
Hitachi Capital Group

ESG data (FY2019)

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Target period: Fiscal year ended 2020 (April 1, 2019-March 31, 2020)

* Some activities outside the target period are also included.

Target organizations: Hitachi Capital Corporation and consolidated subsidiaries

Basic management policy / Materiality

Various policies

Hitachi Capital treat CSR activity as practice the Principles to aim to become a Social Values Creating Company that provides new values to realize social development and richer life for people.

Basic Management Policy / Various Policy

Basic Management Policy

To understand and embrace the corporate philosophies and ethics between all employees, the basic management policy is created which encompasses three key areas - "Principles", "Mission" and "Core Values."

Various Policies

To realize our "Principles", various policies is created.

Corporate Governance Standards

Basic Management Policy

Code of Conduct

Human Rights Policy

Compliance Policy

Risk Management Policy

Policy against Antisocial Forces

Inquiries/Complaints Handling Policy for Customer's Satisfaction

Information Security Policy

Credit Risk Policy

Quality Policy

Business Continuity Policy

Personal Information Protection Policy

Working Environment Policy

Environmental Policy

Social Contribution Activity Policy

Risk and Opportunity of Hitachi Capital

Development of Hitachi Capital

Hitachi Capital offers financial solutions in the form of “sales finance” that meets the needs of both manufacturers (sellers) and customers (buyers) alike, which have earned the trust of all of our clients over the course of our 60-year history.

Under our mission to become a “Social Values Creating Company,” Hitachi Capital aims at both solving global social challenges and sustainable growth, with a view to creating social values based on SDGs. To this end, we position “FY2019-FY2021 Mid-Term Management Plan” as “Value Up Stage.”

As a multi-solution provider shifted from a conventional finance company, Hitachi Capital aims to continuously provide solutions that meet social needs, contribute to the realization of social development and richer life for people while sustaining continuous growth.

Materiality for Hitachi Capital

Hitachi Capital aims to fulfill its mission of being a “Social Values Creating Company” through business activities based on SDGs. We have ascertained materiality based on ever rapidly changing politics, economies, and social issues, as well as the current state of the Company, and incorporated them into our “FY2019-FY2021 Mid-Term Management Plan”.

The Strengths and the Challenges of Hitachi Capital

Hitachi Capital has achieved its growth based on its strengths of its “Quality,” “the Hitachi brand,” and being “Community-focus,” as well as having the trust of all our stakeholders.

However, as the market continues to change due to new technologies and innovations including globalization, smartification such as the use and application of data and digital technology, and the emergence of new service models like sharing, low-cost operations and enhanced global corporate governance, supported by talented personnel and technological innovations, are becoming necessary.

The Strengths of Hitachi Capital:

“Quality,” “the Hitachi brand,” and being “Community-focus”

The Challenges of Hitachi Capital:

Costs are high compared to rivals

Lack of global collaboration (both opportunities/risk); strengthening of global governance

Priorities of Materiality (Materiality Matrix)

When we set our FY2019-FY2021 Mid-Term Management Plan, the SDGs workshop was carried out by the nonprofit corporation Imacocollabo in August 2018 for all executives and directors, as well as for the presidents of all 37 domestic group companies, and then again in March 2019 for the presidents of 33 overseas group companies. Based on the knowledge shared during these workshops, an order of priority regarding materiality for FY2019-FY2021 Mid-Term Management Plan was established in March 2019, at the corporate PDCA meetings, where departments concerned with the business foundation of the Group gather to hold cross-sectional discussions on management issues.

Priority of each issues (Materiality Matrix)

High	Challenges with high needs that have not been sufficiently responded <ul style="list-style-type: none">● Taking the environments and human rights (child labor, forced labor) at customers and partners into consideration	Issues that are key challenges for management with high needs from stakeholders as well <ul style="list-style-type: none">○ Developing business activities based on SDGs● Corporate governance● Observing compliance (especially the prevention of the big three risks of organized crime/money laundering, bribery/corruption, and anticompetitive practices)● Risk management (especially information security (cyberattacks, confidential/personal information leaks) and BCP)● Engagement and establishment of trust relationships with employees (improvement of empowerment/engagement)	
Medium	<ul style="list-style-type: none">● Policy for remarks at industry associations and economic organizations● Attention to child labor or forced labor in businesses or at business partners● Political contributions	Needs that are focused on in management but that have a medium level of needs <ul style="list-style-type: none">○ Building trust via dialogue with stakeholders through business activities (including timely release of information)○ Social contributions (knowing the “actual place” of social challenges, in order to connect them to the resolutions through business activities)● Other Risks● Respect for human rights within the Company (dealing with in-house harassment)	
Low	<ul style="list-style-type: none">● Consideration to rights of indigenous people in business activities		
	Low	Medium	High

Vertical directions : Materiality of Stakeholders

Lateral directions : business materiality

○ : Opportunities

● : Risks

Hitachi Capital Group's, and Methods Used for Engaging in Dialog with Stakeholders

Stakeholders	Positioning	Methods Used for Engaging in Dialog with Stakeholders
Customers	Parties with whom we grow together by solving issues to create a sustainable society and environment	<ul style="list-style-type: none"> • Dissemination of information using our company's website and the Hitachi Capital Report
Business Partners	Suppliers with whom we collaborate to provide optimal solutions to customers	<ul style="list-style-type: none"> • Periodic surveys of suppliers and customers • Contact window for inquiries
Shareholders and Investors	Essential parties for the enhancement of corporate value	<ul style="list-style-type: none"> • The Annual Meeting of Shareholders • IR meetings • Responding to investors' surveys and ratings • Dissemination of information using our company's website, our annual report, earnings briefings, corporate governance reports, and the Hitachi Capital Report
Local communities and environment	A sustainable society and environment are essential for corporate sustainability	<ul style="list-style-type: none"> • CSR activities and volunteering activities
Employees and their families	"Human capitals" and important assets for building trust with stakeholders in society	<ul style="list-style-type: none"> • Holding of corporate communication roadshows (CCRs) for dialog with managers • Holding of labor-management coordination meetings ("Discussion between the representative employees and the President & CEO") • Implementation of employee satisfaction surveys • Dissemination of information using the company's intranet, the company's website, internal reports, and the Hitachi Capital Report • Employee assistance programs (EAPs) and employee counseling services

External Evaluations

Selected Representative ESG (Environment, Social and Governance) Indices.

We have been adopted the following indices that reflect the highly evaluated in ESG performance of the Company.

FTSE Russell	 FTSE4Good FTSE4Good Index Series	 FTSE Blossom Japan FTSE Blossom Japan Index
MSCI	2020 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX MSCI Japan ESG Select Leaders Index	2020 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN) MSCI Japan Empowering Women Index(WIN)
S&P/JPX	 S&P/JPX Carbon Efficient Index	

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

Recognized as one of the highest ranking companies by the Development Bank of Japan in Environmental Rating

Hitachi Capital had certificated the highest rating in the “DBJ Environmental Ratings” conducted by the Development Bank of Japan in recognition of its “extremely progressive initiatives for achieving environmental friendliness” in March 2020.



Certified “Tokyo Forest Improvement Contribution Certification System”

In May 2020, Hitachi Capital efforts in “the Forest of the Hitachi Capital Group (Hachioji City, Tokyo)”, which it participates as part of social contribution programs, have been highly evaluated and certificated the “Tokyo Forest Improvement Contribution Certification System” by Tokyo Metropolitan Government. The Tokyo Metropolitan Government certified that Hitachi Capital Group has contributed to develop forest through “the Forest of the Hitachi Capital Group”, as well as 221.13t-CO₂ of carbon dioxide sink by forests for the decade from FY 2019 to FY 2028.



Recognized as one of “Good Corporation in Health and Productivity Management 2021(large enterprise category)”

Hitachi Capital had certificated one of “Good Corporation in Health and Productivity Management 2021(large enterprise category)” by Ministry of Economy, Trade and Industry, Japan and NIPPON KENKO KAIGI. Hitachi Capital will pursue Health and Productivity Management through measures for employee’s health maintenance and promotion with the declaration of Health and Productivity Management.



Registered under the Consumer Affairs Agency as “Whistleblowing Compliance Management System Certification” (Self-reporting Registration System)

Hitachi Capital Corporation has been certified and registered as the company who has Whistleblowing Compliance Management System under the Consumer Affairs Agency of Japan, on October 25, 2019 that Hitachi Capital Group maintains and operates Whistleblowing Compliance Management System, “Voice of Employees”



Note: “Whistleblowing Compliance Management System Certification” (Self-reporting Registration System) is the Consumer Affairs Agency of Japan appointed agency confirmed whether the Company satisfy the contents of self-assessment of application of certification that comply the certification standard (Guideline for the private sector how to maintain and operate Whistle Blowing Compliance Management System based on Whistle-Blower Protection Act) that released by the Consumer Affairs Agency on December 9, 2016. If the Company satisfied the standard, the Company was registered the results and allowed to use the WCMS mark.

Credit Rating

Bond issue rating

We were the first in the leasing and credit industry to acquire the AA bond rating from Standard & Poor's (S&P) and Rating and Investment Information (R&I) in 1989 continuously.

	Japan Credit Rating (JCR)	Rating and Investment Information (R&I)	Standard & Poors (S&P)
Bond issue rating	AA-	A+	A-

Acquired ISO Certification

[Quality]

The International Quality Assurance Standard "ISO 9001:2015" certification was acquired by Hitachi Capital (UK) PLC since 2003, and by the Customer Center of Hitachi Capital Corporation since 2007.

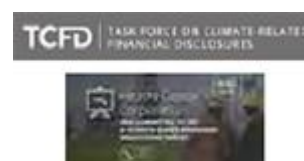
[Environment]

Since 2001, the certification of International Quality Assurance Standard "ISO14001:2015" for environmental management system was acquired by Hitachi Capital Services Co., Ltd. ,and since 2009 by Hitachi Capital (UK) PLC.

Participating external initiatives

TCFD and SBTi

In July 2019 we announced our support for TCFD^{Note1}, declaring goals for 2050 in line with the SBT (consistent with Paris Agreement greenhouse gas emission reduction targets), announcing our commitment to SBTi^{Note2}.



Note1 TCFD: Task Force on Climate-related Financial Disclosures. Established in 2016, the Financial Stability Board (FSB), an international organization for the stabilization of the financial system, published a report in June 2017 to encourage the disclosure of climate related information with financial impact in annual financial reports.

Note2 SBTi: Science Based Targets initiative. A joint initiative of the WWF, CDP, World Resources Institute (WRI) and the United Nations Global Compact. This encourages companies to set reduction targets consistent with scientific knowledge towards the goal of maintaining the rise in average global temperatures due to climate change to a less than 2 degrees higher than prior to the industrial revolution.

Principles for Financial Action for the 21st Century of Japan

Hitachi Capital Group conducted Principles for Financial Action for the 21st Century of Japan (PFA21) in July, 2016.

Initiatives to reducing greenhouse gas, "Fun to Share"

Hitachi Capital Group endorses the "Fun to Share", a public initiative organized by the Environment Ministry of Japan that consists of a variety of activities for reducing greenhouse gas emissions. [1] The Group follows the "Cool Biz" initiatives from May to October and "Warm Biz" initiatives from November to April, encouraging employees to wear more casual attire so that the air conditioners can be set at 28°C in summer and 20°C in winter. [2] Diligent efforts were made throughout the year to ensure that PCs, OA devices, and lighting equipment were switched off when not in use, while employees were encouraged to leave the office at the end of business hours.



Environmental Efforts

Environmental Management System (EMS)

In this system, executives in our environmental business are responsible for environmental management. The Environmental Promotion Committee which comprises environmental committee members from each department builds an environmental management system, and formulates and promotes annual environmental plans.

The ISO14001 certification acquisition

To ensure the reliable execution of environmental targets and an increase in those targets, since 2001 Hitachi Capital Services Co., Ltd. in Japan acquired ISO14001:2015 certification, the international standard for environmental management systems, and since 2009 Hitachi Capital Vehicle Solutions Ltd. (current Hitachi Capital (UK) PLC) in the United Kingdom also attained this standard.

Compliance with Environmental-Related Laws

Additionally, as a part of its compliance activities, the Group is ensuring that all executives and employees fully comply with laws and regulations, including those related to the environment, and carries out regular compliance checks. FY2018 saw no instances of violations of laws and regulations, including those related to the environment, or any complaints from outside the Company.

< Legal violations of environmental laws and regulations and external claims >

	FY2015	FY2016	FY2017	FY2018	FY2019
Legal violations of environmental laws and regulations	0	0	0	0	0
External claims	0	0	0	0	0

Environmental Efforts

In order to keep the rise in average global temperature to well below 2°C in accordance with the 2015 Paris Agreement, we set a long-term goal of decarbonization by FY2050 for not only the Hitachi Capital Corporation, but for the whole Group in October, 2019.

