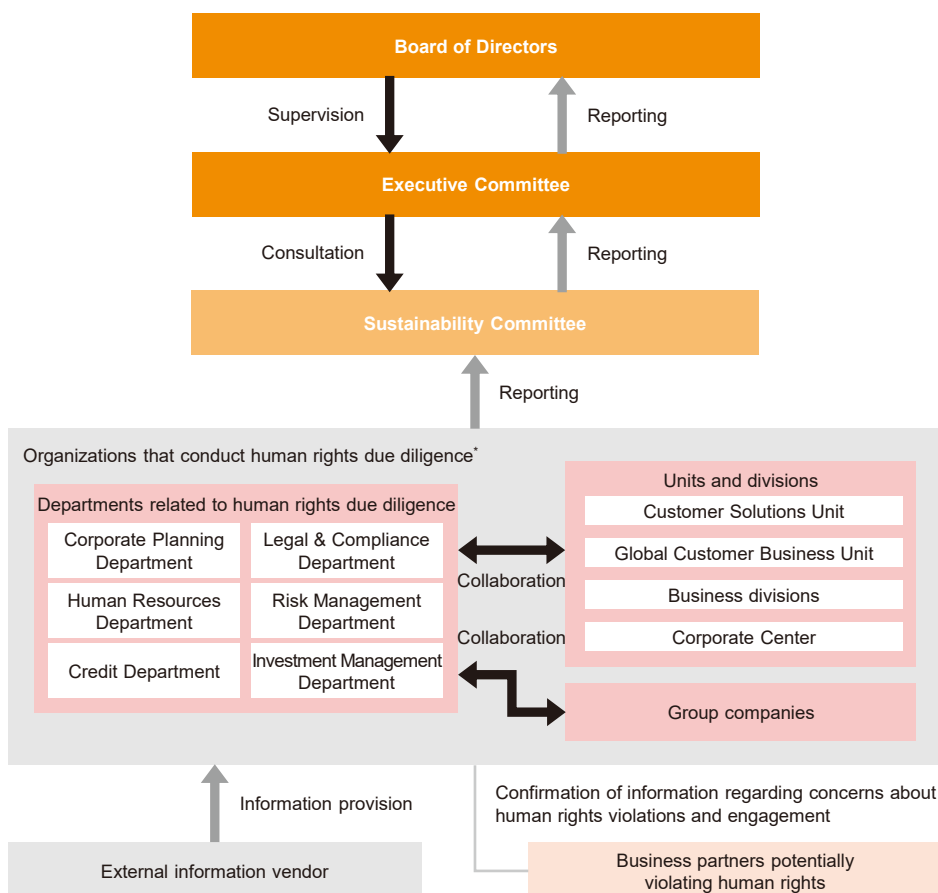
Response to issues	Number of concerns		
	FY2023 ^{*1}	FY2024	FY2025
Confirmed appropriate response and recurrence prevention measures ^{*2}	1	0	0
Did not conduct the transaction	0	0	0
Currently confirming the occurrence of situations of concern and the business partner's response	0	0	0
Total	1	0	0

^{*1} November 2023-March 2024

^{*2} We confirmed that a human rights violation occurred at a business partner that had been suspected of a human rights violation, assessed whether the potential violation was related to transactions with the Group, and determined that there were no problems in the business partner's stance on respecting human rights.

Human rights due diligence framework

When a unit, division, or group company becomes aware of a potential human rights violation by a business partner, it considers and determines a response policy in collaboration with relevant departments, based on which it engages with the business partner to urge improvements. The status of implementing human rights due diligence is first reported to the Sustainability Committee and then also to the Executive Committee and the Board of Directors.



* When concluding contracts with third parties, not only lease and other contracts with customers but also outsourcing and office supplies purchase contracts, confirm whether there is information about the contractor potentially causing, encouraging, or being directly involved in human rights violations.

Identifying critical risk areas

In order to address various types of human rights issues in consideration of how serious and probable they are, we have identified critical risk areas through the following process:

- ① Investigate the status of human rights initiatives at domestic and overseas group companies, and gain a comprehensive understanding of whether they have systems to screen business partners, what areas of human rights risk they recognize, and what specific human rights issues they face.
- ② Investigate situations of concern in each business regarding the human right issues identified in ①. Compare the results of the investigation with the human rights risk areas in the regions where the group companies operate and identify the relevant human rights risk areas.
- ③ Confirm the appropriateness of the human rights risk areas identified in ② by exchanging opinions with external experts and conducting verification based on the Ten Principles of the United Nations Global Compact and other international norms, and specify critical risk areas.

In order to respond to changing human rights circumstances, we continue to review critical risk areas through ongoing investigations and information gathering, as well as engagement with stakeholders.

Identified critical risk areas	Targets (examples of general human rights issues)
Occupational health and safety	- Customers and suppliers (long working hours and death from overwork, insufficient management of occupational health and safety) - External vendors and business partners (long working hours and death from overwork)
Forced labor and human trafficking	Customers and suppliers (forced labor involving technical intern trainees and in specific regions)
Child labor	Customers and suppliers (child labor at rare metal mining sites, palm kernel plantations and plants, etc.)
Discrimination and gender	- Customers and suppliers (discriminatory actions at business partners) - External vendors (discriminatory remarks by external lecturers contracted for training sessions) - Business partners (racial bias in setting interest rates) - Employees (spread of videos containing discriminatory remarks)
Impacts on surrounding areas	Group company and affiliated general contractors (forcing the development of a power plant despite opposition from local communities)

Response to consultations and whistleblowing concerning human rights (complaint handling mechanism)

Our Company receives consultation requests concerning human rights from our employees, including those of group companies, through our internal whistleblowing system, the Harassment Helpline.

We receive consultation requests and inquiries related to human rights from all stakeholders outside the Company through a multilingual human rights hotline that makes use of the Engagement and Remedy Platform operated by the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER). Care is taken to protect whistleblowers, and anonymous reports are accepted at both internal and external hotlines. Details of inquiries and consultations are handled with the utmost care; information is kept confidential, and disadvantageous treatment of whistleblowers is prohibited. Depending on the circumstances, information may be shared within an appropriate scope.

In FY2025, we received three complaints through the human rights hotlines. Through coordination among relevant departments, we investigated the facts, discussed a response policy, and communicated with the persons who submitted the complaints.

► **JaCER's Grievance Form (external website)**
<https://jacer-bhr.org/en/application/form.html>

* This contact desk gives full consideration to reporter protection and accepts anonymous reports.

Issues reported to the human rights hotlines (complaint handling mechanism)

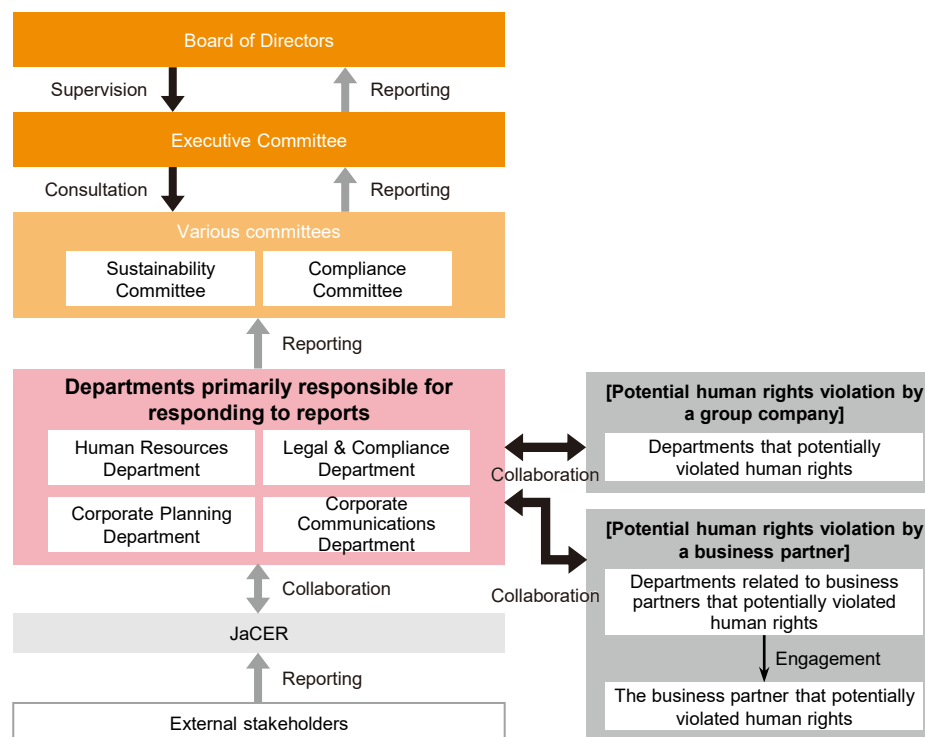
Types of major issues reported	Number of issues reported	
	FY2024	FY2025
Harassment	0	1
Compliance violations	1	1
Human rights violations against persons with disabilities	0	1
Violations of the rights of indigenous peoples and local communities	0	0
Other	0	0
Total	1	3

Complaint handling structure (reports from external parties)

Departments primarily responsible for handling human rights reports from external parties confirm the details and share information with departments relevant to the reported issues, with due consideration given to the reporting person's privacy, etc.

When there is a concern that the Group may be involved in a human rights violation, the department relevant to the concern handles the issue. When the concern involves a business partner, the department in charge confirms the situation through engagement with the business partner and takes action to address the issue.

Details of consultation requests and inquiries related to human rights are reported to various committees in accordance with the content and the significance. They are also reported to the Executive Committee and the Board of Directors.



Human rights training and awareness raising

Every year, the Group educates and raises awareness among all employees (including non-regular employees) about human rights in order to enhance human rights initiatives.

[Training]

In FY2025, we conducted an e-learning course on the basics of human rights (including a comprehension test), which was taken by approximately 4,800 employees in Japan (99.8% attendance rate).

The e-learning course has been updated. It now includes content on human rights initiatives undertaken in conjunction with the development of the complaint handling mechanism and the rollout of human rights due diligence across group companies in Japan and overseas. It also includes content on enhanced measures to prevent workplace harassment, following amendments to the Act on Comprehensively Advancing Labor Measures, which now requires measures against customer harassment, and the Equal Employment Opportunity Act, which now requires measures against sexual harassment targeting job seekers.

In addition, we provided human rights courses for mid-career hires, as well as e-learning courses on compliance, LGBTQ+ awareness, and morals and ethics (including initiatives to uphold human rights). The courses were taken by approximately 26,400 employees.

Furthermore, 15 group training sessions were held, including a human rights course for new employees; integrity training for managers, featuring discussions based on harassment case studies; diversity training; and sustainability training, which was newly introduced in FY2025. A total of 491 employees attended.

