

**FOR IMMEDIATE RELEASE**

**Notice Concerning the Adoption  
of New Stock Compensation Plan for Directors, etc.**

**Tokyo, May 23, 2023** --- Mitsubishi HC Capital Inc. (TSE, NSE: 8593, Representative Director, President & CEO: Taiju Hisai, the “Company”) announces that at the Board of Director’s meeting held today, it resolved to abolish the stock-based compensation stock option and newly adopt a performance-based stock compensation plan (the “Plan”) for the Company’s Directors (excluding Non-Executive Directors and non-residents in Japan; hereinafter the same) and other Executive Officers, etc. (excluding non-residents in Japan; hereinafter the Directors and the Executive Officers, etc. are collectively referred to as the “Director(s), etc.”).

The Company will submit a proposal to adopt the Plan to the 52nd Annual General Meeting of Shareholders scheduled to be held on June 27, 2023 (the “General Meeting of Shareholders”).

Please refer to the below for details.

**1. Adoption of the Plan**

- (1) The Company will adopt the Plan for the Directors, etc. as a compensation plan which is closely linked to the medium- to long-term performance of the Company and is highly transparent and objective. The purpose of adopting the Plan is to further motivate contribution to the increase of the corporate value in the medium- to long-term and to share the benefits and risks of stock price fluctuations with the shareholders.

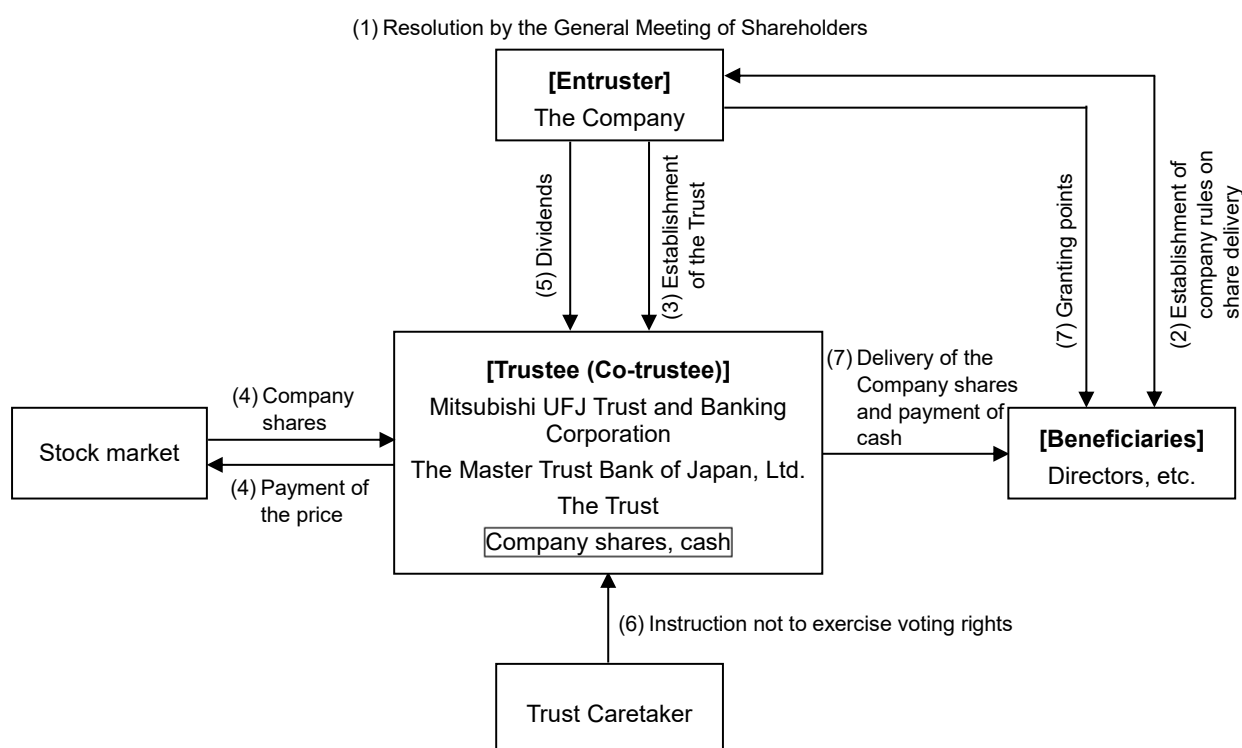
(Note) Subject to the approval on the adoption of the Plan in the General Meeting of Shareholders, the Company will abolish the current compensation limit related to stock acquisition rights as the stock-based compensation stock option.