Target of CO ₂ emission in Hitachi Capital Group	
By FY2034	Reduce 50% (Compared with FY2016 as base year)
By FY2050	Zero CO ₂ emission (Reduce 100% compared with FY2016 as base year)

At the “1st Corporate 2°C Target Forum” sponsored by the Ministry of the Environment, Japan and the CDP (an international NPO that evaluates corporate environmental initiatives on behalf of institutional investors) held in June 2018, we presented an address on our company’s initiatives and policy recommendations to the country as a “company motivated to move away from carbon.”

In July 2019, we announced our endorsement of the TCFD (Task Force on Climate-related Financial Disclosures) and SBT (science-based greenhouse gas reduction targets) initiatives. In the future, in view of the TCFD recommendations, as well as working to enhance disclosure regarding climate change, we will also promote care for the environment through our customer's.

CDP

Green Value Chain Platform

TCFD

SBT Initiatives

Main Environmental Targets and Our Environmental Result

To achieve our Mission, “Social Value Creating Company”, Hitachi Capital Group is transforming itself from being a conventional finance company into a contributor to our customers' success as well as SDGs. Moreover, our Code of Conduct and Environmental Policy are aiming to carry out business activities in harmony with the environment.

That is the key reasons why we focus on Eco -and energy- related business.

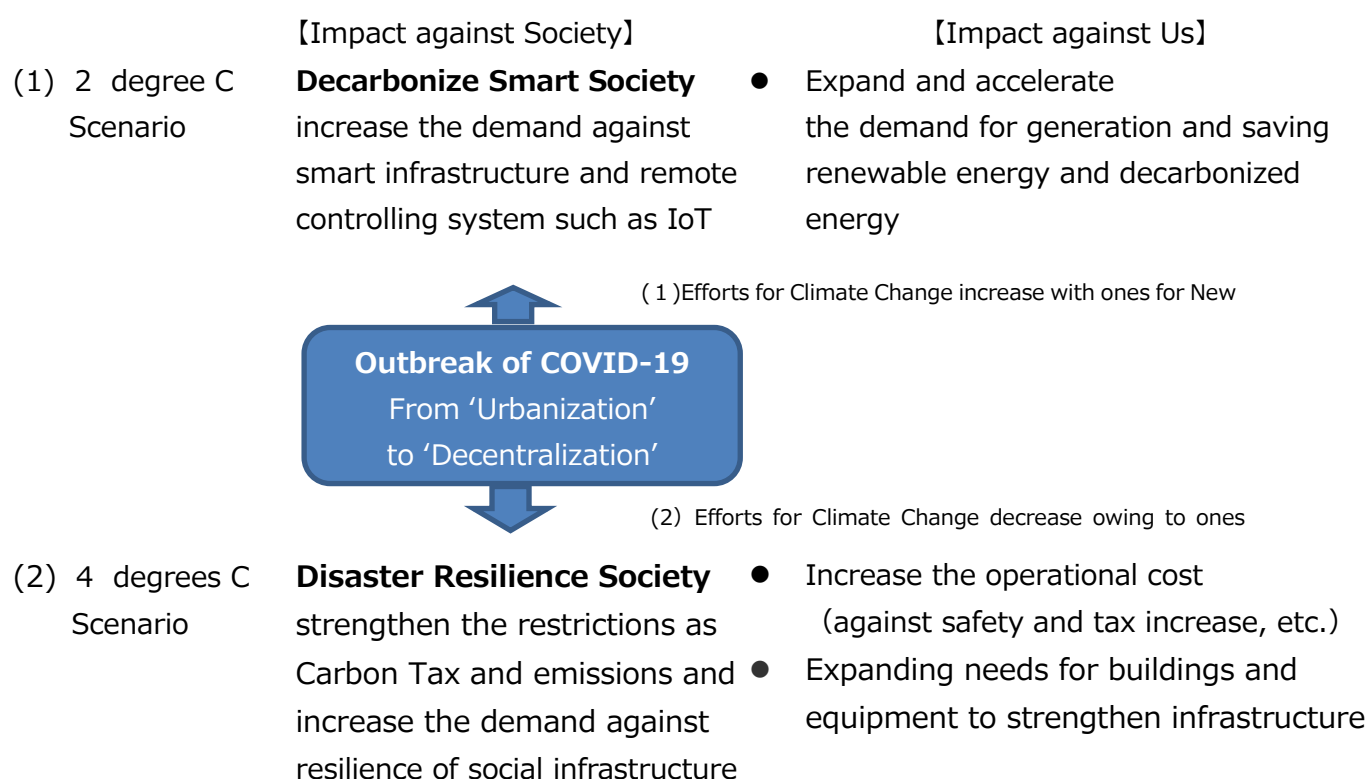
We recognize that the environmental issues, including climate change, as one of the global significant issues and climate change requires immediate, comprehensive and coordinated actions since it could threaten the very survival of humankind and could have tremendous negative effects on business activities.

Therefore we are pleased to announce that Hitachi Capital Group affirms its commitment to support and work for adaptation of recommendations issued by Financial Stability Board (“FSB”) Task Force on Climate-related Financial Disclosures (“TCFD”).

We believe that having a fair, transparent and consistent reporting on climate-related risks and opportunities will enhance our strength as the “Social Value Creating Company”.

We will contribute to achieve SDGs and sustainable society by not only reducing Green House Gas (“GHG”) emissions in our business operations and achieving “de-carbonization” (i.e. Net zero carbon emissions) by 2050 but also providing solutions for social challenges such as mitigation and adaptation to climate change.

1. Our Group Estimated Scenario and Impact against Climate Change



2. Our Risk and Opportunities against Climate Change

<p>(Occurrence Frequency: Once a year)</p> <p>High</p>			<p>●Currently we do not have this type of risk that related to environment</p> <p><u>management issues with high needs from stakeholders as well</u></p> <p>○Energy (Our Vision) : Provide clean energy for all people and contribute social sustainable development</p> <p>Financial Impact: Revenue 70 billion JPY/year Non-Financial impact: clean energy for 1.5 million people (about 1.25 million t-CO2e</p>
<p>(Occurrence Frequency: Once in three years)</p> <p>Medium</p>	<p>●Reputation risk against Climate Change (cannot collect the investment cost owing to change the FIT system) [How to reduce this risk] : Establish new business as Post-FIT</p>	<p>●Each business reputation risk (1)Risk of accident in the business that lost human lives [How to reduce the risk] Safety training, checking without human power by installing IoT technology (2)Risk of the claim from local communities by wind-power generation plants/real estate [How to reduce the risk] : Environmental survey against the business/ explaining the local communities</p>	
<p>(Occurrence Frequency: Once in Decade)</p> <p>Low</p>	<p>●Regulation risk of climate change (Reduce the business demand owing to international agreement, carbon tax, emission reporting system) ●Other environmental regulated risk (Reduce the business demand owing to the regulation/ restrictive related to ocean plastic, bio-diversity for resource saving [How to reduce this risk] : Watch risk impact carefully by investigating the business trend</p>	<p>●Physical risk against climate change (Reduce productivity of solar power generation electricity owing to the changes in high/low temperature, and volume of the rains) [How to reduce the risk] : Choose the various type of renewable energy plant</p>	
	<p>Low</p>	<p>Medium</p> <p>(Influence: less than 0.1% of targeted profit)</p>	<p>High</p>

Vertical directions : Materiality of Stakeholders

Lateral directions : business materiality

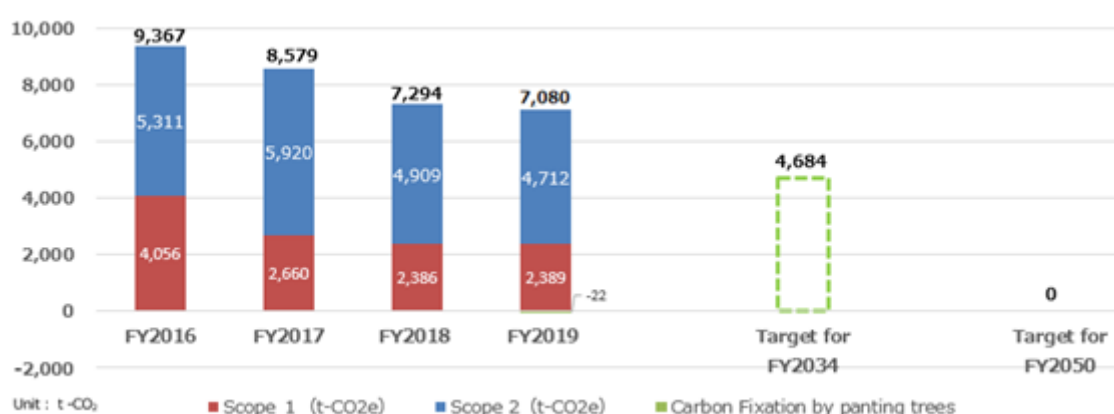
○ : Opportunities ● : Risks

Environmental Targets, Results and Environmental Accountings in FY2019

Main environmental targets and results

We have also been working to reduce the environmental burden in our offices and buildings, where products and services are created.

Volume of Energy Input and Greenhouse Gas Emissions of Hitachi Capital Group



Kind of Energy		FY2016	FY2017	FY2018	FY2019
Scope1	Use of gasoline	1,289kl	699kl	589kl	569kl
		44,586GJ	24,185GJ	20,388GJ	19,701GJ
	Use of diesel	9.3kl	9.3kl	36kl	153kl
		350GJ	350GJ	1,364GJ	5,791GJ
	Use of city gas	340,448m ³	426,884m ³	386,892m ³	283,812m ³
		15,252GJ	19,124GJ	17,333GJ	12,715GJ
	Use of PG	33.3m ³	19m ³	19m ³	0m ³
		4GJ	2GJ	2GJ	0GJ
	Use of LNG	14,804m ³	14,116m ³	12,877m ³	6,408m ³
		808GJ	771GJ	703GJ	350GJ
Volume of CO ₂ Emission (from Scope 1)		4,056t-CO ₂ e	2,660t-CO ₂ e	2,386t-CO ₂ e	2,389t-CO ₂ e
Scope2	Volume of Electric Use	10,456,602kWh	9,932,898kWh	9,717,773kWh	9,278,931kWh
		104,252GJ	99,031GJ	96,886GJ	92,511GJ
Volume of CO ₂ Emission (from Scope 2)		5,311t-CO ₂ e	5,920t-CO ₂ e	4,909t-CO ₂ e	4,712t-CO ₂ e
Carbon Fixation by planting trees ^{*1}		-	-	-	-22t-CO ₂ e
Total CO ₂ Emission		9,367t-CO ₂ e	8,579t-CO ₂ e	7,294t-CO ₂ e	7,080t-CO ₂ e

(Note) Scope: Hitachi Capital Group (including our headquarters, sales offices and jointly based group company headquarters and sales offices). In FY2019, some of the facilities cannot collect the actual burden of CO₂ emissions owing to Lockdown by the outbreak of COVID-19. (Coverage Ratio in Consolidated Group: 95.6%) We estimated burden of these sites in FY2019 is the same of FY2018.

(Note) Conversion factors for each volume of energy input are calculated as emission conversion factors based on IPCC report.

*1 Carbon Fixation by planting trees : Tokyo metropolitan government certified the volume of reduction in CO₂ emissions in "Tokyo Forest Improvement Contribution Certification System" in from FY2019 to FY2028.

ICP (Internal Carbon Pricing : the Cost to reduce 1 t-CO₂e in the Group)

Scope of Volume of CO ₂ emissions	Price
Scope 1	JPY 82,735
Scope 2	JPY 82,735

* Based on the results of investment/forecasting in the end of FY2019

Total Emission of Supply Chain CO₂ emissions in FY2019

Category			Volume of CO ₂ emissions (t-CO ₂ e)	Sharing Ratio (%)
Scope 1			2,389	4.1%
Scope 2			4,691 (4,712*)	8.1%
Scope 3	Category 1	Purchased goods and services	4,380	7.6%
	Category 2	Capital goods	43,163	74.6%
	Category 3	Fuel and energy related activities not included in Scope 1 or 2	245	0.4%
	Category 5	Waste generated in operations	169	0.3%
	Category 6	Business travel	672	1.2%
	Category 7	Employee commuting	1,933	3.3%
	Category 15	Investment	223	0.4%
Scope 3			50,786	87.8%
Total			57,865	100%

*Exclude the volume of carbon fixation by planting trees

*Category 13 "Lease assets (downstream)" is not applicable to leased products because the environmental load reduction on our side is not effective, as we select lease or credit as a financial means on the customer side.