[Awareness raising]

As part of our awareness-raising initiatives, we ask for submissions of human rights awareness slogans every October and award prizes to outstanding entries. In FY2025, we received a total of 475 slogans from 205 employees and their families, including those from 13 domestic group companies. A panel of employee judges (150 volunteers participated) and the Human Resources Department reviewed the entries, and awards were given to 48 outstanding slogans.

In addition, through the Human Rights Newsletter, which provides self-learning materials that our employees can access anytime, we sought to deepen understanding of human rights by covering four themes in FY2025: multicultural inclusion, sexual minorities and human rights, expression and human rights, and workplace harassment.

Each month during the fiscal year, we published Natural Support News, which provides useful information on employment support for people with disabilities. The publication helped employees understand more about disabilities, with information on anxiety disorders, visual impairments, schizophrenia, intellectual disabilities, epilepsy, higher brain dysfunction, mental and developmental disabilities, autism spectrum disorder (ASD), attention-deficit/hyperactivity disorder (ADHD), specific learning disorder (SLD), internal disabilities and cardiac impairments, and respiratory impairments.

Our Group participates in the activities of initiatives such as the Global Compact Network Japan and the Tokyo Human Rights Enlightenment Liaison Meeting, aiming to stay informed on the latest human rights developments and to enhance our educational and awareness-raising materials.

Response to the Modern Slavery Act in the UK

Mitsubishi HC Capital UK PLC, our UK-based group company, has published a statement on its website regarding its efforts to prevent slave labor and human trafficking in accordance with the Modern Slavery Act, which came into force in the UK in 2015.

► Please see the following for details:

<https://www.mitsubishihccapital.co.uk/media/lrceey3/2024-mhcuk-anti-slavery-statement-final-25-09-24.pdf>

Human capital initiatives

Basic view on human capital

The Group contributes to a sustainable and prosperous future by maximizing the potential of its assets and creating social value. The driving force behind the value creation driving us toward this goal are our human resources, which are an extremely important form of capital for the Group.

Through continuous and proactive investments in human resources, as well as initiatives to embed a mindset of transformation and willingness to take on challenges as part of our corporate culture, we will fully draw out each employee's diverse values and capabilities. In doing so, we will support the sustainable enhancement of our corporate value.

Starting with the 2028 MTMP, we have decided to change the Japanese term used for *human resources* to one that carries a connotation of *wealth* to further clarify that human resources are the driving force behind value creation.

Talent strategy to realize management strategies

With human resources as the driving force behind our value creation, the Group aims to become “a company that continues to evolve, where everyone takes on challenges, co-creates, and grows,” as part of Our FY2031 Vision.

To transform our talent and culture and achieve our vision, we are creating an environment where challenges can be embraced and transformation can emerge more readily. Specifically, we identify challenges in each organization and take the necessary measures based on analyses using our proprietary indicator, MHC engagement. Hiring, developing, and deploying talent in an integrated manner, we will strategically assign the right talent to the positions required to carry out our management strategies. By gaining experience in these positions, they will continue to grow, thereby increasing our talent portfolio coverage ratio and moving us closer to achieving our vision. In addition, we are proactively investing in initiatives to enhance our people, including strengthening recruitment and development, aiming to attract diverse talent and enable them to demonstrate their potential.

Through these initiatives, we will encourage each employee to take on challenges, co-create, and grow, propelling the Group's talent and culture transformation.

(MHC = Mitsubishi HC Capital)

Indicators and targets

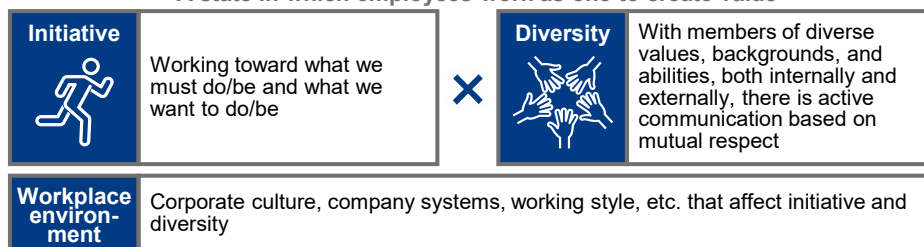
In our talent strategy, we have set MHC engagement, talent portfolio coverage ratio, and investment in talent development as key indicators, with targets for each one.

a. MHC engagement

Definition

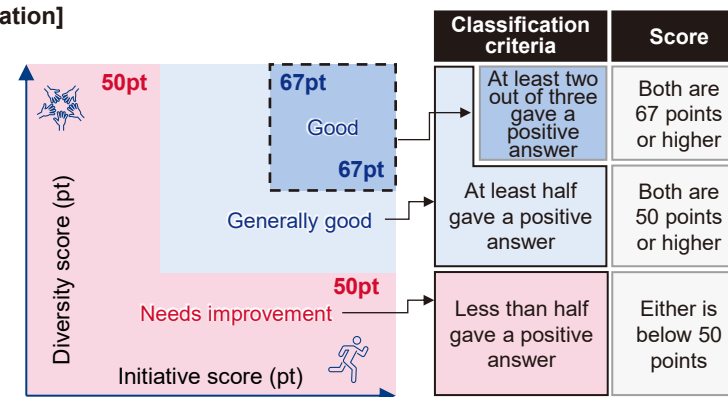
The Group defines a state in which employees work as one to create value as a state of high MHC engagement. MHC engagement is composed of three elements: initiative, diversity, and workplace environment. Workplace environment influences initiative and diversity, which both indicate the level of engagement.

A state in which employees work as one to create value



- Good: Scores of initiative and diversity are both 67 points or higher (at least two out of three respondents gave a positive answer).
 - Generally good: Scores are both 50 points or higher (at least half of the respondents gave a positive answer).
 - Needs improvement: Either is below 50 points.
- Among these, organizations in a good or generally good state are assessed as being in a state of high MHC engagement.

[Illustration]



Overview of the FY2025 MHC engagement survey

Survey targets	All employees of the Company and its group companies (excluding dispatched workers and workers seconded from companies outside the Group)
Frequency	Once a year
Response rate	83.1% (87.7% at the Company on a non-consolidated basis, 95.7% at domestic group companies, and 74.3% at overseas group companies)
Assessment criteria	Mainly the percentage of positive answers (percentage of persons who answered "Agree" or "Somewhat agree")
Survey items	A total of 63 questions regarding the three items of initiative, diversity, and workplace environment

* For negatively worded questions (questions where negative responses are considered more favorable), the percentage of persons who answered "Somewhat disagree" or "Disagree"

Initiatives and their results in FY2025

Percentage of organizations in a good or generally good state (consolidated)	FY2024	FY2025
	70%	73%

Statistical analysis using historical data identified the following categories as having particularly strong correlations with initiative and diversity:

- Workplace inclusion*
- Leadership by supervisors
- Initiative and a sense of purpose in work
- Organizational culture that encourages taking on challenges
- Positive workplace relationships

* Workplace inclusion refers to a state in which diversity is respected and employees' capabilities are recognized and can be fully exercised.

In FY2026, we will focus on these high-impact categories, identify strengths and weaknesses through workshops at each site, and support actions that lead to improvement. We will also expand good practices across the Company.

Target

FY2028: MHC engagement of 75% or higher (consolidated)
(percentage of organizations in a good or generally good state)

<Key initiatives>

- Hold workshops based on the results of survey conducted at each department.
- Analyze challenges by combining survey results and HR data.
- Analyze early warning signs of declines in MHC engagement.

b. Talent portfolio coverage ratio

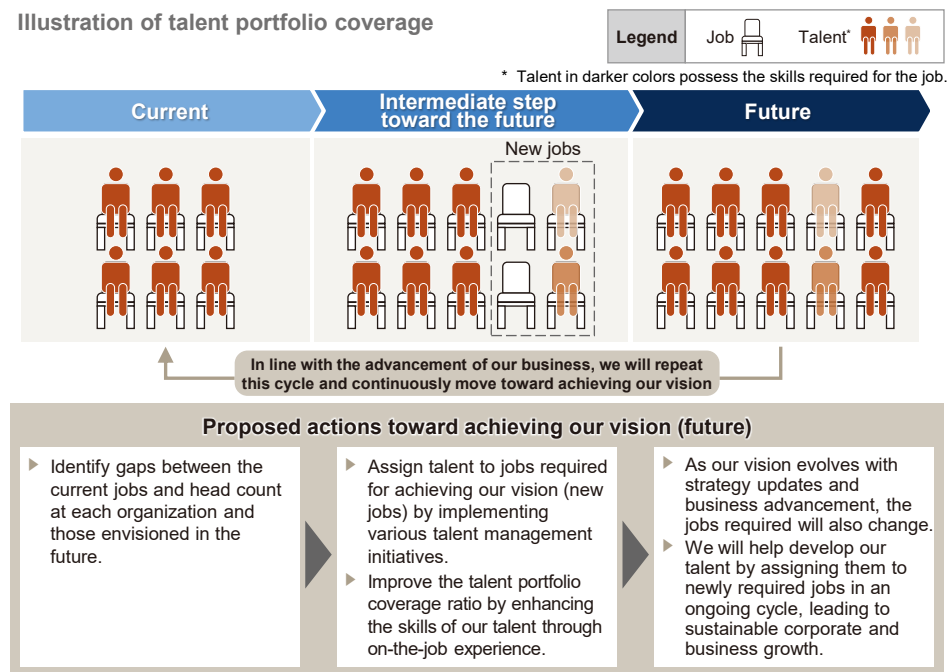
Definition

The percentage of appropriate talent assigned to positions necessary for executing our management strategies

Initiatives and their results in FY2025

- Visualized job information.
- Visualized talent information (including personality traits and skill levels).

Illustration of talent portfolio coverage



Target

FY2028: Talent portfolio coverage ratio of 80% or higher (non-consolidated)

<Key initiatives>

Hire, develop, and deploy talent who can take on positions essential for executing our management strategies.

■ c. Investment in talent development

Definition

Amount invested in enhancing recruitment and development

Initiatives and their results in FY2025

Invested approximately ¥650 million.

Target

FY2028: Increase investment in talent acquisition and development by at least 50% (non-consolidated) (compared to the FY2025 result).

<Key initiatives>

- Implement employer branding initiatives that contribute to enhancing the Mitsubishi HC Capital brand.
- Implement DX assessment targeting all employees and initiatives to improve digital literacy targeting designated employees.
- Implement training programs to drive leadership transformation.
- Expand trainee dispatch programs to develop global talent.
- Implement coaching and assessment initiatives to develop management talent.