- (2) The adoption of the Plan is subjected to the approval at the General Meeting of Shareholders.
- (3) The Plan uses a structure called a Board Incentive Plan Trust (the “BIP Trust”). The BIP Trust, which is an incentive plan for executives designed based on performance share plans and restricted stock plans in the U.S., is a plan under which the Company shares acquired through the BIP Trust and cash equivalent to the conversion value of the Company shares (the “Company Shares, etc.”) are delivered or paid (the “Delivery, etc.”) to the Directors, etc., based on the attainment level of performance targets.

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- (4) The Company, upon the expiry of the trust term of the BIP Trust established for the implementation of the Plan (the “Trust”), plans to continue to implement the Plan by establishing a new trust for the implementation of the Plan or amending the existing Trust that has expired and entrusting additional money.  
 (Note) The Company assumed the “BIP Trust Agreement”, which had been concluded between the former Hitachi Capital Corporation and Mitsubishi UFJ Trust and Banking Corporation on May 15, 2018 (the “Existing Trust Agreement”), at the time of the business integration. This time, the Company will establish the Trust as a new trust and amend the trust term and other details of the trust by entrusting additional money.

## 2. Structure of the Trust



- (1) The Company will obtain approval on the adoption of the Plan in the General Meeting of Shareholders.
- (2) The Company will establish company rules on share delivery associated with the Plan at the Board of Directors meeting.
- (3) The Company will entrust money within the maximum amount approved by the General Meeting of Shareholders as stated in (1), and establish the Trust wherein the Directors, etc. meeting the beneficiary requirements will be the beneficiaries.
- (4) For the Trust, the Company shares will be acquired from the stock market using the money contributed as stated in (3) in accordance with the instructions of the trust caretaker. The number of shares to be acquired for the Trust shall not exceed the number approved by the General Meeting of Shareholders as stated in (1).

- (5) Dividends of the Company shares in the Trust will be distributed as well as other Company shares.
- (6) The voting rights of the Company shares in the Trust shall not be exercised during the trust term.
- (7) During the trust term, beneficiaries will receive the Company shares (rounding down fractions of shares) equivalent to 50% of the certain number of points granted to the beneficiaries as per the company rules on share delivery. The beneficiaries will also receive cash equivalent to the conversion value of the Company shares corresponding to the remaining points through conversion into cash under the Trust pursuant to the trust agreement.
- (8) Upon the expiry of the trust term, in the case that the Company continues to use the Trust for the Plan or a stock compensation plan similar to the Plan, the Company shares remaining in the trust assets as of the last day of the trust term before extension (excluding the Company shares equivalent to the points granted to the Directors, etc. of which the Delivery, etc. has not been completed, the "Residual Shares") will be used for the Delivery, etc. to the Directors, etc., and residual money in the trust assets as of the same day above (the "Residual Money") will be used for the funds to acquire shares.
- (9) Upon the expiry of the trust term, in the case that the Trust is terminated, the Residual Shares will be converted into cash under the Trust, and the portion exceeding the amount calculated by deducting the cumulative amount of funds to acquire shares from the cumulated trust money (the "Trust Reserve Amount") will be donated to groups that have no conflicts of interest with the Company or the Directors, etc. (The portion within the Trust Reserve Amount will belong to the Company.).

(Note) If there arises a possibility that the number of Company shares held in the Trust falls short of the number of shares corresponding to the share conversion points specified for the Directors, etc. (as set forth in 3-(5) below) or the money held in the Trust is not sufficient to pay trust fees and trust expenses during the trust term, the Company may entrust additional money to the Trust within the maximum amount of the trust money described in 3-(7) below.

### **3. Overview of The Plan**

#### **(1) Outline of the Plan**

The Plan is a program covering the fiscal years subject to the medium-term management plan of the Company (the "Target Period"), under which the Company Shares, etc. will be delivered to the Directors, etc. through the Trust in principle.

#### **(2) The Resolution at the General Meeting of Shareholders in relation to the adoption of the Plan**

The Company, at the General Meeting of Shareholders, plans to resolve the maximum amount of trust money to be contributed to the Trust, the maximum number of the points granted to the Directors, etc. (as set forth in (5) below), and other necessary matters.