How to calculate Supply chain CO₂ emissions

Category		Accounting methods	
		Activity data	Emission factor
Category 1	Purchased goods and services	<ul style="list-style-type: none"> ● Use of paper ● Volume of Business Outsourcing 	Emission factor based on inter industry table
Category 2	Capital goods	<ul style="list-style-type: none"> ● Fiscal capital goods price of equipment related to solar/wind power generation system ● Fiscal capital goods price of other internal office equipment 	Emission factor for capital goods price
Category 3	Fuel and energy related activities not included in Scope 1 or 2	<ul style="list-style-type: none"> ● Volume of energy usage 	CFP Communication Program Basic Database
Category 5	Waste generated in operations	<ul style="list-style-type: none"> ● Volume of waste per its category/treatment 	Emission factor based on category and waste
Category 6	Business travel	<ul style="list-style-type: none"> ● The number of employees 	Emission factor based on the number of employees
Category 7	Employee commuting	<ul style="list-style-type: none"> ● The number/total working day of employees in each region 	Emission factor of employees total working hours based on commuting area and working style
Category 15	Investments	<ul style="list-style-type: none"> ● Floor areas of the invested building 	Emission factor depend on the building use/area

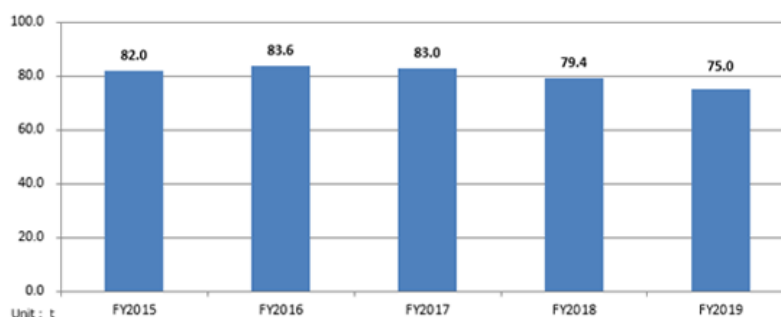
Why Hitachi Capital calculate Supply Chain CO₂

Background and purpose of accounting	<ul style="list-style-type: none"> ● Background : We, Hitachi Capital set in our Mission “to be conscientious of the global environment and aim to become a ‘Social Values Creating Company’.” We also set “Environment/ energy business” as key business promote to contribute to reduce environmental burden. ● Purpose : Scope1 / 2 CO₂ emissions (as base in FY2016): Half by FY2034 Scope1 / 2 CO₂ emissions: Achieve de-carbonization by FY2050
Utilization of accounting results	<ul style="list-style-type: none"> ● Clarify to reduce CO₂ emissions ● Enhance the Company’s global commitment by setting SBT satisfied target
Benefits of accounting	<ul style="list-style-type: none"> ● Clarify the social contribution volume to reduce CO₂ emissions
Internal system for accounting	<ul style="list-style-type: none"> ● Calculated by Management Office of Environmental Promotion Committee with related business sector and financial sector with excel spreadsheet.

Efforts to reduce supply chain emissions

- Category 1(Purchased goods and services): Promote the business operations without papers and improve to reduce external purchases with cooperation of suppliers and partners
- Category 2 (Capital Goods) : Improve the burden with collaborating equipment suppliers
- Category 7(Employee commuting): Promoting to reduce via remote office as a part of work life innovation

Waste Generation Volume

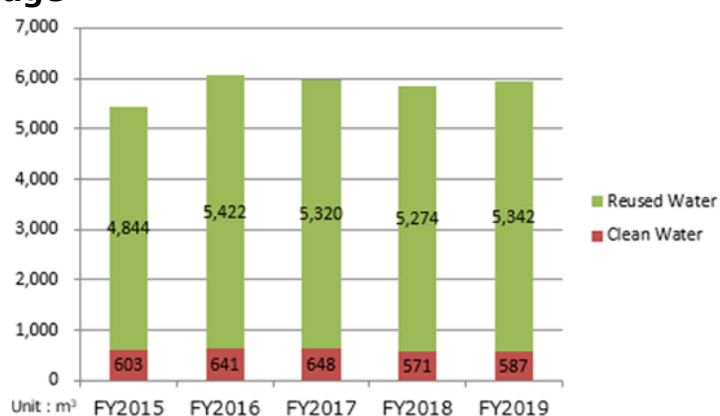


Item	FY2015	FY2016	FY2017	FY2018	FY2019
Waste Generation Volume	82.0t	83.6t	83.0t	79.4t	75.0t

(Note) The scope is limited to headquarters of Hitachi Capital Corporation.

(Note) Waste volumes are estimated from the rate of the site area occupied by our company.

Volumes of Water Usage



Item	FY2015	FY2016	FY2017	FY2018	FY2019
Clean Water	603m³	641m³	648m³	571m³	587m³
Reused Water	4,844m³	5,422m³	5,320m³	5,274m³	5,342m³
Total	5,447m³	6,063m³	5,968m³	5,845m³	5,929m³

(Note) The scope is limited to headquarters of Hitachi Capital Corporations.

(Note) Clean water: tap water (that is used at office kitchenette).

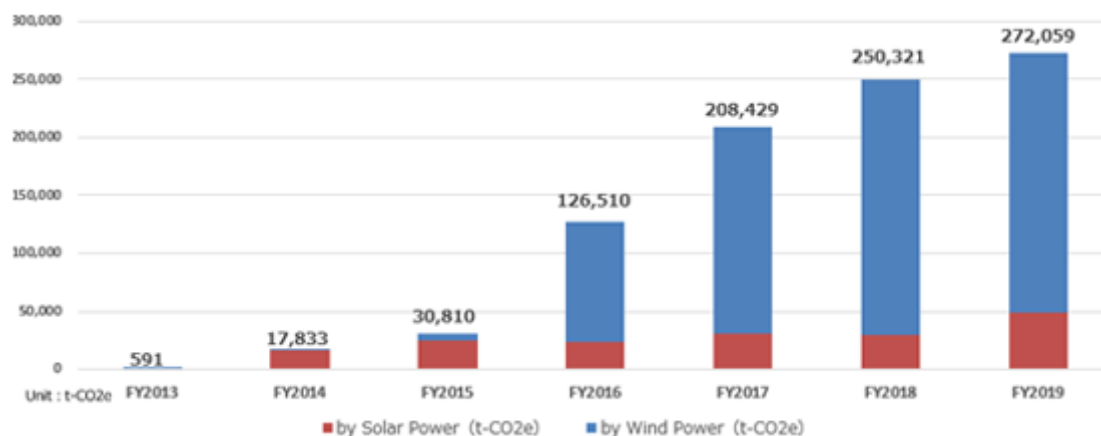
Reused water: water that is re-used and purified for kitchen-waste water, machinery waste water and rain water.

(Note) The volumes are estimated from the rate of the site area occupied by our company.

Environmentally-friendly Products and Services

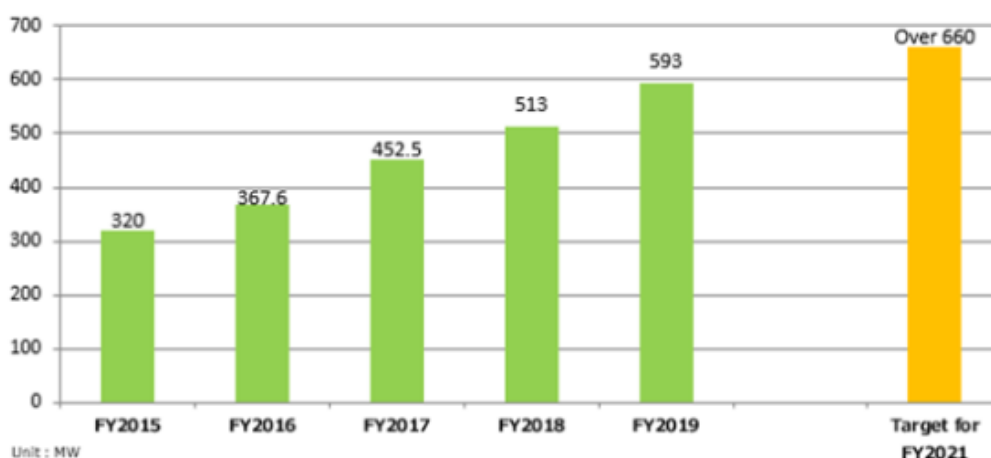
We seek to conduct various initiatives to provide environmentally-friendly products and services to contribute to environmentally-friendly products and services.

Volume to contribute to reduce CO₂ emissions by our renewable energy plant



Item	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
Volume to contribute to reduce CO ₂ emissions by our renewable energy plant	591 t-CO ₂ e	17,833 t-CO ₂ e	30,810 t-CO ₂ e	126,510 t-CO ₂ e	208,429 t-CO ₂ e	250,321 t-CO ₂ e	272,059 t-CO ₂ e

Cumulative Total Power Generated from Renewable Energy and Generation



Item	FY2015	FY2016	FY2017	FY2018	FY2019	FY2021 Target
Cumulative Total Power Generated from Renewable Energy	320MW	367.6MW	452.5MW	513MW	593MW	Over 660 MW

Environmental Accountings

Fiscal 2019 Environmental Conservation Cost

(Unit: million JPY)

Category	Efforts	Investment	Cost
Business Area Cost	Greenhouse gas emission reduction and waste reduction	0.0	0.6
Upstream and downstream cost	Additional costs required for providing environmentally-friendly products and services, green procurement, and recycling	12,949	393
Cost of management activities	Environmental data management and collation, maintenance and management of the environmental management system(EMS), environmental education and dissemination of information	2.0	4.0
Cost of Social Activities	Cleaning areas around business offices, and community environmental conservation activities	0.0	8.0

(Note) Scope is Hitachi Capital Corporation.

(Note) Research and development costs and environmental damage costs are excluded because they do not occur, due to the nature of our business.

(Note) Waste treatment costs are not distinguished from building management costs, and are excluded from collated figures.

Fiscal 2019 Environmental Effects

Category	Unit	Results	Gaps compared with preceding year	Gaps compared with preceding year per unit
Volume of energy consumption	GJ	18,485	-2,985	90%
Volume of waste	t	75.0	-4.3	99%

(Note) Scope is the Hitachi Capital Corporation.

(Note) The units for energy input volume and general waste generation are used by employee numbers.

Contribution through Business

Environmentally-friendly Products and Services

Together with our stakeholders we are implementing various initiatives to contribute to environmental conservation and provide “Win-Win” environmentally- friendly products and services. Especially, we treat climate changes as the one of the material issues, that we set the Eco and Energy business as group common business in Mid-term Management Plan for fiscal 2018.

Green Bonds

Green Bonds are bonds whose proceeds can be used only for green projects with environmental improvement effects (businesses related to renewable energy, energy saving, and sustainable water resources management).

■ Japan

Hitachi Capital issued Green Bonds (unsecured straight bonds) through public offering in the Japanese market.

Hitachi Capital Corporation's 77th Unsecured Straight Bonds (with Limited Interbond Pari Passu Clause) (Green Bond)

As for external reviews on the Green Bonds, Hitachi Capital obtained the opinion to confirm that the Green Bonds satisfy the criteria issued by the International Capital Market Association (ICMA) and the Ministry of the Environment of Japan (MOEJ).

1. Overview	1-1	Total issue amount	¥ 10 billion
	1-2	Denomination per bond	¥ 100 million
	1-3	Interest rate	0.210% per annum
	1-4	Payment amount	¥100 per ¥100 bond face value
	1-5	Redemption price	¥100 per ¥100 bond face value
	1-6	Redemption date	The principal of the bond will be redeemed in full on December 20, 2023
	1-7	Interest payment dates	June 20 and December 20 of each year (The first Interest payment date : December 20 ,2019)
	1-8	Offering period	February 22, 2019
	1-9	Payment date	February 28, 2019
	1-10	Offering method	Offering to the general public
	1-11	Collateral	No collateral or guarantee is pledged and no assets

			are specifically reserved to secure this bond.
	1-12	Financial covenants	Negative pledge clause (with limited interbond pari passu clause)
	1-13	Underwriters	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. Nomura Securities Co., Ltd. Mizuho Securities Co., Ltd. SMBC Nikko Securities Inc. Daiwa Securities Co. Ltd. BNP Paribas Securities (Japan) Limited
	1-14	Place for handling subscriptions	Head office and domestic branches of underwriters
	1-15	Financial agent	Mizuho Bank, Ltd.
	1-16	Book-entry transfer institution	Japan Securities Depository Center, Incorporated
	1-17	Ratings (to be obtained)	A+ (Rating and Investment Information, Inc.) AA- (Japan Credit Rating Agency, Ltd.)
2. External review on the Green Bond	Sustainalytics Second-party opinion [PDF] Rating and Investment Information, Inc. Second opinion [PDF]		
3. Investors who Declared Investment in the Investment this Green Bond	Listed below are investors who declared investment in this Green Bond and agreed to disclose their names. (in alphabetical order)(as of February 22, 2019) 1.AMAGASAKI SHINKIN BANK 2.Daiwa SB Investments Ltd. 3.Educational Institution Shijonawate Gakuen 4.JAPAN POST INSURANCE Co., Ltd. 5.Jodo Shu (Buddhist Denomination) 6.Juroku Bank, Ltd. 7.Saitama Medical University 8.School Juridical Person Seikei Gakuen 9.Shigaken Shinyoukumiai 10.SUMITOMO LIFE INSURANCE COMPANY 11.THE SUGAMO SHINKIN BANK 12.Western Asset Management Company Ltd.		
4. Use of the Proceeds	Hitachi Capital Group used for all of the funds to purchase part of equipment of the solar power generation business in Niimi City, Okayama Prefecture, operated by the Company as the power produce.		
5. Environmental Impact	Our renewable energy generation plant in Niimi City, Okayama Prefecture estimated to generate about 24,000 tons in the volume to contribute to reduce CO2 emissions and 40 million kWh of electricity (based on its spec of the power generation plant, as of February 12, 2021) .		