■ Basic view on labor standards

Regarding labor standards for work hours, salaries, and other matters, the Group not only complies with the laws and regulations of the countries and regions where our sites are located but also goes beyond that to create an even better work environment. We aim to reduce overtime and ensure that living wages higher than the minimum level required by local laws are paid to employees not only in Japan but also at our overseas sites. Beyond this, we maintain high compensation levels in order to secure high-caliber talent.

To reduce overtime work, we disclose overtime hours by department and by line to all employees via our intranet, aiming to raise awareness among employees and spur a reduction of overtime. We also have measures to improve efficiency such as designating leave-work-early days. Through these measures we aim to reduce excessively long working hours to support employee well-being and work-life balance.

In FY2025, there were no violations of labor-related laws and regulations were identified within the Company.

Basic view on labor practices

Through dialogue and collaboration with the relevant stakeholders, our Group will rid our businesses and supply chains of all forms of exploitative labor practices, such as modern slavery, forced labor, human trafficking, and child labor.

Compliance with labor laws

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

Development of appropriate labor-management relations and labor relations

We have an employee association to maintain and develop appropriate labor-management relations. Through the association, we promote mutual cooperation among employees and between employees and the Company, strive to achieve the sound development of the Company's businesses, and enhance our employees' economic status by maintaining and improving labor conditions.

■ Basic view on human resources and the employee welfare benefits system

Our human resources system is job-focused, taking into account each person's job type and responsibilities. Excluding junior employees in the initial stage of development (those in their first through sixth years since being hired as new graduates), the grades and compensation of managers and non-managers vary. The objective is to develop and strengthen our talent while maximizing the performance of the entire organization by assigning the right people to the right positions, regardless of the year they entered the Company and their experience. The employee welfare benefits system offers company housing, allowances for employees posted away from their family, work from home allowance, and child-rearing/daycare subsidies, aiming to support our employees' lives and child-rearing.

Overview of the performance evaluation system

Once a year, we conduct (1) a performance evaluation to assess the results of the fiscal year (for all employees excluding new hires and other designated employees) and (2) a competency evaluation to assess behavioral characteristics (for career-track positions and business professionals*), aiming to maximize performance and promote growth as well as to ensure appropriate treatment based on fair evaluation. Both evaluations are based on the processes of self-evaluation and evaluation by managers. Regarding the performance evaluation, employees and their managers follow up on the employees' progress toward their goals during the relevant fiscal year and discuss measures to address issues. When an employee is transferred or their mission significantly changes during the fiscal year, their goals, which were set at the beginning of the fiscal year, can be flexibly revised.

Managers communicate the evaluation results to each member of their team in interviews or other opportunities, and both parties review the positive and negative points. The reviewed results are then used to set the employee's goals for the next fiscal year and to develop their abilities.

We also conduct 360-degree surveys on managers once a year to maintain and improve organizational management, incorporating feedback from their staff, colleagues, and other parties.

* Roles centered on specialized expertise

Overview of the compensation system

The Company's compensation system is structured to focus on each employee's job responsibility and rewards employees who have greater responsibilities. In addition to their roles and the levels of their responsibilities, we appropriately evaluate our employees' achievements and behaviors, with the aim of providing compensation that enables them to recognize their own growth and contributions. Going forward, in line with our talent strategy, we will further encourage employees to take on new challenges through greater differentiation in compensation based on their achievements and the challenges they take on.

We have implemented salary increases for four consecutive years from 2023 through 2026, taking into account social expectations from the government and business organizations, recent inflation trends, and market compensation levels.

Employee stock ownership program

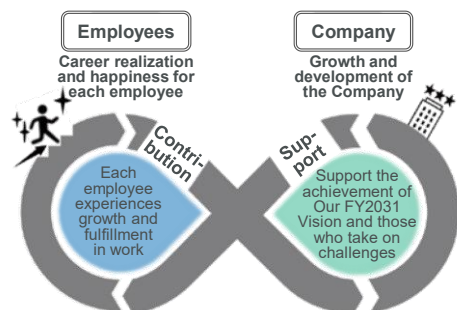
Under the Company's employee stock ownership program (ESOP), shares or cash equivalent to the value of the shares are awarded to eligible employees. Specifically, employees are awarded points linked to the Company's performance, and Company shares or cash equivalents are awarded to employees based on the number of points accumulated.

To implement this program, the Company has adopted an ESOP trust scheme, under which the Company entrusts funds to a trust bank in preparation for future share grants, and the trust bank acquires and holds the Company's shares.

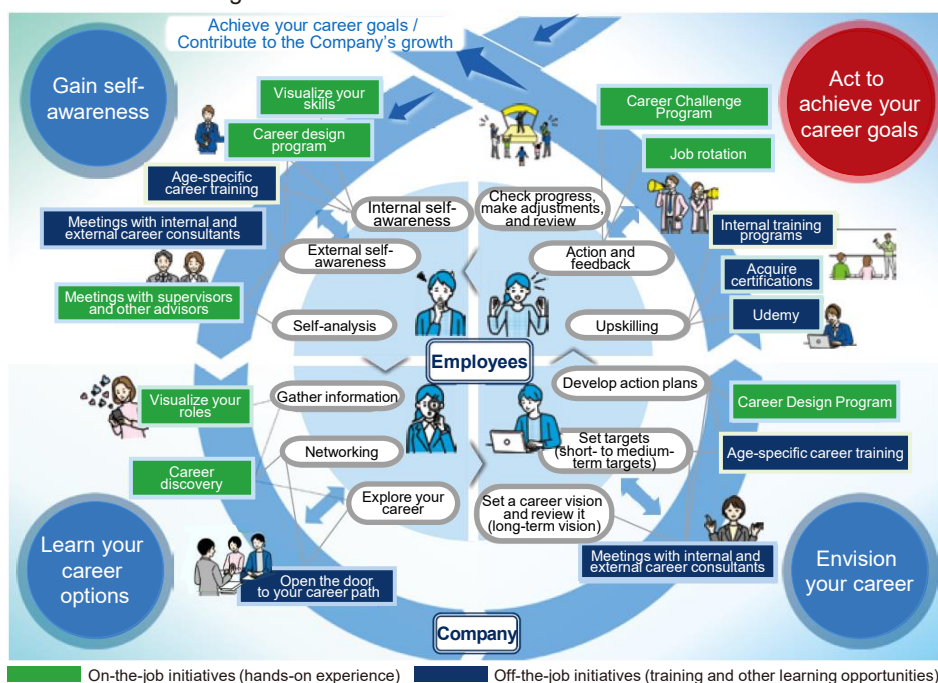
Through this program, we seek to foster a sense of unity and belonging among our employees to enhance our corporate value while further strengthening the Company's brand through proactive investment in talent.

Talent development programs

Our Group's talent development policy is to provide and support opportunities for talent development so that each employee can continue to take on challenges and create value on their own initiative.



The Group has systematically organized its talent development programs to support the independent career development of each employee and to develop talent who will drive medium- to long-term value creation.



Specifically, these programs are built on three pillars:

- ① Designing development programs linked to the Basic Management Policy
- ② Designing talent development programs that contribute to realizing Our FY2031 Vision, "Together we innovate, challenge and explore the frontiers of the future"
- ③ Fostering and instilling awareness of career ownership

In the development programs linked to the Basic Management Policy, we have set six main themes: base, career, by level, common core skills, self-development, and specialized development.

Toward realizing Our FY2031 Vision, we have introduced assignments to external programs and temporary transfers to venture companies. Through these programs, we provide opportunities for employees to be exposed to values and perspectives not available in their regular duties, while gaining practical experience in taking on new businesses and making swift decisions. In FY2025, three employees used these programs.

To foster and embed an awareness of career ownership, we offer a subsidy program that covers the costs of obtaining and renewing certifications recommended by the Company (for all employees including senior temporary employees), as well as the four programs under the Career Challenge Program that support employees' self-directed career development. From FY2025, we expanded the scope to include the Manager Challenge Program, for positions comparable to line manager, and the Overseas Challenge Program, which enables employees to take on assignments overseas. In addition, we newly launched the Career Discovery Program so that employees can learn about the appeal of various departments and link this to their own career development. Through these initiatives, we are creating an environment in which each employee can proactively think about their career and take action.

Career Challenge Program

1 Open recruitment (transfer to other departments)

A system for employees to build their careers through transfers to desired departments

2 Manager Challenge Program

A system for employees to build their careers through management experience in positions comparable to line manager or general manager

3 Temporary transfers to startup companies

A system for employees to build their careers through temporary transfers (secondments) to external startup companies

4 Overseas Challenge Program

A system for employees to build their careers through experience overseas as trainees or expatriates

■ Talent development programs (FY2025)

Program (theme)		Objective	Targets	No. of programs	No. of participants	Length			Cost	
						Total (minutes)	Total (hours)	Per person (hours)	Total (¥ in millions)	Per person (¥)
Base	DX	Maintaining employees' mindsets and skills for DX and enhancing the capabilities of DX promotion personnel		7	309	207,800	3,463	11	31,041,092	100,457
	Diversity	Promoting women's participation and advancement in the workforce, promoting senior participation in the workforce, and fostering a culture of diversity		11	472	115,645	1,927	4	15,874,489	33,632
	Sustainability	Acquiring knowledge about sustainability in general and raising awareness of human rights		1	77	9,240	154	2	0	0
	Integrity	Promoting integrity (eliminating harassment and improving moral and ethical standards)		3	2,146	146,460	2,441	1	5,678,826	2,646
	Global	Fostering a global mindset and improving various skills		7	247	400,990	6,683	27	22,899,782	92,712
	Finance	Supporting employee career advancement and reskilling		14	1,149	546,644	9,111	8	3,716,812	3,235
Career		Fostering employee career ownership and career development		4	107	33,120	552	5	4,941,534	46,183
By level		Improving the mindset and skills required at each level	Junior	9	523	1,072,080	17,868	34	40,273,729	77,005
			Mid-level	6	221	114,540	1,909	9	23,018,567	104,156
			Management-level	8	180	164,130	2,736	15	19,072,571	105,959
Common core skills		Improving the strategic thinking of talent who will drive the evolution and layering of business models		2	40	43,200	720	18	5,858,000	146,450
Self-development, specialized development, etc.		Financial support mainly for the self-development and professional development of employees in each department		53	33,346	2,734,796	45,580	1	49,343,251	1,480
Total				125	38,817	5,588,646	93,144	136	221,718,653	713,914

① Base

Positioning Our Mission, Our Vision, and Action Principles as the foundations of talent development, we support employees across the Group in acquiring the values and fundamental knowledge expected of them, utilizing training programs covering themes such as DX, diversity, sustainability, integrity, global business, and finance.