In the event that the Trust is continued as per (4)-(ii) below, the Company, at a Board of Directors meeting, will resolve the amendment of the trust agreement and entrustment of additional money within the maximum amount approved by the General Meeting of Shareholders to the Trust upon the expiry of the trust term.

(3) Eligibility under the Plan (Beneficiary Requirements)

The Directors, etc. may receive the Company Shares, etc. corresponding to the number of share conversion points (as set forth in (5) below) from the Trust after the prescribed procedures to fix beneficiaries, provided that they meet the following beneficiary requirements:

- (i) the person is in office as a Director, etc. during the Target Period after the start date of the Plan (including those newly elected as Directors, etc. after the start date of the Plan);
- (ii) the person has not resigned for personal reasons (excluding cases determined to be unavoidable at a Board of Directors meeting), been dismissed, nor committed certain misconducts during the term of office; and
- (iii) other requirements specified in the trust agreement or the company rules on share delivery deemed necessary to attain the objectives of the performance-based stock compensation plan.

(4) Trust term

(i) Initial trust term

The initial trust term of the Trust will be a period of approximately three years from August 15, 2023 (scheduled) to August 31, 2026 (scheduled).

(ii) Continuance of the Trust

The Company may continue to use the Trust by amending the trust agreement and entrusting additional money upon the expiry of the trust term. In this case, in principle, the fiscal years subject to the Medium-term Management Plan of the Company at that time will be the new Target Period, and the term of the Trust will be extended in line with the new Target Period. The Company will entrust additional money within the maximum amount of trust money approved by the General Meeting of Shareholders for each extended period, and continue to grant points and deliver the Company Shares, etc. to the Directors, etc. during the new Target Period. However, in the case of entrusting additional money, if there are Residual Shares or Residual Money (collectively, "Residual Shares, etc."), the total amount of Residual Shares, etc. and the trust money to be additionally entrusted shall not exceed the maximum amount approved by the General Meeting of Shareholders. Such continuance of the Trust is not limited to a single instance but may be repeated in the same way.

- (5) Number of Company Shares, etc. to be delivered to the Directors, etc.

The number of Company Shares, etc. to be delivered to the Directors, etc. will be determined based on the share conversion points to be calculated by multiplying the three-year accumulative points to be granted corresponding to the position and the term of office on the last day of each fiscal year of the Target Period by the performance-linked factor. The performance-linked factor will be decided in a range between 0% to 150% based on the attainment of the targeted performance indicators, etc. in the Target Period's final fiscal year (the growth rate of (i) current net income belonging to the parent company shareholder, (ii) ROA, (iii) ROE, and (iv) TSR (Note) against TOPIX growth rate are used in the initial Target Period), and one Company share is delivered per one point (any fraction less than one point is rounded down). However, in the case of a stock split, reverse stock split or other events regarding the Company shares conducted during the trust term, the maximum number of the points and the shares to be delivered described in (7) below will be adjusted according to the relevant stock split ratio, reverse stock split ratio, etc.

Regarding Directors, etc. who resigned or passed away, or became non-residents during the fiscal years of the Target Period, share conversion points will be calculated using the above formula using 100% as the performance-linked factor and granted immediately.

(Note) An abbreviation for Total Shareholder Return.

- (6) Manner and timing of the Delivery, etc. of the Company Shares, etc. to the Directors, etc.

The Directors, etc. who meet the beneficiary requirements described in (3) above will receive from the Trust the Company shares corresponding to 50% of the number of share conversion points (rounding down any fraction of shares) and cash equivalent to the conversion value of the Company shares corresponding to the remaining number of share conversion points after the Target Period ended in principle by carrying out the prescribed procedures to fix beneficiaries.

The Directors, etc. who resign during the Target Period (excluding in the case they pass away) will receive from the Trust Company Shares, etc. corresponding to the number of share conversion points immediately after their resignation. The Directors, etc. who became non-residents during the Target Period will immediately receive cash equivalent to the conversion value of the Company shares corresponding to the number of share conversion points through conversion into cash under the Trust.

In the case that the Directors, etc. who meet the beneficiary requirements pass away during the Target Period, the heirs of the Directors, etc. will receive

from the Trust cash equivalent to the conversion value of the Company shares corresponding to the number of share conversion points to be calculated after the death of the Directors, etc. through conversion into cash under the Trust.

- (7) The maximum amount of trust money to be contributed to the Trust and the maximum number of Company Shares, etc. to be delivered to the Directors, etc.