Mitsubishi HC Capital Inc. will continue to report on the environmental improvement effects obtained from the assets targeted for the use of the funds of the green bond.

■ China

The First Issuance of Foreign Currency Denominated Green Bonds in Asia as a Japanese Company

LCM (Life Cycle Management) Service

We provide a comprehensive BPO service covering all issues of operation and management throughout the life cycle of IT devices, from introduction to disposal. Through the efficient management of IT devices, we work to help create a resource-recycling society.



Human Rights

Human rights initiatives

The Hitachi Capital Group seeks to protect human rights, and regards the human rights set forth in the "International Bill of Human Rights" and the "International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work" as the absolute minimum level of rights that must not be violated.

In our code of conduct, we respect every person's character and individuality in the recruitment and treatment, the conduct of commercial transactions, and all other company activities, and not engage in any acts that impair individual dignity or discriminate on the basis of sex, sexual orientation, age, nationality, race, ethnicity, ideology, belief, religion, social status, family origin, disease, disability, etc.

Additionally, the Hitachi Capital Group's Working Environment Policy has a basic philosophy of respecting the diversity, personality and individuality of its employees, ensuring a safe and comfortable work environment, and realizing the comfort and prosperity of its employees. Thus, the Hitachi Capital Group strives to eliminate unfair discrimination in employment and occupation, as well as child and forced labor throughout the Group.

We set "Human Rights Promotion Committee" (chaired by CHRO) and the Committee reports plan and its status to Executive Board annually, aims to extract the group current status and issues and improve the actions based on Plan-Do-Check-Act Cycle.

As a specific means of understanding human rights, and to particularly strengthen sexual and power harassment countermeasures, we have implemented the following: (1) executive targeted education, (2) Human Rights education (e-learning) for all employees, (3) "Human Rights Lectures" in their respective fields (Level-based training, and review and credit management training for sales managers for managers and section managers) , (4) Manager training to prevent Harassment in working place (joined all managers for 60times in total, that 832 people received in FY2018 and FY2019) (5) Manager training for diversity and inclusion. Additionally, we also join the external initiatives as "Tokyo Human Rights Enlightenment Liaison Meeting" to understand practically the latest information related to Human Rights and utilize internal enlightenment activities. Person in charge of Human Rights also check the Group PR materials as leaflet and advertisements to avoid using expression related to any discriminations and receive the claims of harassment.

Based on the concept of our Principles, "Respect for Human Dignity", Personnel-related consultations (labor issues and workplace environment issues (harassment)) are based on the same standards as whistle-blowing, with employees receiving consultations, including private matters that are difficult for employees to consult at workplaces. After the consultation is received by the whistle-blowing department, the general affairs-related department will respond to the consultation, such as investigating the content of the consultation.

Number of Harassment in Hitachi Capital Group in FY2019*

workplace power harassment	6
workplace sexual harassment	2
Compliance related harassment	0
Labor condition related (as wages, working hours, etc.) harassment	0
Harassment related to evaluation and career development	0
Other harassment as bad mental health, etc.	0
Total number of harassment	8

* The number of each harassment is one of cases determined by the related department to be applicable to the harassment within the fiscal year, after examining the contents of the consultation including the consultant and the target person.

Thus group activities, we promote Human Rights Due Diligence that addressing the negative impact on human rights that may arise in businesses and transactions based on of United Nations, we will not only promote to respect Human Rights internally but promote “avoid to complicit” as abusing human rights by the customers and suppliers before something happens through dialogue and concertation with related external stakeholders about both potential and actual impact and actions for Human Rights.

Efforts in United Kingdom

– Business and Human Rights - Anti-Slavery and Human Trafficking –

In the past financial year, Hitachi Capital (UK) PLC (HCUK) have taken action with the aim of ensuring that the risk of slavery and human trafficking taking place in any part of our business or our supply chains is mitigated. This has included the following:

- 1.The initiation of a risk assessment framework to identify areas of potential risk in relation to slavery or human trafficking with new suppliers, as well as existing ones. This will, in time, address high risk supply chains beyond the initial supplier;
- 2.Our standard terms and conditions of employment (including the terms on which contractors and sub-contractors are engaged) continue to be reviewed annually, ensuring that the relationship between employees and the business remains fair;
- 3.Mandatory online training on the Hitachi Group Codes of Conduct, and classroom-based human rights training, to members of the company’s Executive Committee, with a view to exploring rollout of training and continuous awareness initiatives to all staff in the year ahead;
- 4.An updated procurement policy in relation to our suppliers and business introducers. With the updated procurement policy, we are trying to secure the following.

- (1) Compliance with our obligations to our customers, colleagues and regulators
- (2) Supplier meets HCUK standards and complies with all applicable laws
- (3) Appropriate response to problem identification, management and resolution when problems related to slavery and human trafficking occur
- (4) Continued use of standard bidding documents highlights what future suppliers are taking to ensure compliance and compliance with Modern Slavery Act
- (5) Maintaining contractual provisions requiring suppliers to comply with UK law, including Modern Slavery Act

For the Customers and Partners

Hitachi Capital Group considers customers and business associates to be partners in resolving issues to realize a sustainable society and environment, and attain growth together. We adhere to “Basics and Ethics” in our Core Values and objectively prioritize people’s rights and interests of customers and business partners.

The Group’s corporate divisions (departments related to the environment, human rights, materials procurement, and receivables/credit evaluation) have established a working group to examine our supply chain structure globally and promote further improvements.

For the Customers

We are working to maintain our high-quality management organization and enhance customer satisfaction to provide reliable services and product that meet customer needs.

Enhancing Customer Satisfaction

We view feedback from customers fairly and seriously, and respond sincerely to customers in a timely manner. To more quickly address customer requests, we have made changes to our corporate website so as to reduce the total number of inquiries we receive from customers. Specifically, we have set up a dedicated inquiries page.

linked to our top page. The inquiries page contains an FAQ page (“Contact Us” and a page with information on various procedures where customers can download various documents, including for making changes to their contract information. In the same time, under our “Inquiries/Complaints Handling Policy for Customer's Satisfaction,” we treat all of this feedback as opportunities for making continuous improvement in our products and services. Since December, 2015, we have redesigned and released the system for feedback from customers (alarm system), can respond to requests for consultation, complaints, and inquiries organizationally. In regards to requests for consultation, complaints, and inquiries from customers, we not only check the number of times we have been contacted. To solve the issues, we also make sure that (1) these complaints are recognized by responsible departments as complaints, that (2) they are addressed properly, and that (3) they are reported as information related to accidents. The results are shared throughout the entire company in the form of New Customer Reports on a monthly basis. Through these efforts, we work together as an organization to address complaints accurately and prevent their recurrence.

Number of complaints, inquiries, and requests for consultation at the Hitachi Capital Group (Japan)

Category	FY2015	FY2016	FY2017	FY2018	FY2019
Complaints	67	27	13	10*	39*
Inquiries	96,579	49,487	25,401	15,333	8,637
Requests for consultation	214,451	231,778	181,110	77,902	37,396
Total number of contacts	311,097	281,292	206,524	93,245	46,072

* Stakeholders filing complaints

Category	FY2018	FY2019
Customers/Users	8	24
Suppliers	1	8
Others (local residents, NPOs/NGOs)	1	7

Hitachi Capital Insurance Corporation has been disclosing "customer feedback" (complaints and requests) it receives from customers, as well as the results of surveys conducted since fiscal 2007 on the satisfaction level of customers for whom the payment of insurance is completed, since fiscal 2010.

Additionally, to realize the customer-oriented business operation based on fiduciary duty, Hitachi Capital Insurance Corporation and Hitachi Capital Trust Corporation has been establish following policy since September, 2017.

"Policy for Customer-Oriented Business Operation" in Hitachi Capital Insurance Corporation

"Policy for Customer-Oriented Business Operation" in Hitachi Capital Trust Corporation

The ISO9001 certification acquisition

To enhance customer satisfaction and improve business quality, since 2003 Hitachi Capital (UK) PLC, in United Kingdom Ltd. in Japan acquired ISO9001:2015 certification, the international standard for quality management systems, and since 2007 Hitachi Capital Corporation Customer Service Center, in Japan also attained this standard.

For Partners (suppliers and partner vendors)

We position our partners as associates who work with us to provide our customers with optimum solutions. We act on the purchasing rules that clarify the procedures for carrying out purchasing operations, while working on the internal control of purchasing operations(Note 1) and implementation of corporate ethics in those operations.

Basic Stance toward Purchasing

We conduct purchasing activities for all goods and services proactively and rationally, taking into account our management policies and the global environment, thereby contributing to the realization of our management targets.

We always act with an awareness of costs and based on the idea that our business partners are also stakeholders. At the same time, we strive to act with dignity in observing social justice and corporate ethics in a way that is consistent with our Principles. We also strive to prevent damage attributable to "antisocial forces" by implementing initial and regular (half a year) survey (including as needed) for all customers and suppliers.

Regular survey for customers and suppliers

Category	FY2016	FY2017	FY2018	FY2019
Customers (Customers/Users), Suppliers	1,244,418	1,060,594	842,770	697,795

Internal controls for purchasing operations



For Local Communities

“Respect for Human Dignity”, which is one of our Management Philosophies, remains a basic philosophy in community and social contribution. As a company which gathers together employees able to act for themselves while seeing the perspectives of others, and able to contribute to society, we pursue social contribution activities.

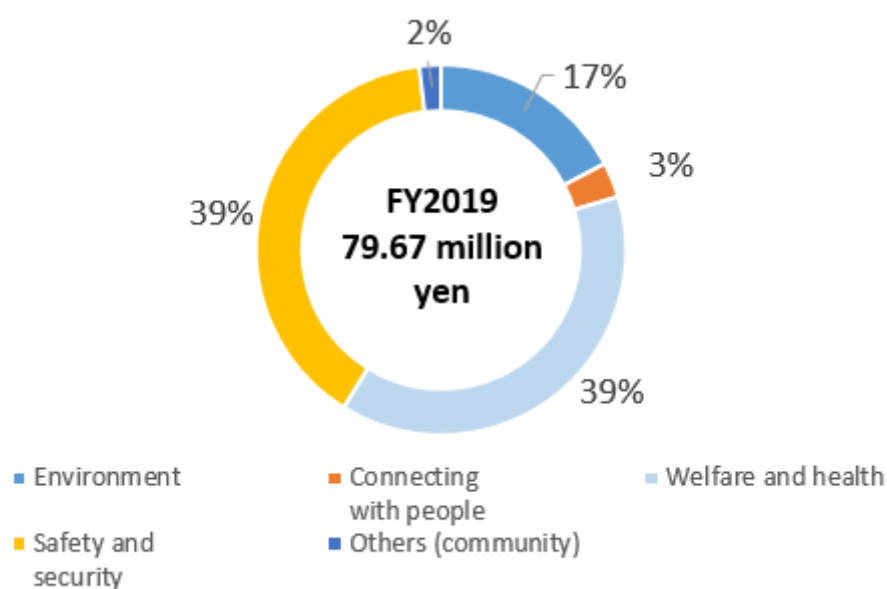
Social Contribution Activity Policy

Focusing on the environment, people building, welfare and health, safe and secure, and regional contribution, Hitachi Capital Group continues to make contributions to society through its corporate social contribution activities, volunteer actions by employees, and so on, based on its corporate mission.

Social contribution activities

Focusing on the environment, people building, welfare and health, safe and secure, and regional contribution based on the Social Contribution Activity Policy, the Hitachi Capital Group continues to make contributions to communities as a corporate citizen. In addition, we endeavor to develop human resources capable of facing challenges in society and acting on their own through these activities.

Expenses related to social contributions in FY 2019



2019 Social Contribution Activities

[Hitachi Capital Group]

Launch of growing less-pollen producer type trees in “The Forest of Hitachi Capital Group”

For two days of May 18th and 24th, 2019, 90 employees of Hitachi Capital group companies engaged in planting 700 saplings of less pollen producer type of cedar and zelkova at the site named as “The Forest of Hitachi Capital Group” in Kamiongata Town, Hachioji City, Tokyo.