Key program example:

-DX Literacy Improvement Program (for all employees)

- We DX as an initiative to leverage data and digital technologies from a customer-centric and future-oriented perspective to create new customer value and enhance its quality. To lay the foundation for DX talent development, we offer DX literacy programs through the UdeMy Business platform to help employees maintain and enhance their DX literacy. We also offer the Creativity Development Workshop, which is designed to foster flexible and creative thinking, and the Data Analysis Workshop, where participants learn practical analytical techniques using Excel and experience the entire process from problem identification and hypothesis development to decision-making.

-Global Communication Skill Enhancement Program (for career-track employees in their fourth year or later after joining the Company as new graduates)

- This program is designed to help participants learn, in English, the thinking processes required in business, including analysis, issue identification, and solution development, while developing practical skills that can be applied in global business front lines. It is offered to employees engaged in overseas-related operations, those interested in overseas business, and those with a certain level of English proficiency.

② Career

To support the proactive career development of each employee, we implement a range of initiatives designed to foster and instill career ownership. Through age-specific career training programs, a career counseling program, and career-related events, we are creating an environment where employees can think of their careers and choose growth opportunities for themselves.

Key program example:

-Career Development Training Program for employees in their 20s, 30s, and 40s (age-specific training)

- For employees in their 20s: provided for employees in their fourth year with the Company to help them deepen their understanding of themselves and their work, and to consider future actions toward developing a career aligned with their aspirations.
- For employees in their 30s: designed to help employees at a career milestone reflect on themselves, proactively envision their future career paths, and consider actions to achieve their career goals.
- For employees in their 40s: designed to help them better understand themselves so that they can identify a fulfilling career direction and think about the actions they can take to achieve their career goals while keeping multiple future possibilities in mind.

-Career Counselling Program (for all employees)

- This program enables employees to talk directly with career consultants about their future career development. It allows employees to seek advice from either certified career consultants within the Company's Human Resources Department or external career consultants. Employees can choose whom to consult based on the nature and purpose of their queries.

③ By level

We provide level-based training programs for career-track and business professional employees to develop the competencies required at each job level. By providing learning opportunities tailored to employees' roles and expected competency levels, we support the continuous growth of our talent, who support the organization, and help them realize their full potential.

Key program example:

-Next-Generation Leader Development Program (non-managerial level)

- This program is designed to develop and enhance next-generation leaders who will assume future management roles. Over approximately seven months, non-managerial employees participate in a cycle of goal setting, on-the-job experience, feedback, and review related to management roles, with a view to acquiring the skills and mindset required for management positions.

-Logical Thinking Training Program (junior employees)

- This program is designed for junior employees to develop the ability to structurally identify and understand the operations and challenges within the areas of their responsibilities. Participants are expected to enhance their ability to identify challenges, think logically, and advance work by involving people around them.

④ Common core skills

To develop talent who drive the *evolution and layering of business models*, a business strategy articulated in the 2028 MTMP, we provide programs designed to strengthen the common core skills of all employees. In response to changes in the business environment, we help our employees develop the competencies and specialized skills required to create new value.

Key program examples:

-GLOBIS Management School Program (all employees)

-KEIO MCC Program (all employees)

⑤ Self-development and specialized development

To support employees' independent learning and enhance their expertise, we provide a learning environment that enables employees to acquire specialized knowledge regardless of which department they belong to. We support employees in acquiring the expertise and skills required for their roles by providing independent learning opportunities through the online learning platform UdeMy Business, as well as through the Certification Support Program and the Department-Specific Professional Learning Support Program.

Diversity, equity, inclusion, and belonging

■ Basic view on promoting diversity, equity, inclusion, and belonging

We position the promotion of diversity, equity, inclusion, and belonging (DEIB) as an important management strategy for the further expansion of the Group's business domains and global operations. With our policy for DEIB promotion initiatives in place, we are working on company-wide initiatives.

[Policy for DEIB promotion initiatives]

We seek to foster a vibrant corporate culture where each individual, as a member of an organization, creates new value with a sense of purpose, pride, and aspiration, by developing a work environment where diverse talent can leverage one another's strengths to maximize the impact of their individual motivations and abilities.

[Management message on promoting DEIB]

Mitsubishi HC Capital Group aims to be an organization that flexibly responds to changes in the environment and continues to create new value in order to achieve sustainable growth and enhancement of corporate value. The driving force behind this is the power of the organization created when people with diverse knowledge, experience, and values respect each other's differences and combine their diverse knowledge. We position DEIB as one of the foundations supporting human capital management. We will continue to provide new value to society by fostering an organizational culture in which diverse talent can demonstrate their individual characteristics and spontaneously take on challenges, regardless of nationality, age, gender, sexual orientation, gender identity, gender expression, race, presence or absence of disability, experience, values, thinking style, etc.

► Please see the following for details:

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

Initiatives to promote DEIB

We designate May as DEIB Month, during which we work to promote our employees' awareness and understanding of DEIB through various initiatives including information sharing, e-learning programs, and internal events. In FY2025, we invited external experts to deliver lectures on topics such as generation gaps and age diversity. We also provided an unconscious bias program for officers and a diversity management program for managers, with the aim of strengthening management capabilities to develop an environment where diverse talent can thrive.

In addition, we are working to foster an organizational culture that enables diverse talent to excel, by implementing various initiatives including events to promote understanding of LGBTQ+, the establishment of related internal systems, support for the career development of female employees, and programs that help employees achieve a better work-life balance.

■ Policy for initiatives to promote women's active engagement in professional life

Mitsubishi HC Capital believes that promoting the active participation of diverse human resources and leveraging their diverse values and personal attributes, such as nationality, age, and gender, is an important management strategy consideration that will enhance corporate competitiveness.

As such, in the area of promoting women's professional participation and advancement, we have implemented a range of measures based on enhancing support systems that enable work-life balance and creating a workplace environment in which each individual can fully exercise their talents and excel. Going forward, by continuing these measures while systematically nurturing and promoting well-qualified women, we aim to increase the percentage of women in management positions to 23% or more* by the end of FY2028.

* Target based on the Act on the Promotion of Women's Active Engagement in Professional Life

■ Establishment of an action plan under the Act on the Promotion of Women's Active Engagement in Professional Life

Based on the Act on the Promotion of Women's Active Engagement in Professional Life, we have established a General Employer Action Plan for the three-year period from April 1, 2026 to March 31, 2029.

Our public data based on the Act on the Promotion of Women's Active Engagement in Professional Life is available on the Ministry of Health, Labour and Welfare's website for supporting women's active engagement in professional life and their work-life balance.

► Database of companies promoting women's active engagement on the ministry's website for supporting women's active engagement in professional life and their work-life balance

<https://positive-ryouritsu.mhlw.go.jp/positivedb/> (Japanese only)

■ Initiatives to promote women's active engagement in the workplace

As part of its efforts to foster an environment where diverse talent can realize their full potential and thrive, the Group supports women's active engagement in the workplace across all stages from recruitment to talent development and promotion. In recruitment activities, we actively communicate information on our programs to help employees balance childcare and work, as well as career development support programs, through our recruitment website, brochures, and various recruitment events. In addition, employees who balance work and childcare, as well as those who have built diverse career paths, participate as speakers at recruitment events to share their experiences, helping job seekers gain a clearer picture of potential career paths and ways of working after joining our Group.

Furthermore, as part of our efforts to increase female management candidates, we send female employees to external training programs aimed at developing management skills and building networks outside the Company. We also offer career development programs for junior employees and selective leadership development programs for management candidates, intended both for male and female employees, to cultivate future leaders regardless of gender. The selective leadership development program helps participants deepen their understanding of their own leadership characteristics while providing opportunities to build mutual understanding among participants. In addition, participants' supervisors are actively involved in the program to deepen their understanding of how they can support the growth of candidates and develop an office environment conducive to their development, thereby promoting talent development across the organization.

■ Initiatives for new graduate and mid-career recruitment

To secure talent with diverse skills, experience, values, and other attributes, the Group engages in stable and strategic recruitment activities through both new graduate recruitment and mid-career recruitment.

In new graduate recruitment, we have introduced a course-based system comprising four courses—open, sales, IT/DX, and global—from the perspective of acquiring diverse talent. We have also newly implemented recruiter selection, in which frontline employees from each course serve as interviewers, enabling recruitment from multifaceted perspectives.

In mid-career recruitment, we are expanding our recruitment channels, such as employee referrals, a program to rehire employees who resigned in the past, and direct sourcing through which we scout talent. At the same time, taking into account changes in the external environment and the talent market, we are continuously working to maintain and improve competitive compensation levels, focusing on securing diverse motivated talent.

To help new employees quickly adapt to the workplace and play active roles at an early stage after joining the Company, we have established an education and development system. For new graduate hires, we provide training programs that develop fundamental business skills as well as sales and administrative capabilities, while also equipping them with the knowledge required for the financial services business, including finance, credit, accounting and taxation, and legal affairs. In addition, by utilizing a development checklist that clearly outlines the skills, mindset, and experience expected after joining the Company, we facilitate new employees' smooth adaptation to the workplace and their growth with ongoing support from mentors and supervisors assigned to each new employee.

We provide mid-career hires with a comprehensive training system, including open-application skill development programs, specialized seminars, and support for acquiring professional certifications. In addition, through regular career interviews, we offer opportunities for dialogue with managers and HR representatives, supporting flexible career development that aligns with changes in life stages and individual aspirations.

■ Initiatives for foreign employees

We are continuing to carry out our recruitment activities without being bound by nationality. In FY2025, there were 27 foreign employees at the Company (on a non-consolidated basis). In light of the current management environment, we recruit and hire individuals with the required qualities and capabilities regardless of nationality. After a foreign national has been hired, they are provided with the environment necessary for them to demonstrate their abilities, such as opportunities for education (job-level training, training for selected employees, e-learning, etc.) and promotion equivalent to those for Japanese employees.

We have been developing an internal environment that enables foreign employees to participate smoothly, including from a language perspective, through initiatives such as dispatching Japanese employees to overseas group companies, actively implementing education programs for Japanese employees to develop business-level English proficiency and global mindsets, and simultaneously disseminating important internal information in both Japanese and English.

Regular performance evaluation interviews with managers and HR interviews are conducted to provide appropriate support by offering an opportunity to share career plans and job-related concerns.

We will continue our efforts to increase the number of foreign managers by actively hiring and developing foreign nationals.

■ Initiatives to promote the participation of people with disabilities in the workplace

As part of its efforts to make the most of diverse talent, the Company advances initiatives to promote the active participation of people with disabilities in the workplace. We strive to provide a workplace environment where people with disabilities can work with peace of mind. To that end, we have a group that performs clerical tasks for the Human Resources Department and outsourced by various departments.