The total amount of Residual Shares etc. at the time of amendment of the Existing Trust Agreement and trust money to be contributed from the Company, and the number of Company Shares, etc. (number of share conversion points) to be delivered to the Directors, etc. in the Trust will be subject to the approval by the General Meeting of Shareholders and the limit below, respectively.

The maximum amount of trust money to be contributed to the Trust

The amount obtained by multiplying 800 million yen by the number of fiscal years during the Target Period (Notes)

(Notes) • The amount will be 2,400 million yen in total for the three fiscal years of the initial Target Period.

- The maximum amount of trust money is calculated by adding trust fees and trust expenses to the funds to acquire the Company shares, taking into account the current compensation level of the Directors, etc.

The maximum number of the Company Shares, etc. to be delivered from the Trust to the Directors, etc.

The number obtained by multiplying 1,550 thousand shares by the number of fiscal years during the Target Period (Notes)

(Notes) • The number will be 4,650 thousand shares in total for the three fiscal years of the initial Target Period.

- The maximum number of Company Shares, etc. to be delivered from the Trust to the Directors, etc. is determined with reference to the current stock price level and other factors, taking into account the maximum amount of trust money above.

- (8) Manner for the Trust to acquire the Company shares

The Trust plans to initially acquire the Company shares from the stock market in an amount within the maximum amount of trust money to be contributed to the Trust and the maximum number of Company Shares, etc. to be delivered as described in (7) above.

- (9) Claw-back clause, etc.

In the case a material misconduct by a Director, etc. is discovered, the points or share conversion points already granted to the Director, etc. can be confiscated (malus), or money equivalent to the Company Shares, etc. delivered to the Director, etc. can be reclaimed (claw-back).

- (10) Exercising voting rights related to the Company shares in the Trust  
Voting rights related to the Company shares in the Trust (namely, the Company shares with respect to which the Delivery, etc. has not been conducted yet) shall not be exercised during the trust term, to ensure neutrality to management of the Company.
- (11) Treatment of dividends related to the Company shares in the Trust  
Dividends related to the Company shares in the Trust will be received by the Trust and used for trust fees and trust expenses.
- (12) Treatment at the expiry of the trust term  
Upon the expiry of the trust term, in the case that the Company continues to use the Trust for the Plan or a stock compensation plan similar to the Plan, the Residual Shares will be used for the Delivery, etc. to the Directors, etc. in the stock compensation plan, and the Residual Money will be used for the funds to acquire shares.  
Upon the expiry of the trust term, in the case that the Trust is terminated, the Residual Shares will be converted into cash under the Trust, and the portion exceeding the Trust Reserve Amount will be donated to groups that have no conflicts of interest with the Company or the Directors, etc. (the portion within the Trust Reserve Amount will belong to the Company).

(Reference) The Contents of the Trust Agreement

- (1) Type of Trust:  
An individually operated designated trust of cash other than cash trust  
(third party benefit trust)
- (2) Purpose of Trust:  
To provide incentives to the Directors, etc.
- (3) Entruster:  
The Company
- (4) Trustee:  
Mitsubishi UFJ Trust and Banking Corporation  
(Co-trustee: The Master Trust Bank of Japan, Ltd.)
- (5) Beneficiaries:  
The Directors, etc. (including those who resign) who meet beneficiary requirements
- (6) Trust Caretaker:  
A third party who has no conflicts of interest with the Company
- (7) Date of the Change of Trust Agreement (Note):  
August 15, 2023 (scheduled)
- (8) Trust Term:  
From August 15, 2023 (scheduled) to August 31, 2026 (scheduled)
- (9) Start Date of the Plan:  
August 15, 2023 (scheduled)
- (10) Exercise of Voting Rights:  
No voting rights will be exercised
- (11) Type of Acquired Shares:  
Common shares of the Company
- (12) Maximum Amount of Trust Money:  
2,400 million yen (scheduled) (including trust fees and trust expenses)
- (13) Time to Acquire Shares:  
From August 18, 2023 (scheduled) to August 31, 2023 (scheduled)  
(excluding the period from five business days prior to the last day of the fiscal period (including six-month and quarterly periods) to the last day of the fiscal period)
- (14) Manner to Acquire Shares:  
To be acquired from the stock market
- (15) Vested Rights Holder:  
The Company
- (16) Residual Assets:  
Residual assets that the Company, which is the holder of vested rights, can receive shall be within the Trust Reserve Amount.

(Note) The Existing Trust Agreement is to be amended.