This activity is based on the ten-year and three-party agreement among

Hitachi Capital Corporation, The Tokyo Development Foundation for Agriculture and Forest and the landowner from 2019 until 2028, on the less pollen producing forest plan promoted by Tokyo Metropolitan Government.

Although the planting activity on a slope of the forest was hard for the participants, thanks to the lectures from the forest management professionals about growing and management of a forest and a significance of an artificial forest, the experience was a really good opportunity for them to aware a lot of insights towards growing of the forest for the next ten years.



[Hitachi Capital Canada Corp. /CLE Capital Inc.]

Provide food for the community

Hitachi Capital Canada Corp. / CLE Capital Inc. (HCC/CLE) are so pleased to contribute to help people in need in the region. We are pleased have given the foodstuffs raised during the annual Food Drive to Halton Food4Kids.

In June, HCC also were able to hand over a cheque for \$ 500 to Breakfast Club of Canada / Club des petits déjeuners, thanks to employees and our members in Trois-Rivières. The Breakfast Club of Canada distributes breakfasts to disadvantaged children before they go to school. Therefore, we are pleased to help 250 children in Trois-Rivières to have breakfast 2 mornings in the week.

We are happy to support such a deserving cause in our community to give children the



nourishment and opportunity they deserve.

[Hitachi Capital Group]

The Tree Development Volunteer Program at Mt. Fuji

On August 30, 2019, about 60 employees of Hitachi Capital group participated in the tree development volunteer program at Mt. Fuji, Narusawa village, Minamitsuru-gun, Yamanashi prefecture.

Organized by a public interest incorporated foundation OISCA (the Organization for Industrial, Spiritual and Cultural Advancement-International), this volunteer program aims to restore insect damaged forests (the artificial forest of Veitch's silver-fir at 1,600m elevation) by planting broad-leaved trees.

While silvicultural activities such as removing and weeding were suspended due to the bad weather, participants learned the importance of forest creation and the current situation of forest development at Mt. Fuji by the lecture from OISCA and visiting the place where they supposed to conduct silvicultural activities.

Since one day volunteer program, many participants has heightened their awareness of issues which Japanese forests are facing and highly motivated for next year's volunteer program. Going forward, through volunteer program, Hitachi Capital group will continue activities to contribute to solve environmental issues, increase sensitivity for social issues and develop human resources who have strong will for those issues.



[PT. Arthaasia Finance]

Supports free medical examinations and donate the goods as “zakat” to local communities in each offices

PT. Arthaasia Finance (AAF) contributed to free medical examinations and medical treatment in the area of Pesing Garden, Kedoya Utara, Kebon Jeruk, West Jakarta in March 2019.

AAF also donated one cow at a nearby mosque during Eid al-Adha (Muslim sacrifice day)* in August, 2019. All AAF branches and outlets offices (29 offices in total) contributed by donating one goat or sheep per office.

*Religious holidays set by Islam. As a "zakat", people who can afford it donate animals such as cows and goats as a return to society to celebrate this day.



[Hitachi Capital Canada Corp./ CLE Capital Inc.]

Support children, youth and their families

Hitachi Capital Canada Corp. / CLE Capital Inc. organized Community Assistance Center (CAC) to contribute local community by employees to support charity group and also support for children, youth people and their families.

In August 2019, to support children and their families, CAC support 3 charity groups; 1) we set 5 activities of social



involvement project, Jeunes en action with young people from underprivileged backgrounds which aims to educate and sensitize these young people from 6 to 12 years old on different health-related topics, to interest them in health fields; 2) we donate CAD 500 cheque for the organization to support the development and growth for children, Grands Frères Grandes Sœurs; 3) we are proud to have given eight school bags with school supplies to la Maison des Familles. They will distribute them to students of our region.

In September, 2019, we also have provided CAD 500 to the Fondation Jeunesse Mauricie Centre-du-Québec which assists young people and their families who have social adaptation problems. To thank us, the Foundation give us some bracelets to distribute among our employees to take part in the Journée entreprise en famille.

[Hitachi Capital Canada Corp./CLE Capital Inc.]

Support the NPO for the female victims against violence

Hitachi Capital Canada Corp. / CLE Capital Inc. organized Community Assistance Center (CAC) to support for the people who are especially vulnerable in community by employees' charity and volunteering efforts.

In fiscal 2019, we donate charity NPO, Les Demois' Ailes for CAD 500 to support the female victims against the violence. In September, 2019, Our CAC in Burlington is pleased to support Halton Women's Place by having joined the event Hope in High Heels which supports the community in ending violence towards women.



[Hitachi Capital Canada Corp./ CLE Capital Inc.]

Support local charity group through internal charity event

Hitachi Capital Canada Corp. / CLE Capital Inc. held charity event and donate their profit with enhancing internal and external communication.

We held a hot-dog party at a local bar in July, and organized our annual contest "Show me ta gougoune" in September, that have invited the employees to wear their best sandals for the modest sum of



\$2 and to parade in front of a jury panel. We had given 180 kg of foodstuffs to a local food Bank, Moisson Mauricie / Centre-du-Québec. In October, in Trois-Rivières took part in a fundraiser for the benefit of the Centre Le Havre for the 2nd year in a row. This organisation has for mission to address homelessness. We are really proud to help them achieve their mission.

【Hitachi Capital (Hong Kong) Ltd.】

Attended charity activities for children and elderly

Hitachi Capital (Hong Kong) Ltd. (HCHK) attend the external charity event and make communicate between employees and local communities.

On 3 August 2019, HCHK collaborated with Hong Chi Association to provide significant commitment and support to the people in need in our society. Our staffs teamed up with 32 children and volunteers from Hong Chi Children Association to enjoy through Bowling Fun Day with Hong Chi Children Home.



On 7 September 2019, 14 of HCHK's staffs together with their family members participated in a volunteering program which held by the Login Club for New Arrivals –Evangelical Lutheran Church (ELCHK) Social Service. Volunteers shared the wonderful time with the children came from underprivileged and grassroots families before the Mid-Autumn Festival as Happy Day with Children.

On 26 October 2019, HCHK's staffs and their family members enthusiastically participated in a volunteering program "Care for the Elderly" with Evangelical Lutheran Church (ELCHK) Social Service (ELCSS) to Care for the Elderly.

Together with the volunteers from ELCSS, our staffs decorated some bookmarks by using 'Zentangle' drawing technique. Those meaningful works were presented to the elderly people at the Elderly Community Centre.

【Hitachi Capital (Thailand) Co., Ltd.】

Donate the goods for elementary school children

Hitachi Capital (Thailand) Co., Ltd. wishes to be a leading leasing company by doing the business with social responsibility, community through providing opportunities to attend executive management and employees with participating in social responsibility activities, community. We held "Share for Child" asking for donation such as clothes, toys, books etc., from employees in Wat Klong Kone School to communicate between children and employees in October, 2019.



【Hitachi Capital (Thailand) Co., Ltd.】
Held “Mangrove reforestation” activity

Hitachi Capital (Thailand) Co., Ltd. held “Mangrove reforestation” activity that is suitable for planting the Mangrove due to rising sea shore to enhance environmental awareness. Each attendant planted four mangrove trees in mangrove tree planting area of Klong Kone Mangrove Forest Conservation Center in Samut Songkhram Province, October, 2019.



Mangrove forests makes enriched not only the forest environment, but also the natural environment and ecosystems, including the surrounding sea and natural resources. Through this project, we have good relationships between attendants and learned the relationship between the nature and people.

【Hitachi Capital Asia Pacific Pte. Ltd.】
Supported Singapore students to study in Japan

In fiscal 2019, Hitachi Capital Asia Pacific Pte. Ltd. donate \$1,250 to support JCCI Singapore (Japanese Chamber of Commerce & Industry, Singapore) Foundation Limited that held in 1990 to encourage the 4 sectors (culture, art, education and sports) and educate youth in Singapore. The donations will used to support scholarships to study in Japan.

[Hitachi Capital]

Support Challenged Artist

The Hitachi Capital offers Hitachi Capital Special Awards as a cosponsor of the Artbility Awards to support challenged artists since 1998. The award-winning work is shown in many of the Company's publications including the cover of our calendar.



[Hitachi Capital (UK) PLC]

Attended event to preserve forest and biodiversity in Heath in Surrey, a Site of Special Scientific Interest (SSSI)

Hitachi Capital (UK) PLC (HCUK) were delighted to announce our new partnership with the Wildlife Trusts in August 2019. An independent charity made up of 46 local Wildlife Trusts who preserve and maintain 2,300 nature reserves (98,000 hectares) in the UK.



The Wildlife Trust's values align perfectly with our company priority to become a more socially innovative business. In December 2019 almost 40 HCUK staff enjoyed the 'Pine and Dine' festive event which gave an opportunity to spend a day volunteering at Brentmoor Heath in Surrey, a Site of Special Scientific Interest (SSSI). The day was spent clearing invasive pine to protect the area. It was a great opportunity staff (around all sites) to get out of the office and into the environment to give back to the community, as well as meet new people.

[Hitachi Capital Group]

Participated in “Financial Industry in Tokyo (FIT) For Charity Run 2019”

On January 19 2020, 152 executives, employees and their family of Hitachi Capital Group participated as runners, walkers and volunteers in “Financial Industry in Tokyo (FIT) For Charity Run 2019”, held at Meiji Jingu Gaien Park in Shinjuku-ku, Tokyo.

In the Inter-company relay which Hitachi Capital Group took part in for the first time, participants cheered on the company's representative runners. In addition, they enjoyed to participate in the 10km run, the 5km run, and the 1km walk with colleagues and their families under the clear winter sky. The



volunteers supported the event by working at cloakroom to keep luggage for attendants. It was a great opportunity to enhance the sense of unity as a group.

FIT For Charity Run, which marked the 15th anniversary this year, is the charity event organized by executive committee run by volunteers from the financial institutions and financial related services companies in Tokyo. Money raised through this event will be provided to non-profit organizations which serve important in the society but which might have limited funds for their activities.

[Hitachi Capital Malaysia Sdn. Bhd.]

Conduct health examinations and donations at child welfare facilities

On November 30, 2019, 10 staff members of Hitachi Capital Malaysia Sdn. Bhd. visited child welfare facilities, "Ephratha Home" along with the local community support NGO, "Rainbow Bridge".

Hitachi Capital Malaysia Sdn. Bhd. supported the health check for 26 children in Ephratha Home by Rainbow Bridge's health team, and held “Coloring Contest” on the same day to give the Christmas presents for participating children and donated household goods worth



1,000 Malaysian Ringgit to Ephratha Home. Hitachi Capital Malaysia Sdn. Bhd. also donated further testing costs that and eyeglasses for the children who were suspected of being myopic at the health check.

Hitachi Capital Malaysia Sdn. Bhd. will continue to contribute charity activities from the point of Our Principle, “Human Dignity”.

【Hitachi Capital (Hong Kong) Ltd.】

Attend events to enhance environmental awareness

To raise environmental awareness among our staff, Hitachi Capital (Hong Kong) Ltd. (HCHK) participated in a green workshop on 13 December 2019. We learnt how to make and decorate our own potted plant. The instructor from Evangelical Lutheran Church (ELCHK) also introduced some basic skills on planting home plant.

To show our strong determination in protecting our environment and to achieve recycling-oriented society, our Company acted as the Red Packet Sponsor of the “Recycling campaign for Red Packets” organized by Greeners Action since 2018. This event aims to help the organizer to distribute the recycled red packets and collect used/ unused red packets for recycling. In 2020, we collected 8kg red packets for reuse.



【Hitachi Capital (Hong Kong) Ltd.】

Attended the Community Chest Walk for Millions

Hitachi Capital (Hong Kong) Ltd. joined The Community Chest Walk for Millions (Hong Kong & Kowloon) organized by The Community Chest on 5 January 2020 with other Hitachi Group members and their family members. This event aims to help the hundreds of thousands of needy and disadvantaged people in our community.

【Hitachi Capital America Corp.】

Supported dinner for homeless shelter regularly in the community

Hitachi Capital America Inc.’s charitable and community support efforts in Fiscal 2019 spanned a variety of causes including hunger, housing, medical research and victim support. One organization we would like to feature is the homeless shelter near our office in Norwalk, CT. Over the past ten years, we have sponsored 25 dinners at the shelter. We provides funding and employees travel to the shelter to prepare and serve dinners for the less fortunate in our community. It is a great experience for everyone who has participated and the shelter staff and those that they serve are extremely grateful for our ongoing support.



【PT Hitachi Capital Finance Indonesia】

Supports free medical examinations

In March 13, PT Hitachi Capital Finance Indonesia and its staff conduct activities for free health care treatment at Depok, West Java.