■ Initiatives for senior employees

The Company promotes initiatives that allow senior employees to continue to put the rich experience they have accumulated and their abilities to use. Our HR system has adopted a compensation system that focuses on each employee's job responsibility in order to appropriately compensate those undertaking jobs with increased responsibility. The same compensation system is also applied to employees who continue their employment after reaching retirement age. In addition, we conduct training for employees based on their age in order to promote independent career development and financial planning.

■ Diverse and flexible work styles

The Company has a number of initiatives to improve work efficiency. In addition to initiatives to curb overall working hours, such as reducing overtime work and encouraging employees to take paid leave, we have introduced systems that allow for flexible work styles, including flextime and work from home.

We have also established systems that enable our employees to work in ways that accommodate their individual circumstances. Through such efforts, we will continue to support our employees' work-life balance by creating an environment that allows them to work efficiently and fully demonstrate their motivations and abilities.

[Systems to support diverse and flexible work styles]

Flextime system	A "super-flex" system that permits employees to choose their working start and finish times without any core hours requirement, provided the standard monthly prescribed hours are fulfilled
Hourly leave system	A system that permits employees to take leave in increments of one hour for a total of up to five days annually within their regular paid leave allowance
Work from home	A system that permits employees to work from their homes for all or part of their work hours

[Initiatives to improve work-life balance]

Disclosure of man-hours worked	We disclose the number of man-hours worked by organization.
Leave-work-early days	We have established one day per week (Wednesday, in principle) whereby we recommend a workday of seven hours and 25 minutes or less with the utilization of the flextime system.

■ Support systems for balancing work with family life

The Company, via its systems, is proactively engaged in supporting the active participation of each of its employees over the long term and in the creation of a work environment that enables this. Through these systems, we support a balance between work and family life.

We were awarded a special recognition commonly known as the Platinum Kurumin certification 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. We also support men taking childcare leave, with 81.7% of male employees taking childcare leave in FY2025.*

We have also received accreditation known as Tomonin for our efforts to provide a work environment where both work and family care are possible, preemptively preventing the need to leave work for family care

* Calculated using the formula stipulated by the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (including seconded employees):
the rate of childcare leave taken = employees who took their first childcare leave in the target year ÷ employees who had or whose spouses had a child in the target year

[Support system for balancing work with childcare and family care]

Special pre-birth maternity leave	Leave that can be taken from within six months prior to the expected delivery date (a leave scheme unique to the Company)
Maternity leave	Leave that can be taken from six weeks prior to the expected delivery date until eight weeks from the day after birth
Childcare leave	Up to a total of three years of leave that can be taken in up to two installments until the child finishes the first grade of elementary school (the first 10 days of leave are paid)
Parental leave	Up to a total of four weeks of leave that can be taken in up to two installments within the first eight weeks after the child's birth (the first five days of leave are paid)
Childbirth leave	Up to five days of paid leave that can be taken when the employee's spouse is giving birth (from six weeks prior to the expected delivery date until eight weeks after birth)
Shortened working hours	A system that allows employees to reduce their daily working hours by up to two hours (in 30-minute increments) during pregnancy and until the child finishes elementary school
Leave to care for sick/injured child, etc.	Paid leave that can be taken until the child finishes the third grade of elementary school for reasons such as sickness, injury, vaccinations, class closures, and entrance ceremonies. This leave can be taken in half-day and hourly increments (five days a year for one eligible child and 10 days a year for two or more eligible children)
Subsidies for child-raising/daycare fees	A system that provides half of employees' monthly daycare fees (up to ¥30,000 per month)
Family care leave	Leave of absence that can be taken up to three times for a total of one year in principle for each case requiring caregiving per family member for whom caregiving is necessary
Time off for family care	Short-term paid leave that can be taken to engage in caregiving for family members. This leave can be taken in half-day and hourly increments (five days annually for one eligible family member requiring care and 10 days annually for two or more family members requiring care)

[Support system for balancing work and life]

Stored leave	A system that allows employees to take up to 60 days of carried-over paid leave that has become invalid, in case of personal injury or sickness, family caregiving, maternal health management, childcare, nursing, health promotion, etc.
Health support leave	Up to five days of paid leave that can be taken annually for employees' health issues or medical treatment, or nursing care for family members. This leave can be taken in half-day and hourly increments
Leave for infertility treatment	Unpaid leave of up to a total of one year for infertility treatment
Menstrual leave	Unpaid leave that can be taken by menstruating women whose work is severely compromised, in principle one day per month
Volunteer leave	Up to five days of paid leave that can be taken annually by employees to participate in volunteer activities that we approve, such as social welfare activities and environmental conservation activities
System for selecting work region	A system that allows employees to request changes to or selections for their areas of work based on their spouses' job transfer, childcare, caregiving, etc.
Leave to accompany spouse on transfer overseas	A system that allows employees to take unpaid leave from six months to three years to accompany their spouses who have been transferred overseas
System for rehiring resigned employees	A system that provides rehiring opportunities on a priority basis to employees who resigned due to unavoidable reasons, such as childcare, nursing, and their spouses' job transfer

Occupational health and safety

The Group places the highest priority on the health and safety of its officers and employees and strives to establish a work environment in which every officer and employee can pursue active roles with peace of mind.

We promote activities to ensure occupational health and safety on an ongoing basis while complying with applicable laws and regulations in the countries and regions where we conduct business and by placing importance on discussions with and participation by officers and employees.

Recognizing the maintenance and promotion of the physical and mental well-being of our officers and employees as a key management challenge, we work to raise their health and safety awareness through education and improve the work environment according to their health issues.

Through these efforts, we seek to continuously strengthen our occupational health and safety management system while ensuring transparent and appropriate disclosure of relevant information.

Occupational Health and Safety Policy

Basic Philosophy

The Mitsubishi HC Capital Group will actively implement ongoing initiatives prioritizing the health and safety of officers and employees to establish a comfortable work environment in which every officer and employee can pursue active roles with peace of mind.

1. Scope of application

This policy will apply to all persons engaged in duties at any Mitsubishi HC Capital Group company.

2. Legal compliance

We will comply with laws, regulations, and agreements related to occupational health and safety in the countries and regions where we conduct business activities.

3. Discussions with and participation of officers and employees

We will provide opportunities for discussions between officers, employees, and the Company, as well as their participation, to ensure health and safety management.

4. Support for maintaining and promoting health

We will proactively support officers and employees to maintain and promote their mental and physical health. At the same time, we will identify health issues of officers and employees, set priorities and quantitative goals for addressing the issues, and work for continued improvement of the work environment.

5. Educational and awareness-raising activities

We will regularly provide education on health and safety to raise the awareness of officers and employees.

6. Information disclosure

We will disclose these efforts on our corporate website and in other media.

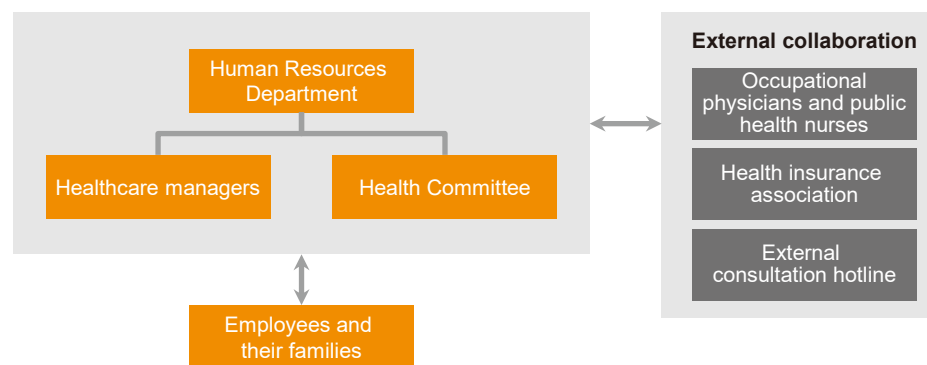
Occupational Health and Safety Policy

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

Health and safety activity promotion structure

Offices with 50 or more employees appoint representative members to operate a Health Committee. Every month, a health-related theme is set, and occupational physicians provide explanations and answer attendees' questions. Discussions are held with occupational physicians and public health nurses regarding initiatives for employees who work long hours or are considered high-risk.

We have also appointed healthcare managers at each office to improve the level of health and performance in the workplace.



Occupational health and safety targets

The Group has set the following targets under the 2025 MTMP and the Occupational Health and Safety Policy:

- Monthly average overtime: below 14 hours
- Industrial accidents: zero

<Results>

Item	FY2024	FY2025
Monthly average overtime	16 hours	14 hours
Number of industrial accidents	7	5

■ Occupational health and safety initiatives

As we narrowly missed our average monthly overtime target of below 14 hours set forth in the 2025 MTMP, we aim to achieve this goal in FY2026 by continuing to implement initiatives such as designating leave-work-early days and disclosing overtime hours by department and by line to all employees on the intranet. By raising the awareness of employees toward the reduction of overtime work and encouraging flexible working styles, we seek to improve the work-life balance of our employees.

In FY2025, a total of five industrial accidents were reported, comprising two work-related accidents and three commuting accidents. The two work-related accidents were caused by falls associated with employees' health conditions. We ensure that any accidents are promptly reported to supervisors and the Human Resources Department.

■ Health maintenance and promotion initiatives

We promote health and productivity management to enhance employees' performance. To reduce absenteeism^{*1} and presenteeism,^{*2} we encourage each employee to accurately understand their own health condition and take proactive steps toward preventing health issues and improving their well-being.

In FY2025, we implemented initiatives focused on three areas: physical health promotion, mental health promotion, and workplace environment enhancement. For physical health promotion, we held three walking events using a mobile app provided by our health insurance association to encourage employees to establish regular exercise habits. We also offered e-learning programs on sleep and rest, as well as nutrition seminars, to help employees review and improve their lifestyle habits. For mental health promotion and workplace environment enhancement, we designated November as Healthcare Month and worked to enhance understanding of mental health and strengthen management capabilities through e-learning programs focused on resilience and training program for managers to care for their team's mental health.

^{*1} Labor loss resulting from employee absences or leaves of absence due to illness or other health-related reasons.

^{*2} Productivity loss resulting from employees working with physical or mental health issues.

Building relationships with stakeholders

■ Multi-Stakeholder Policy

As Our Mission, the Company has set "Contribute to a prosperous and sustainable future by creating social value through maximizing the potential of assets."