【Hitachi Capital (UK) PLC】

Provided support against COVID-19 outbreak

Hitachi Capital (UK) PLC (HCUK) staff have totaled 1,493 volunteering hours, supporting 74 charities and have paid over GBP 250,000 in donations in fiscal 2019 and 2020.

We were pleased to announce our new charity partner Crisis, the national charity for homeless people in April 2020. HCUK brought forward the planned GBP 20,000 donation to support Crisis' work during the COVID-19 outbreak. This donation went towards helping Crisis provide support to those who are especially vulnerable.



We continued to support FareShare as our National Charity Partner. The organisation provides innovative solutions to save food from going to waste by redistributing it to charities and community groups across the UK.

To assist with the coronavirus relief effort, HCUK increased donations by a further GBP 15,000 pound to FareShare. In total we donated GBP 18,450 to FareShare, with our staff volunteering 262 hours, in turn helping them provide 136,962 meals for vulnerable people.

* Photo was taken before the COVID-19 outbreak.

2020 Social Contribution Activities

[Hitachi Capital Group]

Hitachi Capital UK PLC held “Virtual Charity Event 2020”

Hitachi Capital UK PLC held “Virtual Charity Event” from September 14th to 27th, 2020.

A total of 32 employees from the United States, the Netherlands and Japan participated in this event, and participants carried out 5km runs or walks at home or outdoors. Through the event, HCUK will donate a total of 913 pound (about 120,000 yen ^{*1}) to the charity "Genetic Disorders UK ^{*2}" that supports people with disabilities due to hereditary diseases, including donations from participants.

Each raises 5 pounds or more to "Genetic Disorders UK" to participate the event, and HCUK donate same volume of donations that raised by all attendants. HCUK released special website of this charity where attendants can post the picture that 5km run or walk in the outdoors, on a running machine, on your own or as part of a team, and held the posted photo contest that winners can receive the prize as the incentives to involved to raise money and awareness for colleagues around the world.

* 1: The total amount of donations made by participants and the total amount of donations made by HCUK. Calculated at 135 yen per pound.

* 2: A charity that provides necessary information and various support to people with disabilities due to hereditary diseases, which exists in the UK with more than 2.4 million people.

[Hitachi Triple Win Corp.]

Planning and implementation of the crowdfunding project "Sake Project 2020"

Due to the spread of COVID-19, against this backdrop, Hitachi Triple Win collaborated with Tokyo University of Agriculture on the "Sake Project 2020," a project to revitalize the Japanese *sake* industry.

In fiscal 2020, Japanese *sake* breweries across Japan have seen a significant decrease in the number of *sake* sales during the demand season from spring, and some breweries have even had difficulty purchasing the raw material, *sake* rice for new *sake* in the fall.

Through this project, we conducted crowdfunding from September to October 2020 targeting 41 of the university's graduate sake breweries that produce excellent brands. As a result, a total of 19,279,135 yen was raised and 2,563 donations were received.

Hitachi Triple Win Corp. planed this project as part of the Food & Agriculture Division's concept of "contributing to regional development through the food and agriculture business.

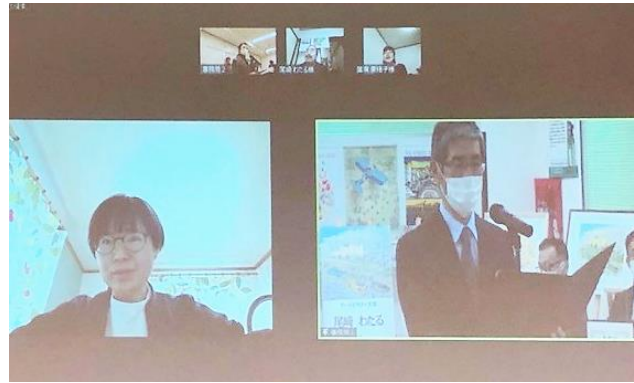
[Hitachi Capital Corporation]

Support Challenged Artist

The Hitachi Capital offers Hitachi Capital Special Awards, "Hitachi Capital Special Award" as a cosponsor of the Artbility Awards to support challenged artists since 1998.

The award select the artist who uses new painting materials, various theme settings, the attitude to challenge various expression methods, gender diversity, diversity and inclusion. This time, Taeko Okazaki (Left of the photo) wins the "Hitachi Capital Special Award". Hitachi Capital Corporation using award-winning works in our publications (such as the cover of a calendar), and the usage fee will be returned to the artist.

* The awards ceremony was held online owing to the pandemic of COVID-19 in December, 2020.



[Hitachi Capital / Domestic Group Companies]

Participated in "FIT Charity Run 2020"

In December 2020, the "FIT Charity Run 2020" was held, and 113 employees and their families participated in runs, walks, and cycling.

The Financial Industry in Tokyo (FIT) For Charity chooses to make a difference to its community by raising money for local community organizations which serve important but not necessarily well recognized or understood needs, and which might have only limited fund-raising capabilities so that the funds FIT For Charity provides can have an impact.

The tournament was held at *Meiji Jingu Gaien* (Meiji Shrine External Garden) every year, but in 2020 it was held online owing to pandemic of COVID-19 infection. It was a format to register the photos of each person's distance and participation in the dedicated app.

Through this event, Hitachi Capital Corporation donated a total of approximately 1.05 million yen to six non-profit organizations that play an important role in society but cannot obtain sufficient funds for their activities.



[Hitachi Capital Group]

Held an online exchange meeting with Obanazawa City, Yamagata Prefecture

Since fiscal 2018, the Hitachi Capital Group has been conducting snow removal volunteers in Obanazawa City, Yamagata Prefecture* as part of its social contribution activities.

Volunteer activities with visiting the City were canceled in 2020 owing to the Pandemic of COVID-19. However, on January 30, 2021, an online exchange meeting was held with 11 people from



Obanazawa City and 26 people from Hitachi Capital Group in China, Europe, the United States, and Japan for the purpose of interacting with local residents and employees. At the exchange meeting, we asked the people of Obanazawa City about their lives and snowfall in heavy snowfall areas, and introduced each other's regions and cultures by sharing local specialties and dialects to deepen mutual understanding.

* Where designated as a special heavy snowfall area stipulated in the Act in Japan on Special Measures Concerning Heavy Snowfall Areas.

[Hitachi Capital / Domestic Group Companies]

Conducted simulated experiences of intellectual disabilities and developmental disabilities

On March 10, 2021, we held an online workshop to simulate intellectual and developmental disabilities. This initiative aims to promote understanding of a symbiotic society by acknowledging "diversity" by understanding intellectual and developmental disabilities. The instructor was "Winds"*, a caravan of people with intellectual disabilities. The workshop was cheerful and encouraged participants to actively exchange opinions. At this workshop, participants were able to understand the characteristics of disabilities and possible support through simulated experiences.

*An organization that understands the characteristics of disabilities and conveys what kind of support is possible by reproducing and experiencing the characteristics of intellectual disabilities and developmental disabilities in various ways through workshops and lectures.

For Employees and Their Families

Hitachi Capital Group consider employees to be "human capital" who are important management assets, a concept consistent with the idea of "Respect for Human Dignity," which is one of our Principles. We seek to improve conditions so that all employees can be independent and valuable individuals who think and act from other people's perspectives, respect others, and work and live in harmony both inside and outside the workplace.

In striving for a rewarding and attractive workplace in which each and every employee can perform their duties with enthusiasm and energy, set affirmative employee survey (engagement) reply ratios as benchmarks, maximize employee satisfaction (80%). (Employee satisfaction in FY2020: 73%)

Trend of Employee Satisfaction in Hitachi Capital Group

FY2018	FY2019	FY2020
67.1%	67.0%	73.3%

Under the FY2019 - FY2021 Mid-Term Management Plan that set in October, 2019, we are mindful of: 1) trusting and respecting one another and building impartial relationships, 2) feel pride in one's own work, and 3) create an "Excellent Workplace" that is rewarding and encourages solidarity among colleagues, while focusing on (1) Flexible work styles as well as health and productivity management (workplaces where individuals can fully contribute their skills), (2) diversity and inclusion (workplaces where a diverse range of "human capital" plays an active role), and (3) performance-linked remuneration (workplaces where organizational objectives are achieved).

Communication between the management and employees

The "Communication Roadshow" is held to provide a direct forum for communication between the management, including the president, and employees to discuss things like Mid-Term Management Plans and budgeting policies. In fiscal 2019, the roadshow was held 34 times in four countries.

In addition, Nationwide Employee Representative Round-table Meetings are held for sharing management challenges with employees.

Moreover, an employee survey is conducted once per year in order to assess the awareness of employees towards the company and organization and challenges in an effort to revise systems and organizations accordingly.



Communication Roadshow in
Japan

I Health Management and flexible work styles

Hitachi Capital Corporation believes that a safe and secure workplace is a prerequisite to allowing each and every employee to exercise their capabilities to fullest. For this reason, we are constantly trying to promote various measures that would allow us to realize such a comfortable workplace where employees can work energetically and with peace of mind, based on the resolute principle of “prioritizing safety and health above all else.”

Especially, we believe energy of employees contribute to not only performance of the Company but development of individual capabilities, we established "Health Management Declaration" in July, 2019.

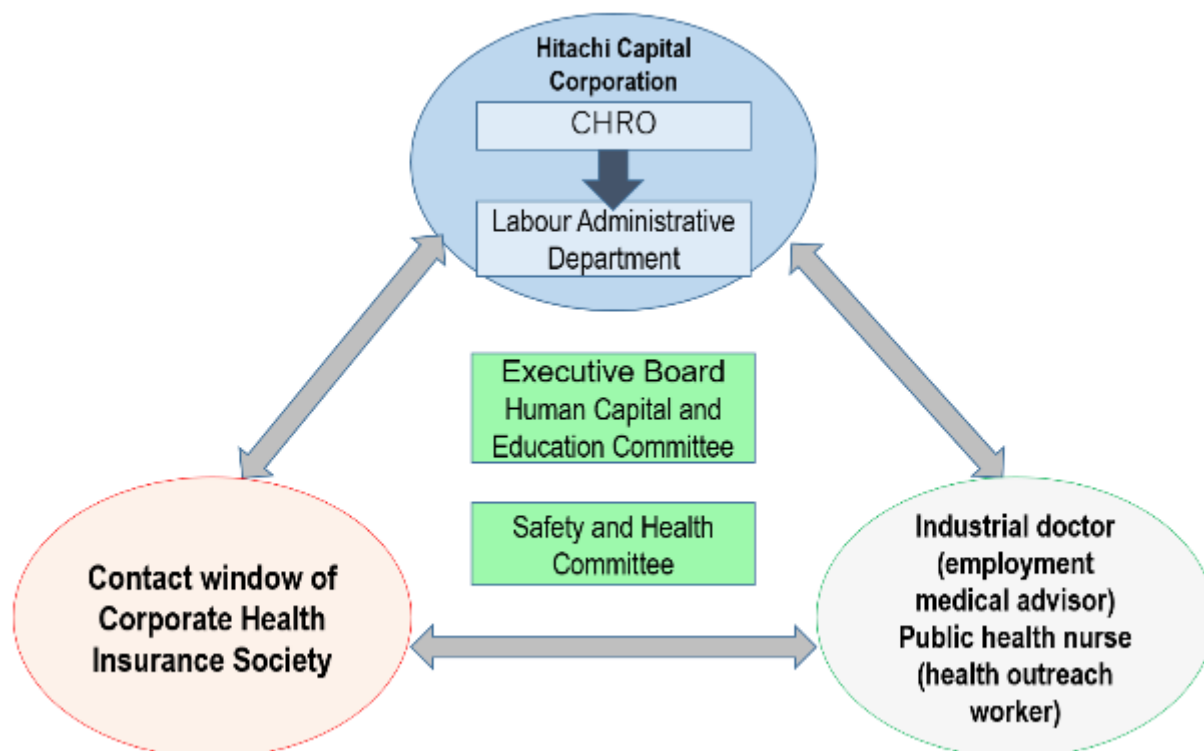
Health Management Declaration

We declare that we shall strive to create a work environment where employees can work comfortably and energetically, in both a mentally and physically healthy manner, while safely exercising their capabilities to the fullest with peace of mind, as well as to support them in their efforts to enhance their personal growth and health.

Health Management System

Hitachi Capital Corporation has believed that it is important for employees themselves to improve their health awareness, acquire healthy health habits voluntarily, and promote to maintain these efforts.

Thus, in addition to existing initiatives, since FY2019, we have strengthened our health management system by establishing “Health Care Room” for the stationing of full-time public health nurses and for health consultations.



Issues and efforts

Hitachi Capital Corporation faces the issue the lack of awareness and knowledge that is necessary for employees to proactively maintain and promote their own health. We have believed that it is necessary to build an environment for employee awareness and health promotion.

To solve this issue, we prioritize to improve the implementation rate for specified health care guidance Aim to increase to attend not only employees who are eligible for the health management points set originally by the health insurance union in the fiscal year (35 years old in the end of the fiscal year, and every three years between 40 and 60 years old (40, 43, 46, 49, 52, 55, and 58 years old) but others, we promote specialized portal site to enhance employees health promotion awareness. Furthermore, in order to reduce the number of employees subject to the specific health guidance (those have health risk), we have provided health guidance by in-house health nurses to those subject to the specific health guidance and by the health insurance association to control the number of young people with metabolic syndrome, and participated the project to prevent serious lifestyle-related diseases in healthcare union.

Achievements and future efforts to solve major issues

Hitachi Capital Corporation has strived to maintain and improve the health of its employees by considering issues, promoting countermeasures, and measuring the effectiveness of these measures.

Aspects	Results of FY2019	Plans for FY2020 and future efforts
Management Principles and Policies	• Establishment of the Health Management Declaration (July 2019)	Continue
Organizational structure	• A full-time public health nurse is stationed • Strengthen the health management system	Strengthen internal collaboration
Implement the system and Policy	• Implemented 100% regular health checkups • Eliminate smoking rooms • Establishment of the Recharge Room (Currently closing for COVID-19 outbreak) to improve VDT (Visual Display Terminals) Complaints (Health problem that manifests in the eyes, body and mind due to long time work with a computer or other display)	Ascertain the rate of implementation of detailed inspections
	• Health guidance and health counseling by in-house nurses (Number of interviews: 72 per year) • Specific health guidance implementation rate 17.7%	Improving the implementation rate of specific health guidance

	<ul style="list-style-type: none"> •Health Promotion Seminars (85 participants) •Establishment of satellite offices •April and May 2019 Briefing on the Labor Standards Act Amendment •Set up the health care room •Immunization against the flu (Vaccinated 442 people) 	<ul style="list-style-type: none"> •Held online health promotion seminars •Continue to conduct in-house flu vaccinations.
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Counter measures against COVID-19

In order to prevent the infection of COVID-19 and ensure business continuity (BCP/BCM), Hitachi Capital Corporation is (1) implementing measures to prevent the spread of infection among employees (2) promoting and supporting employees to work at home.

In June 2020, we conducted employee survey against to adopt “New Normal” and have released new counter measures against COVID-19.

Major efforts

Counter measures against COVID-19	Major efforts
(1) Prevent the infection among employees	<ul style="list-style-type: none"> •Establish special leave system for infectious diseases (since February, 2020) •Distribute mask and alcohol sanitizers to employees in Japan, China, the United Kingdom, and Indonesia, where procurement has become difficult, and distribution of card-based thermometers to domestic employees (since March, 2020) •Abolition of core time in the flexi-time work system (since March, 2020) •Assessing the health status of all employees (mandatory to report Health status and other information every morning via web system) (since April, 2020) •Provide temporary fee for employees’ own measures against COVID-19(support to mitigate the mental burden of employees and their families and the economic burden of purchasing sanitary products and working from home) (since May, 2020) •Providing health care information as nutrition, physical conditioning and exercises that can be done at home via the Health and Safety Committee and intranet portal site (May, 2020) •Mandatory to install "COVID-19 Contact Confirming Application" that provide Ministry of Health, Labor and Welfare, Japan to company lending mobile phone for employees (since July, 2020) •Held online health promotion seminars (since September, 2020, March, 2021) •Start employees welfare for work in “New Normal” (since September, 2020) and support remote work (since October, 2020) (In addition support fee for the measures against COVID-19 measure, subsidies are provided to financially support the purchasing of sanitary products, etc.)

	<ul style="list-style-type: none"> •Subsidy for self-funded PCR tests (In case to prevent the spread of infections in the workplace or when a supplier asks to provide certification that it is not a positive person, etc.) (since September, 2020) •Thoroughly wear the mask in the office •Restrict to move between the floors and access to each office area in the office •Set Desk panels (acrylic panels) for infection control •Establishment of an in-house portal site to summarize announcements regarding the new Corona Virus infectious disease •Update related regulations and documents as necessary
(2) Promoting and supporting employees to work at home	<ul style="list-style-type: none"> •Promote the use of teleconference systems and web conferencing systems (since April, 2020) •Release in-house electronic stamping (since September, 2020) •Release the Safety Guidance for Telecommuting Work (since September, 2020) •Start employees welfare for support remote work (since October, 2020) •Promote the acceleration of mobile PC arrangements to make all business flow adopt to telecommuting

Labour environment and accident severity rate in Hitachi Capital Corporation

Category	FY2015	FY2016	FY2017	FY2018	FY2019
Monthly average over-work hours per person	26.7 hours	27.9 hours	17.0 hours	13.7 hours	14.5 hours
Annual recuperation rate*1	40.0% (9.6days/ 24.0days)	43.3% (10.4days/ 24.0days)	71.3% (17.1days / 24.0days)	74.6% (17.9days / 24.0days)	67.9% (16.3days / 24.0days)
Accident severity rate*2	0.00	0.00	0.00	0.00	0.00

*1Figures in () are annual average leaving day / official annual leaving day

*2Number of absence from work due to work-place accidents / Total working hours * 1 million hours

Enhancement of work systems as a base for establishing diverse work styles

We improved our work system environment in April 2016 for employees, and expand for Full-time Temporary Staff in April 2017 by providing employees with a greater variety of work style options.

Planned-Type Discretionary Work Hour System

"Effort to cut down long hours of overtime by improving work efficiency and raising productivity."

We introduced a discretionary work hour system that gives employees greater freedom to allocation their work hours than a flex-time system. Employees are free to fix their work hours and work procedures in a way that best fits their needs.

Telecommuting System

"Greater work efficiency and improved work-and-life balance"

We introduced a telecommuting system so that employees can flexibly decide where to work without limiting their workplace to the office. We aim to improve work-and-life balance and ensure that the system is used by all employees, in addition to those who have kids or need to look after their elderly parents.

Furthermore, we added satellite offices in May 2018, thus giving our employees more choices of where to work.

Improving the internal systems to actively support employees who juggle work and looking after their family

We worked to improve work and leave systems to actively support employees who have children or need of long term care, making sure that the systems in place are used more flexibly than before. We made improvements to ensure that the systems are equally beneficial to both men and women. These systems help to create environments in which women and a diverse range of individuals can actively work to move their careers forward.

System	Outline
New systems	
Leave for infertility treatment	An employee is eligible to take leave for infertility treatment for up to one year. This leave can be taken on a prorated basis.
Leave to accompany spouse who was transferred overseas	An employee accompanying his/her spouse who was transferred overseas is eligible to take leave for a period of six months to three years in principle.
Return-entry system	Programs such as re-employment or job placement are available for an employee who resigns to give birth, look after their kids, take care of their elderly parents, or to accompany his/her spouse who was transferred overseas. Employees can apply for these programs when they resign, and be eligible for re-employment or job placement if the conditions are met.
Improving systems and facilitating their implementation	
Childcare leave	Extending the duration of leave (From until the child becomes one year and two months old to a total three year period until March 31 of the year when the child finishes the first grade courses at an elementary school.)
Period for leave of absence	Differences by disease type have been eliminated, and differences by years of service have become less stringent. At the same time, the cumulative period for leave of absence has been revised if an employee needs to take another leave of absence because of same disease after they return to work.
Reduced-hour work	The work hour options have been increased under the reduced-hour work system (From 6 hours to 7 hours, 6.5 hours, 6 hours, 5 hours, and 4 hours)
Annual paid leave	Differences by years of service have been removed to provide a total of 24 days of annual leave across the board. At the same time, the limitation on the number of eligible half-day units of paid leave has been eliminated.
Accumulation of annual paid leave	Eligibility based on reasons for taking leave has been eliminated.

II Diversity and inclusion

Hitachi Capital Group keen on promoting diversity and inclusion based on Core Values of Principles. "To Be" ideal state of diversity and inclusion, we aim to achieve "the status that all recognized various ideas and work style and create new values in energetic work place" (as to realize "diversity" of our Core Values) From this point of view, we set target percentage of female managers as the female management inclusion of KPI as 15% (ideally, one as 50%), we create and disclose its action plan. In the Fiscal Mid-term Management Plan, to realize this plan, Hitachi Capital Group establish diversity promoting project team in FY2019 that CHRO(Chief Human Resource Officer) assigned as the project leader and organized by several department as human capital related department and human development department, etc.

Current State and Target of Women Ratio of Managers (above Group Manager equivalent) in Hitachi Capital Group

	End of September,2019	End of September,2020	Target of FY2021
Hitachi Capital Corporation	8.4%	9.1%	Over 13%
Hitachi Capital Group of Japan	10.2%	10.5%	Over 15%

[Action plan of Hitachi Capital Corporation that enhance female inclusion \(that issued to the database of the companies which enhance female inclusion operated by commissioned project of Ministry of Health, Labour and Welfare of Japan\)](#) (only in Japanese)

Acquisition of "Platinum Kurumin" certification

In August 2019, we received the "Platinum Kurumin" certification from the Ministry of Health, Labour and Welfare, as the superior company of supporting child-raising employees based on Act on Advancement of Measures to Support Raising Next-Generation Children*. This certification is given to "Kurumin" certified companies that have promoted introduction and utilization of support system for balancing work and child-raising and fulfilled the required standard through more sophisticated actions. In addition to support systems for balancing work and child-raising, such as promotion in penetrating and utilizing childcare leave to male employees, reduction of overtime hours, encouragement to take annual leaves and establishment of a satellite office, our efforts for the working method transformation which aims to realize strong individuals were the main factors of our acquisition.



*We obtained "Kurumin" certification in 2016 and received "Platinum Kurumin" as well as "Kurumin" for second time in 2019.

Support for active participation by globally minded and diverse individuals

The Company believes that the source of innovation is to create a situation in which a diverse range of individuals can make the most of their unique traits and capabilities, regardless of their gender, nationality, age, job history, or disability. Based on this concept, we have been working to improve internal regulations and support active participation by a diverse range of individuals.

Breakdown of employees at Hitachi Capital Group in fiscal 2019

(Unit : People)

Item	Japan	Europe	Americas	China	ASEAN and other	Total
Total number of workers	2,476	1,713	392	194	868	5,643
Part-time	668	235	28	4	1	936

*The total number of workers includes those who are transferred to the Company Group from outside the Group and part-time workers. It excludes those who are transferred from the Company Group to outside the Group.

*The figure given for the number of part-time workers is the annual average number.

Personnel composition and female ratio at Hitachi Capital Group in fiscal 2019

Item	Total	Men	Women	Ratio of Women
Total number of workers	5,643people	3,476people	2,167people	38.4%
Part-time and temporary staff	934people	269people	665people	71.2%
Managers*	2,480people	1,783people	697people	28.1%
Average Ages	41.6 years old	44.7 years old	40.8 years old	-
Average years employed by the company	10.3years	10.8years	9.9years	-
Total number of newly hired employees (New graduates/Mid-career)	596people (64people・532people)	339people (30people・309people)	257people (34people・223people)	43.1%
voluntary turn-over rate	7.4%	6.1%	10.2%	-

* Above Team Leader equivalent

Breakdown of employees at Hitachi Capital Corporation in fiscal 2019

Item	Total	Men	Women	Ratio of Women
Number of FTE (Full-Time Equivalent)*1	813people	548 people	265 people	32.6%
Number of Non-FTE (Non Full-Time Equivalent)*1	164 people	43 people	121 people	73.8%
Total number of newly hired employees (New graduates / Mid-career)	42 people (27 people・15 people)	24 people (13 people・11 people)	18 people (14 people・4 people)	42.8%
Average Ages	44.5 years old	45.9 years old	41.7 years old	-
Average years employed by the company	18.6 years	19.7 years	16.5 years	-
Managers*2 (within department manager)	461people (111people)	404people (104people)	57people (7people)	12.4% (6.3%)
Directors*3 (within executive officers. Representative Executive Officers and CEO also assigned Director)	19people (12people)	18people (12people)	1people (0people)	5.3% (0%)
voluntary turn-over rate	4.9%	6.4%	1.9%	-

*1Number of FTE means one of Full-Time Equivalent employees that exclude the officers, and number of Non-FTE means one of Non Full-Time Equivalent. (This definition different from our securities report)

*2Above Team Leader equivalent

*3On June 30, 2020

Employment of challenged people and employment rate by Hitachi Capital Group (Japan)

Item	FY2015	FY2016	FY2017	FY2018	FY2019
Number of applicable person	74people	69people	69people	65people	69people
Employment rate	2.38%	2.38%	2.31%	2.34%	2.50%

Employment of challenged people and employment rate by Hitachi Capital Corporation

Item	FY2015	FY2016	FY2017	FY2018	FY2019
Number of applicable person	38people	35 people	34 people	31 people	31 people
Employment rate	2.34%	2.12%	2.07%	2.26%	2.33%

Number and rate of employees who use several care leave in Hitachi Capital Corporation

Item	FY2015	FY2016	FY2017	FY2018	FY2019
Number of employees taking childbirth leave	23 people	25 people	17 people	10 people	10 people
Number of employees taking childcare raising leave	27people (1people)	38people (0people)	62people (24people)	49people (17people)	45people* (20people)
Rate of return to work after childcare raising leave	92.6%	100%	99.9%	100%	100%
Nursing care	1 people	1 people	0 people	0 people	0 people

Note: Figures in () are male employees who passed qualifications.