In corporate management, we believe it is important to create value not only with shareholders but also with a wide range of stakeholders including employees, business partners, customers, creditors, and local communities. Accordingly, we promote appropriate collaboration with multiple stakeholders.

We also recognize that appropriately sharing earnings and outcomes generated through value co-creation and productivity improvements with multiple stakeholders helps sustain wage growth momentum and supports sustainable economic growth.

Based on this recognition, we have established the Multi-Stakeholder Policy with a focus on returning value to employees and giving due consideration to our business partners.

► Multi-Stakeholder Policy

https://www.mitsubishi-hc-capital.com/sustainability/pdf/multi_stakeholder.pdf
(Japanese only)

■ Partnership Building Declaration

To promote mutual prosperity and sustainable value creation across the supply chain, we have published the Partnership Building Declaration.

With this declaration, we promote collaboration beyond corporate size and business affiliations based on relationships of trust with our business partners, aiming to enhance added value throughout the supply chain. Through collaboration not only with our direct business partners but also with indirect business partners, we are working to strengthen business continuity capabilities, improve operational efficiency, and address social issues such as decarbonization.

In addition, in compliance with the promotion standards under the Act on the Promotion of Subcontracting Small and Medium-sized Enterprises, we strive to improve business practices by ensuring fair pricing, improving payment terms, and appropriately managing intellectual property rights, thereby avoiding practices that impose excessive burdens on our business partners. Through these efforts, we aim to build healthy and fair business relationships and realize a sustainable supply chain.

We will continue to work closely with our partner companies to create both social and economic value.

► Partnership Building Declaration

<https://www.biz-partnership.jp/declaration/129763-11-00-tokyo.pdf> (Japanese only)

Human resources data (non-consolidated)

■ Employees

Item	Unit	FY2021	FY2022	FY2023	FY2024	FY2025
Number of employees	Total	2,235	2,182	2,140	2,102	2,111
	Male	1,361	1,307	1,261	1,240	1,247
	Female	874	875	879	862	864
Number of employees: male-to-female ratio (Japan)	Male	61	60	59	59	59
	Female	39	40	41	41	41
Number of temporary and non-regular employees	Total	271	284	272	265	264
	Male	102	104	104	101	101
	Female	33	37	32	22	25
Distributon of employees by country/region	Total	2,235	2,182	2,140	2,102	2,111
	Japan	2,229	2,174	2,130	2,086	2,093
	Europe	0	0	0	0	0
	Americas	4	5	7	15	16
	China	0	0	0	0	0
Number of non-Japanese employees	Total	-	20	20	23	27
	Female	-	20	20	23	27
Percentage of non-Japanese employees	Total	-	0.9	0.9	1.1	1.3
Percentage of female employees among STEM talent with IT certifications*	Total	-	-	-	-	36.0
Percentage of employees by age group	Under 30	18.5	16.9	16.6	16.6	17.1
	30-39	31.7	31.3	30.9	31.5	29.9
	40-49	28.1	28.5	28.6	29.6	29.4
	50-59	20.4	21.9	22.4	21.0	22.1
	60 or higher	1.3	1.6	1.5	1.3	1.5
Average years of service	Total	15.5	15.8	15.5	15.3	15.1
	Male	16.5	16.7	16.5	16.3	16.2
	Female	13.8	14.4	14.2	13.8	13.6
Average age	Total	40.4	41.0	41.3	40.5	40.6
	Male	41.8	42.4	42.6	41.9	41.9
	Female	38.2	38.9	39.4	38.5	38.7
Scope		c	c	c	c	c

* Talent with IT certifications refers to employees who possess at least one of the following certifications: IT passport, systems administrator, fundamental information technology engineer, applied information technology engineer, systems architect, or JDLA Deep Learning for GENERAL.

■ Managers

Item	Unit	FY2021	FY2022	FY2023	FY2024	FY2025
Number of managers	Total	458	421	375	360	357
	Male	394	362	315	294	278
	Female	64	59	60	66	79
	(Breakdown) Senior managers	-	-	-	-	70
	Middle managers	-	-	-	-	255
Percentage of male managers	First-line managers	-	-	-	-	32
	Profit-earning divisions	86.0	86.0	84.0	81.7	77.9
Percentage of female managers	Corporate Center divisions	-	-	88.2	88.3	84.4
	Profit-earning divisions	14.0	14.0	16.0	18.3	22.1
Percentage of managers hired mid-career and non-Japanese managers	Corporate Center divisions	-	-	11.8	11.7	15.6
	Mid-career hires	-	24.9	23.5	24.4	22.7
Number of managers in profit-earning divisions	Non-Japanese	-	0	0	0	0
	Male	288	254	218	203	186
Managers in positions equivalent to Subsection Chief (Team Leader)	Female	40	45	47	54	62
	Total	-	-	927	923	946
Percentage of managers in positions equivalent to Subsection Chief (Team Leader)	Male	-	-	562	573	584
	Female	-	363	365	350	362
Percentage of managers in positions equivalent to Subsection Chief (Team Leader)	Male	-	-	60.6	62.1	61.7
	Female	-	-	39.4	37.9	38.3
Scope		c	c	c	c	c

Contents	Basic information	Governance	Environmental	Social
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■ Salary and compensation

Item	Unit	FY2021	FY2022	FY2023	FY2024	FY2025
Average annual salary (base salary + other cash incentives)	Total	8.7	9.2	9.8	10.1	10.3
	Male	-	-	-	-	11.9
	Female	-	-	-	-	7.8
Gender salary gap of regular employees (average salary of females / average salary of males)	Total	-	64.9	64.6	64.2	66.3
	Managers	-	-	-	-	71.9
	Non-managers	-	-	-	-	68.5
Average annual salary of managers by gender	Total	-	-	-	-	15.1
	Male	-	13.6	14.9	15.6	16.1
	Female	-	10.2	10.9	10.8	11.6
Average annual salary of non-managers by gender	Total	-	-	-	-	9.2
	Male	-	9.5	10.1	10.4	10.6
	Female	-	6.6	7.0	7.2	7.4
Initial salary of new graduates	Bachelor	¥315,000/month (career-track positions, entered in April 2026)				
	Master	¥335,000/month (career-track positions, entered in April 2026)				
Ratio of new hires' standard salary to the minimum wage of Tokyo / weighted national average	Career-track positions	Tokyo: 173.6% Weighted national average: 189.9%				
* Neither of the career paths has a gender requirement. There is no salary gap between the regions of hiring.	Business professionals	Tokyo: 141.1% Weighted national average: 154.3%				
Scope		c	c	c	c	c

■ Hiring and employment

Item	Unit	FY2021	FY2022	FY2023	FY2024	FY2025
Number of new hires by age (total of new graduates and mid-career hires)	Total	83	52	89	162	160
	Male	-	-	-	-	92
	Female	-	-	-	-	68
	20-29	61	32	50	88	94
	30-39	13	11	27	51	45
	40-49	8	8	10	20	19
	50-59	1	1	2	3	2
Number of new graduates hired	Total	58	30	46	73	84
	Male	-	-	-	-	38
	Female	-	-	-	-	46
Number of mid-career hires	Total	-	-	-	-	76
	Male	-	-	-	-	54
	Female	-	-	-	-	22
Percentage of mid-career hires	Total	37.0	49.2	56.6	56.3	47.5
Percentages of males and females among new hires	Male	66.2	51.1	58.7	58.0	57.5
	Female	33.8	48.9	41.3	42.0	42.5
Percentages of males and females among new graduates hired	Male	56.9	43.3	53.5	58.3	45.2
	Female	43.1	56.7	46.5	41.7	54.8
Percentages of males and females among mid-career hires	Male	-	-	-	-	71.1
	Female	-	-	-	-	28.9
Number of people with disabilities employed (March)	Total	62	70	74	77	80
Percentage of people with disabilities employed (annual average)	Total	2.4	2.5	2.7	2.8	2.7
Number of people reemployed	Total	54	54	55	53	67
	Male	48	48	51	43	56
	Female	6	6	4	10	11
Turnover rate (voluntary)	Total	3.4	2.4	2.4	2.1	1.7
	Male	-	-	-	-	1.9
	Female	-	-	-	-	1.3
Total turnover rate	Total	-	-	2.9	2.8	1.9
	Male	-	-	3.2	3.0	2.1
	Female	-	-	2.5	2.4	1.5
	20-29	-	-	1.7	1.7	1.4
	30-39	-	-	3.1	2.5	1.2
	40-49	-	-	2.0	2.8	2.3
	50-59	-	-	2.9	1.6	1.9
	60-69	-	-	-	-	-
Scope		c	c	c	c	c

■ Use of various systems

Item		Unit	FY2021	FY2022	FY2023	FY2024	FY2025
Percentage of maternity and parental leave taken	Total	%	100	100	100	100	100
Number of employees who took reduced working hours for childcare	Total	Persons	163	161	182	158	163
	Male		-	-	-	-	2
	Female		-	-	-	-	161
Number of employees who took childcare leave	Total	Persons	82	105	112	85	94
	Male		-	-	-	-	58
	Female		-	-	-	-	36
Percentage of employees who took childcare leave	Male	%	82.3	97.1	113.0	81.7	81.7
	Female		103.3	97.4	103.0	105.9	92.3
Percentage of employees returning to work after childcare leave	Male	%	-	-	-	-	100
	Female		100	97.8	97.5	100	100
Number of employees who took family care leave / time off	Total	Persons	17	9	15	18	24
	Male		-	-	-	-	14
	Female		-	-	-	-	10
Total days of family care leave taken by employees who took leave	Total	Days	-	25	38	52	80
Scope			c	c	c	c	c

■ Working hours and holidays

Item		Unit	FY2021	FY2022	FY2023	FY2024	FY2025
Annual total working hours per employee	Total	Hours	-	1,946	1,963	1,909	1,865
Annual working hours exceeding the statutory limit per employee	Total		-	233	226	189	169
Monthly average overtime hours per employee	Total		-	19	19	16	14
Percentage of annual paid holidays taken	Total	%	63.7	68.7	74.4	76.9	78.0
Number of annual paid holidays granted	Total	Days	-	19.8	19.8	19.8	19.7
Number of annual paid holidays taken	Total		-	13.6	14.7	15.3	15.4
Scope			c	c	c	c	c

■ Training and support for acquisition of qualifications

Item		Unit	FY2022	FY2023	FY2024	FY2025
Total hours of training	Total	Hours	68,474	62,844	104,270	97,493
Annual average hours of training per employee	Average		30.1	29.4	49.6	46.2
	Age 20-29		60.9	65.9	108.0	110.2
	Age 30-39		23.9	19.4	37.1	39.6
	Age 40-49		21.4	16.8	40.5	30.4
	Age 50-59		24.5	20.4	36.8	28.4
	Age 60-69		55.7	43.9	31.7	21.3
	Male		30.6	30.1	49.3	49.2
	Female		29.3	22.3	50.0	41.9
	Managers		18.9	29.8	48.6	37.5
	Non-managers		32.8	26.3	49.8	48.0
Annual average days of training per employee	Total	Days	4.1	4	6.7	6.2
Total cost of training	Total	¥ in millions	216	318	285	270
Annual average cost of training per employee	Average	¥	99,407	180,230	135,721	128,127
	Age 20-29		214,446	360,030	240,421	216,050
	Age 30-39		83,193	95,589	77,920	121,717
	Age 40-49		67,280	70,822	80,027	93,056
	Age 50-59		75,823	81,519	73,072	91,298
	Age 60-69		94,827	36,926	22,425	34,481
	Male		107,044	149,421	112,300	137,005
	Female		87,999	97,641	90,336	97,518
	Managers		72,387	156,003	139,175	137,167
	Non-managers		105,866	122,235	95,827	117,499
Percentage of employees who took training	Total	%	99	91	99	99
Number of training types	Total	Types	3	3	3	3
Training participants	Total	Persons	2,157	1,955	2,102	2,087
Participants in the Next-Generation Leader Development Program	Total		10	30	30	22
Number of employees who acquired certifications eligible for public certification incentives	Total		670	912	518	350
Scope			c	c	c	c

Occupational health and safety data

Item		Unit	FY2023	FY2024	FY2025
Number of serious accidents	Total	Cases	0	0	0
Number of industrial accidents	Total		4	7	5
Number of fatalities related to industrial accidents	Total	Persons	0	0	0
Industrial accident frequency rate	Total	%	0	0	0
Annual industrial accidents rate per 1,000 workers	Total		0	0	0
Number of lost time accidents	Total	Cases	0	1	1
Lost time accident severity rate	Total	%	0	0	0
Cases of telephone health counseling service being used	Total	Cases	86	67	40
Scope			c	c	c

Health-related data

Performance indicators

Item		Unit	FY2023	FY2024	FY2025
Absenteeism ^{*1}	Total	Days	1.1	1.5	1.9
Presenteeism ^{*2}	Total	%	17.5	11.3	8.8
Scope			c	c	c

*1 Average number of days lost due to illness or injury per employee (annual total number of absence and leave days ÷ average annual number of employees) [number of respondents / response rate for FY2025: 3,007 / 93%]

*2 Average productivity loss rate due to physical or mental health issues during the previous four weeks, based on the Single-Item Presenteeism Question developed by the University of Tokyo [number of respondents / response rate for FY2025: 3,217 / 100%]

Indicators on health investment initiatives

Item		Unit	FY2023	FY2024	FY2025
Regular health checkup participation rate	Total	%	100	100	100
Specific health guidance participation rate	Total		24.1	15.9	-
Stress check participation rate	Total		92	88.6	93
Average participation rate in walking events	Total		-	22.2	41.1
Completion rate of e-learning on women's health issues	Total		-	95.7	-
Employee health literacy score ^{*3}	Total	Score	-	-	19.6
Scope			c	c	c

*3 Scores are assigned based on questionnaire responses on a scale of 5 to 25. A higher total score indicates a higher level of communicative and critical health literacy.

Indicators on physical health

Item		Unit	FY2023	FY2024	FY2025
Percentage of employees who exercise regularly	Total	%	26.7	26.2	27.8
Percentage of employees who walk regularly	Total		32.7	38.9	41.4
Percentage of employees who get sufficient rest through sleep	Total		64	67.4	67.1
Percentage of employees with a healthy body weight	Total		65.7	67	67
Scope			c	c	c

Indicators of mental health

Item		Unit	FY2023	FY2024	FY2025
Number of employees on leave of absence due to mental health issues	Total	Persons	27	32	43
Percentage of employees on leave of absence due to mental health issues	Total	%	0.85	0.99	1.35
Percentage of highly stressed employees	Total		11.8	10.8	11.6
Scope			c	c	c

Human resources data (consolidated)

■ Employees

Item		Unit	FY2024	FY2025
Number of employees	Total	Persons	8,348	7,993
	Male		4,674	4,380
	Female		3,674	3,613
Number of employees: male-to-female ratio (Japan)	Male	%	56	55
	Female		44	45
Average years of service	Total	Years	10.9	11.0
	Male		12.2	11.6
	Female		10.1	10.2
Average age	Total	Age	41.9	42.0
	Male		43.0	43.7
	Female		40.1	40.6
Scope			a-	a-

■ Managers

Item		Unit	FY2024	FY2025
Number of managers	Total	Persons	1,751	1,565
	Male		1,269	1,114
	Female		482	451
Percentage of female managers	Total	%	28	29
Scope			a-	a-

■ Salary and compensation

Item		Unit	FY2024	FY2025
Average annual salary (all employees)	Total	¥ in millions	9.4	9.4
Scope			b	b

■ Hiring and employment

Item		Unit	FY2024	FY2025
Turnover rate (voluntary)	Total	%	5.4	6.1
Scope			a-	a-

■ Use of various systems

Item		Unit	FY2024	FY2025
Percentage of maternity and parental leave taken	Total	%	85.9	100
Number of employees who took reduced working hours for childcare	Total	Persons	212	231
Number of employees who took childcare leave	Total		116	120
Percentage of employees who took childcare leave	Male	%	74.7	78.8
	Female		100	103.9
Number of employees who took family care leave / time off	Total	Persons	29	41
Total days of family care leave taken by employees who took leave	Total	Days	100	122
Scope			b-	b-

■ Working hours and holidays

Item		Unit	FY2024	FY2025
Percentage of annual paid holidays taken	Total	%	81.3	83.0
Scope			a-	a-

■ Training and support for acquisition of qualifications

Item		Unit	FY2024	FY2025
Total hours of training	Total	Hours	174,964	168,307
Total cost of training	Total	¥ in millions	568	613
Scope			a-	a-

■ Health-related data

Item		Unit	FY2024	FY2025
Regular health checkup participation rate	Total	%	100	100
Scope			b-	b-

* Human resources data (consolidated): The figures in the ESG Data Book 2026 and those in the Securities Report may not match due to differences in target employee categories.

Social contribution

Basic view on social contribution

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

We believe that social contribution activities help us achieve Our Mission. Therefore, we are engaging in activities that align with the direction of the Company, including our Basic Management Policy and materialities, ensuring that they are continuous and involve our employees.

We also place importance on ensuring that employees participate in the activities after gaining an understanding of the activities' significance and the social issues they address. To this end, we have established the LTA (learn, think, and act) program, under which employees first deepen their understanding of relevant social issues through lectures and workshops led by experts and then put that learning into practice through social contribution activities.

► Please see the following webpage for details:

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

FY2025 major social contribution programs, the number of participants, and hours of activities

Activity	Type of activity	Date	Number of participants	Breakdown	Per person		Notes
				MHC	Group companies	Hours (h)	
Internal sales event of fair trade products	A lecture by an expert	May 26, 2025	57	51	6	1.00	• Lecture theme: SDGs are not someone else's responsibility—the power of fair trade to transform corporate culture
	Sales event	May 29 and 30, 2025	190	-	-	2.00	• The number of participants represents the total of event volunteers and visitors. • The hours represent the duration of the sales event.
Artbility: support for artists with disabilities	A lecture by an expert	July 11, 2025	55	49	6	1.00	• Lecture theme: Art created by people with disabilities—its appeal and potential
	Employee voting	July 14-28, 2025	411	-	-	0.08	• A breakdown of participants is not available since voting was conducted anonymously.
Nurturing a forest that produces less pollen—The Forest of Mitsubishi HC Capital Group	A lecture by an expert	October 2, 2025	54	49	5	1.00	• Lecture theme: The significance of planting trees and nurturing forests—what companies can do
	Forest nurturing activities	October 5, 2025	23	20	3	1.50	
FIT for Charity Run	Online	November 10-30, 2025	142	81	61	4.50	
	On-site	December 7, 2025					
Volunteer snow removal in the areas designated as special heavy snowfall area	A lecture by an expert	January 26, 2026	34	32	2	1.00	• Lecture theme: Challenges facing heavy snowfall areas in an era of population decline and the significance of snow removal volunteers
	Volunteer snow removal	February 7 and 8, 2026	24	20	4	3.30	
Total			990	302	87	-	
Scope			b				

■ Activities conducted for local communities and awareness gained through them



Snow removal volunteer

<Overview>

A volunteer snow removal activity in areas designated as special heavy snow areas by the Act on Special Measures concerning Countermeasures for Heavy-snowfall Areas, mainly at houses where elderly people live alone. We began this activity in FY2018 to help resolve a shortage of people removing snow due to the declining birthrate, aging population, and depopulation. As of the

end of FY2025, volunteers removed snow from 49 houses. Local residents expressed their appreciation, commenting that they had been unable to remove the snow by themselves and that they were extremely grateful for the support.

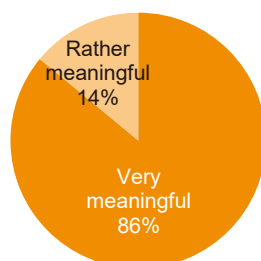
<FY2025 activity details>

- Date: February 7 and 8, 2026
- Location: Former Yamakoshi Village, Nagaoka City, Niigata Prefecture
- Number of participants: 24 officers and employees of the Group
- Number of buildings: 5 houses

<Comments from participants>

- By working alongside local residents, I had the opportunity not only to learn about social issues but also to experience them as challenges connected to our own daily lives. What left a stronger impression on me than the snow-shoveling itself was the conversations I had with the locals and the opportunity to witness the ingenuity and efforts that support their daily lives. These firsthand experiences encouraged each of us to reflect on our relationship with society and consider how individuals and the Company should contribute to society.
- This experience brought home the fact that snow removal in heavy snowfall regions with aging populations is an urgent issue. Although the contribution of any one individual may be small, I think that collective efforts can make a significant difference. I believe that we can contribute to society by continuing these initiatives to address challenges faced by communities.

Was it meaningful to participate in the activity?



* Chosen from the following five options:

- Very meaningful
- Rather meaningful
- Neutral
- Not very meaningful
- Not meaningful at all



FIT for Charity Run

<Overview>

In this charity run event, we donate sponsorship money and entry fees from participants to charitable organizations that have only limited fund-raising capabilities. It has been held since 2005 by like-minded individuals in the financial industry and is intended to be a powerful expression of the industry's collective commitment to making a positive

contribution to the community and to strengthen ties within the industry.

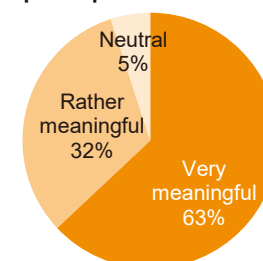
<FY2025 activity details>

- Date: December 7, 2025 (online: November 10-30, 2025)
- Location: Roads around Meiji Jingu Gaien
- Number of participants: 142 officers and employees of the Group and their family members
- Amount of donations: ¥1,508,000 (distributed equally among eight organizations that provide support in areas such as healthcare, poverty, and employment)

<Comments from participants>

- It was the first time for me to participate in a charity event, but it was easy to get involved because it was related to a hobby of mine. It encouraged me to positively consider taking part in other charity events going forward.

Was it meaningful to participate in the activity?



* Chosen from the following five options:

- Very meaningful
- Rather meaningful
- Neutral
- Not very meaningful
- Not meaningful at all



Left: Mr. Kazuhiko Takeuchi, Head of Corporate & Strategic Planning Division and Senior Management Executive Officer, Mitsubishi HC Capital

Right: Mr. Tomonori Yoshino, recipient of the Mitsubishi HC Capital Special Award at the 37th Artbility Awards

Artbility: support for artists with disabilities <Overview>

Since 1998, we have sponsored the Artbility Awards, a program managed by the social welfare corporation Tokyo Colony that supports artists with disabilities. We present the Mitsubishi HC Capital Special Award to recognize artists who share our pioneering, ambitious spirit and continuously take on bold new challenges. Artworks registered with Artbility are used in various publications and media by companies, municipalities, and other organizations, with royalties paid to the artists.

The recipient of the Mitsubishi HC Capital Special Award is decided by a vote of employees every year.

We provide further support for the artists by paying royalties to use their artworks on the covers of our calendars, shareholder newsletters, and ESG Data Book.

<Y2025 activity details>

- Date: July 14-28, 2025
- Number of votes: 411
- Amount of donations: ¥800,000 (sponsorship money for the Artbility Award)
- The Company's materials that used award-winning artworks: the 55th interim shareholder newsletter, ESG Data Book 2025, and 2026 calendar

<Comments from participants (at the time of voting by employees for the artist)>

- Despite the difficult circumstances he faces, he has continued his artistic activities without giving up. I was impressed by his inner strength and thought that he fulfills one of the award criteria: an artist who strives to continue creating artwork while facing his own circumstances.
- Despite living with a disability, he taught himself to paint and has continued his artistic activities. I felt that he is truly a person with a pioneering spirit who continuously takes on bold new challenges.

Expenses related to the Group's social contribution activities

Category	Item	Unit	FY2021	FY2022	FY2023	FY2024	FY2025
Environment	Expenses	¥ in millions	5.0	5.6	18.8	26.7	27.4
	Percentage	%	4.8	4.6	15.5	13.4	17.1
Human development	Expenses	¥ in millions	2.5	2.5	14.8	11.8	11.4
	Percentage	%	2.4	2.1	12.2	6.0	7.2
Welfare and health	Expenses	¥ in millions	11.5	66.0	19.4	67.1	39.4
	Percentage	%	11.0	54.7	16.0	33.9	24.7
Safety and security	Expenses	¥ in millions	62.9	40.4	26.0	15.4	11.5
	Percentage	%	60.1	33.5	21.4	7.8	7.2
Regional contribution, etc.	Expenses	¥ in millions	22.8	6.1	42.3	77.0	69.9
	Percentage	%	21.8	5.1	34.9	38.9	43.8
Total		¥ in millions	104.7	120.7	121.2	197.9	159.6
Scope			a	a	a	a	a

(Note) Expenses are presented in millions of yen and rounded to one decimal place. Consequently, the sum of the amounts in each category may not equal the total amount due to rounding.

Financial inclusion

The Group has identified “Collaborate with partners locally and globally” as one of its materialities. To realize this goal, we place importance on the concept of financial inclusion, which seeks to expand access to financial services and economic opportunities, and support the independent growth of communities and individuals.

■ Initiatives to expand access to finance

[Mitsubishi HC Capital]

Through the provision of a diverse range of financing solutions, the Company supports customers ranging from large companies to small and medium-sized enterprises, as well as sole proprietors. In addition to finance leases and operating leases, we offer a variety of services, including installment sales, rental services, sales financing through partnerships with vendors, and support for the introduction of energy-efficient and decarbonization-related equipment. These services provide customers with financing options to secure the funds necessary for their capital investments and business activities.

To support these services, we have established a nationwide sales network consisting of five offices, and 17 branches, sales departments, and business offices in Japan (as of March 31, 2026), enabling us to serve customers throughout the country.

We also provide MileOn, an online service designed to enhance customer convenience and expand access to financial services for small and medium-sized enterprises and sole proprietors. For finance lease and installment sales transactions involving equipment priced at up to ¥8 million, customers can complete the entire process from application to contract conclusion online. The service also supports electronic contracts, enabling customers to secure financing quickly and flexibly.

By strengthening both our face-to-face and digital channels, we are improving customers' access to financial services and thereby supporting the sustainable growth of small and medium-sized enterprises and sole proprietors. Through these efforts, we contribute to the further expansion of financial inclusion and the growth of regional economies.

MileOn results

Item	Unit	FY2023	FY2024	FY2025
Number of user companies	Companies	33	278	240
Small and medium-sized enterprises		28	133	76
Sole proprietors		5	145	164
Transaction amount	¥ in millions	27.4	411.4	326.0
Small and medium-sized enterprises		25.2	272.1	140.2
Sole proprietors		2.2	139.3	185.7

► MileOn

<https://www.mitsubishi-hc-capital.com/service/list/mileon.html> (Japanese only)

[Mitsubishi HC Capital Asia Pacific Pte. Ltd.]

Mitsubishi HC Capital Asia Pacific Pte. Ltd. (hereinafter “MHCAP”) is working to expand access to financial services for a broad range of customers by providing diverse financial solutions to both individuals and corporate customers.

For individual customers, MHCAP offers consumer financing solutions such as auto loans and auto leasing, providing customers with access to necessary means of transportation and other assets without the need for large upfront payments. Through these services, MHCAP contributes to creating a financial environment in which individual customers can access financial services according to their lifestyles and financial circumstances.

For corporate customers, MHCAP provides leasing and financing services to companies including small and medium-sized enterprises, for the acquisition of business equipment such as commercial vehicles, industrial machinery, construction equipment, IT equipment, and office automation equipment. MHCAP provides financial support to enable customers to make the capital investments necessary for their business operations while reducing the impact on cash flow, thereby contributing to their productivity improvements and business continuity.

Focusing on providing flexible and easy-to-understand financial solutions, as well as customer-focused support services, MHCAP is committed to reducing psychological and procedural hurdles to accessing financial services. These initiatives are closely aligned with the concept of financial inclusion, which seeks to expand access to financial services for a broader range of people and businesses.

In addition, MHCAP has adopted a management policy of contributing to addressing social issues, aiming to create social value through its business activities. Through the provision of financial services, MHCAP seeks to contribute to the sustainable development of local communities and diverse stakeholders.

[Mitsubishi HC Capital (Thailand) Co., Ltd.]

Mitsubishi HC Capital (Thailand) Co., Ltd. (hereinafter “MHCT”) is committed to expanding access to financial services in Thailand by providing a diverse range of financial solutions that address the financing needs of small and medium-sized enterprises.

MHCT offers a variety of financial solutions including finance leases, installment sales, sale-and-leaseback transactions, and operating leases, primarily for small and medium-sized enterprises. These services provide customers with timely access to the assets and funding necessary for capital investments, thereby supporting the rapid growth of their businesses.

In addition, MHCT provides financing for a wide range of assets, including industrial machinery, medical equipment, forklifts, vehicles, and office equipment, offering flexible financing options tailored to customers' industries and business sizes. These solutions help reduce hurdles to capital investment for a diverse range of companies including small and medium-sized enterprises and contribute to expanding their access to financial services.

Furthermore, MHCT provides diverse financing methods that allow for optimal financing solutions based not only on customers' financial conditions but also on the value of the underlying assets. This broadens customers' financing options and helps improve their access to financial services.

Based on its management policy of creating social value through maximizing the potential of its assets, MHCT aims to help address social issues and contribute to realizing a sustainable society through its business activities. Under this policy, MHCT helps its customers strengthen competitiveness and supports the development of regional economies through the provision of financial services, thereby contributing to the sustainable growth of Thai society.

■ Initiatives to improve financial literacy

[Mitsubishi HC Capital]

On January 13, 2026, President & CEO Hisai of Mitsubishi HC Capital, delivered a lecture as Chairman of the Japan Leasing Association (at the time) on leasing that creates a sustainable society, a special course sponsored by the Japan Leasing Association offered at Waseda University. This course, which started in FY2023, features lectures by speakers from a wide range of backgrounds, including those from the leasing industry, customer companies, business partners, and government agencies. In FY2025, 176 students from various schools and academic years enrolled in the course.

The course was held over approximately four months beginning in October and provided students with an opportunity to deepen their understanding of the social role and significance of leasing. In addition to learning the fundamentals of leasing, students explored multifaceted topics such as case studies of leasing in the aircraft, automotive, and renewable energy sectors, as well as taxation, legal affairs, and the relationship between industrial policy and leasing. At the last session of the course, Mr. Hisai delivered a lecture on the future outlook of the leasing industry.



[PT. Mitsubishi HC Capital and Finance Indonesia]

PT. Mitsubishi HC Capital and Finance Indonesia (hereinafter “MHCI”) pursues a management vision of becoming a trusted financial company that drives the development of the financial industry in Indonesia. To achieve this vision, MHCI is working to create an environment where local people have access to various financial institutions, products, and services. As part of this initiative, MHCI is actively implementing a financial literacy improvement program.

In 2025, MHCI conducted the following initiatives:

At Atma Jaya University, MHCI offered a program for students that introduced the role of the financial industry as well as MHCI's business activities, including its corporate profile and leasing products. Through discussions with participants, the program helped deepen their understanding of the role and significance of financial institutions.

MHCI also offered a similar program at a vocational high school (Sekolah Menengah Kejuruan, SMK). In addition to introducing MHCI's business activities, the program featured a financial literacy lecture delivered by an external financial advisor. The program was offered at the school's request to provide opportunities for students to acquire basic financial knowledge at an early stage.

MHCI also covered a special topic—the risks of online gambling, a growing social issue in Indonesia. The session helped participants deepen their understanding of the issue while highlighting the importance of sound financial behavior.



► Please see the following webpage for details:
https://www.id.mitsubishi-hc-capital.com/literacy_inclusion.html

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