*acquired this type of leave for 9.8% of applicable both female and male person.

III Performance-linked remuneration (workplaces where organizational objectives are achieved)

Efficient management of the company and motivating staff internally is important to the company. Therefore Hitachi Capital Corporation has established career development and assessment systems, which enables employees to assess their performance in order to develop their careers and also enable the company to appoint the right employees into the most suitable positions.

Human Capital Assessment System

We have introduced a personnel evaluation system to foster and strengthen our human resources.

Based on the Company's "Hitachi Capital Skills and Behavioral Definition", the system will clarify the superior points of employees and the points that require improvement by evaluating gaps between the future and the current status of employees, and support the future growth of employees.

Objective Management System

We have introduced a goal management system to foster and strengthen our human resources.

This system is intended to (1) set individual operational issues as goals and formulate plans to resolve them by themselves; (2) achieve goals through the implementation of a planned PDCA cycle; and (3) deepen confidence and further motivate employees to grow by accumulating experience of trial and error, successful experiences, and a sense of achievement.

Staff Recruitment

Staff recruitment system which allows employees to apply for any position they wish to is available. A department that wants to recruit people from within the business, has to submit a recruitment request form to the Human Resources department. After the application is inspected, it is advertised internally. The screening process involves reviewing the application documents (1st stage) followed by an interview (2nd stage) which leads to a decision on whether the application was successful.

Internal FA (Free Agent) System

If the applicant matches the needs of the intended department, the employee is reassigned to that department. Once a year (in November to December), the Hitachi Capital Group in Japan allows Group employees who meet the requirement of serving at least five years in the company by 1 October, to apply to the department they want.

IV Education and Training System(Providing Growth Opportunities in Accordance with Individual Career Development)

In Hitachi Capital Group, the ideal image of human capitals set as "the human capital who realize to create social values."

Our human resources consists of three elements: "management skills", "specialized skills", and "human resources". We have established development concepts for each level, and formulated an education program.

In order to provide motivated employees with opportunities to learn, we have expanded investments in employees who are actively working to acquire management skills and acquire qualifications to implement 5 management practices (labor management, business management, goal management, self-management, and information management).

In FY2019, the Hitachi Capital Group's educational budget reached JPY243 million.

Educational program based on the training concept for each employee level

Junior employees	Before joining the company	Provide learning materials to personnel unofficially decided to help them acquire post-employment financial analysis, IT qualifications, and business English and information gathering and utilization skills
	Before assignment (June 2020)	Basic training for new employees : Learn basic knowledge and skills required to promote business within the Hitachi Capital Group, such as corporate systems, social manners, and business skills, from external lecturers and personnel in each internal department through systematic and diverse educational methods
	5 years after joining the company	<ul style="list-style-type: none"> •OJT system (Guidance for operations by 2-year OJT leaders) •Mentor system (Individual support from young employees in other departments) •Attendance at courses in logical thinking, problem solving and presentations as part of a basic management program •Presentation of recommendations and step-up training to check the level of training •Job rotation to experience multiple departments
middle employee	<p>A development program to strengthen management and leadership skills as the core of business execution in the workplace. :</p> <ul style="list-style-type: none"> •Strengthen management capabilities : Attending courses in problem solving, logical listening, and interpersonal communication •Fostering Leadership : Chief (team leader equivalent) training and assessment training(Training to assess managerial skills) 	
managerial position	<p>Attendance at various programs that require understanding and practice of management in the workplace, such as goal management, operations management, labor management, and training of subordinates :</p> <ul style="list-style-type: none"> •New manager training, new head of a department training, etc. <p>(Promote understanding of the role of managers as organizational leaders in developing visions and generating results)</p>	

Professional Skills Education Program

OFF-JT on skills and experience required for the execution of duties and roles in various departments (attending seminars and acquiring qualifications) are formulated by each department as a "specialized skill OFF-JT system". In particular, we are expanding our educational programs in the areas of language, digital transformation (DX), women's advancement, and compliance. We promote all employees to take online English conversation, a six-month training program to obtain the necessary qualifications for DX human resources, training for female management candidates, and harassment training.

In addition, as part of our self-development support system, we introduce correspondence courses and web-learning, and subsidize expenses for those who have obtained official qualifications.

Responding to the Diversification of Work Styles

In order to provide opportunities for each employee to participate regardless of working hours or form of employment, amidst the diversification of working styles, we hold voluntary "after work activities" courses as opportunities to interact with employees across divisions and companies as well as for independent self-development, in addition to working hours. In addition, in fiscal year 2020, as a measure to counter COVID-19, we are switching the majority of our group training to remote training that can be attended by telecommuters.

Collaboration in the workplace

We emphasize the use of the knowledge and skills acquired in our educational programs in practice. Starting in fiscal 2019, we have created multiple opportunities for supervisors and subordinates to talk with each other before and after participation in the training program to help consolidate the training content and encourage employees to put it into practice in the workplace. New tools were also used to promote superiors' understanding of the purpose of the training, such as distributing videos of subordinates introducing the training they would be participating in beforehand.

Talent management system

We have introduced the Talent Management System*1 to accumulate the content of dialogues between superiors and training participants, monitor the behavioral changes of training participants, and conduct text mining*2. Through this system, we analyze trends and characteristics of human resource development for the Group as a whole and use them in human resource development plans. By demonstrating the concept of human resource development and the goals for each level of the organization, we promote the growth of training participants through dialogue, and we are also building a system for measuring the effectiveness of training through the use of HR Tech*3.

In addition, the Talent Management System allows employees to refer to their personal information, such as their individual business backgrounds, qualification acquisition status, and self-declaration data. The system is also used as basic data for supervisors and individuals to think about their careers and future development.

- *1:A system that supports the proper assignment and development of human resources by centrally managing and visualizing the skills and experience of employees.
- *2:A data analysis method for character strings, where text data such as sentences and words are broken down into phrases and words, and useful information is extracted by analyzing their frequency of occurrence and correlation.
- *3:A term coined from the combination of HR (Human Resource) and technology that utilizes cutting-edge IT technologies such as AI, big data analysis, and cloud computing to perform human resource-related tasks such as recruitment, placement, training, and evaluation of human resources.

Governance

Corporate Governance

Basic Ideas and Measures

Hitachi Capital Group regard corporate governance to raise the transparency of management as the basis for complying with the law and social norms, while also establishing the optimum management organization for raising corporate value.

Our corporate governance is based on the establishment of an optimum management system best suited to improving our corporate value.

We therefore carried out the following measures:

Corporate Governance

By separating supervising functions and business execution functions in our management, we aim to bring about a speedy and appropriate resolution of management issues we may face, now or in the future. We employ the company with Nominating Committee, etc. to form a part of management structure to enhance management transparency.

To urge to realize this purpose, Hitachi Capital adopt following structure.

a Delegation of decisions on business execution and establishment of Executive Board

In order to enable prompt decisions on business execution and to maximize the allocation of the finite resources of the Board of Directors to the oversight of business execution and the other unique functions of the Board of Directors, the Company efficiently delegates authority and delegates authority related to decisions on business execution to the extent permitted under the Companies Act to Executive Officers.

In addition, the Executive Board has been established as an advisory organ for decision making by the President. The Executive Board is held two times per month as a general rule for the purpose of thorough consideration and deliberations from a multi-faceted perspective on matters related to business execution (including matters related to business execution delegated from the Board of Directors) based on internal regulations. The results of deliberations by the Executive Board are reported to the Board of Directors in accordance with the nature of proposals.

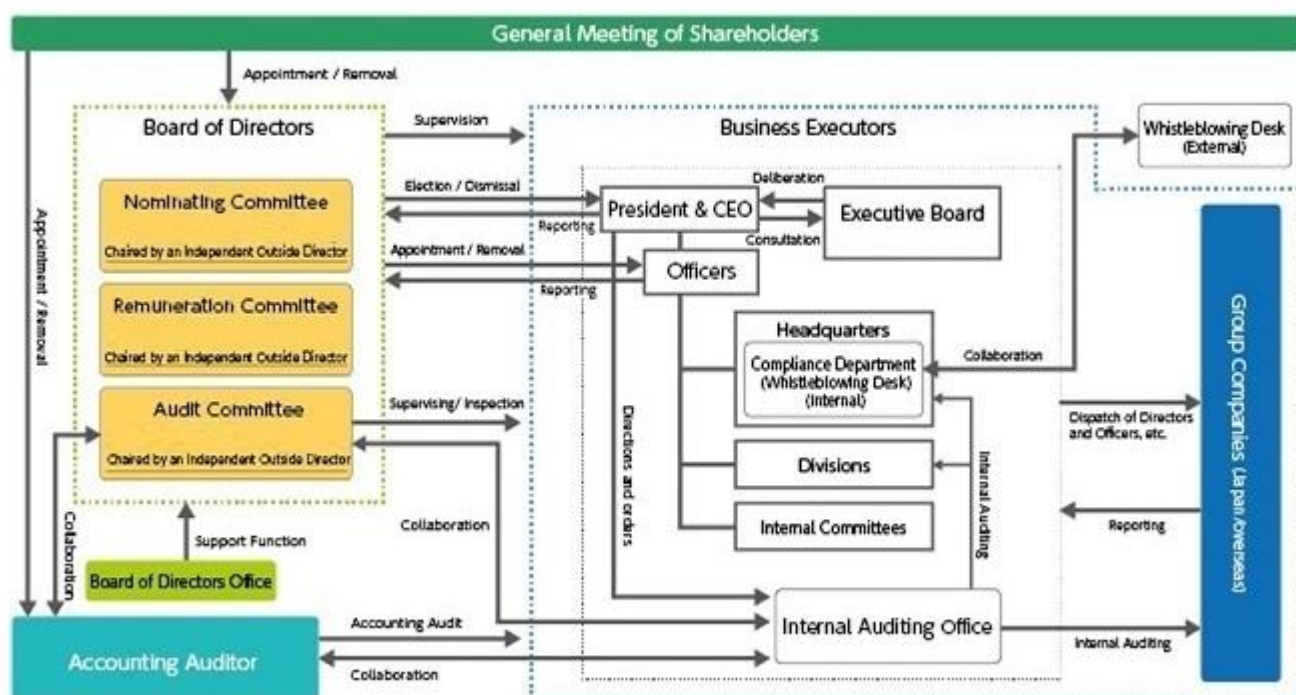
b Management of the Board of Directors

The Board of Directors is managed with a focus on the deliberation of important management issues such as management strategy and supervision of business execution as described in the above for the purpose of the effective management of the Board of Directors. When the Board of Directors is held, efforts are made to provide materials related to proposals in

In addition, Standing Directors attend the Executive Board as observers for the purpose of overseeing business execution, and listen to the contents of deliberations based on the assumption that they will not interfere with statements and decision making by Executive Officers in light of the reason for the selection of the current corporate governance structure by the Company.

Members of the three committees consisting of the Nominating Committee, Audit Committee, and Remuneration Committee are generally Outside Directors who fulfill the Company's prescribed independence criteria. In order to ensure the independence of decisions by committees from business-executing employees, an Independent Outside Director is selected as the Chairman of each committee.

The Audit Committee has been established as a standing Audit Committee for the purpose of developing an audit structure and developing a structure to ensure appropriate internal information gathering and operations, and for the constant monitoring and verification of the status of operations.



*The details of our organization

Board of Directors	8 Directors(incl. 4 Independent Outside Directors, 2 Outside Directors)
Nominating Committee	3 Directors(incl. 3 Independent Outside Directors)
Remuneration Committee	3 Directors(incl. 2 Independent Outside Directors)
Audit Committee	4 Directors(incl. 3 Independent Outside Directors)
Executive Board	12 Executive Officers

Risk Management

Risks of Hitachi Capital Group

The Hitachi Capital Group (hereinafter, “the Group”) defines risks as events that inhibit opportunities to increase corporate value and events with potential to damage society’s trust in or corporate value of the Group, by causing damages to business and operations. Fully recognizes these risks, the Group aims to increase corporate value and develop sustainably by centrally managing risk and to fulfill its social responsibilities as a company to its stakeholders including customers, shareholders, employees, and local communities. Our Business Risk(Refer to Hitachi Capital Corporation 63rd Term (April 1, 2019-March 31, 2020) Securities Report, pages 16-19)

Risk Management

Hitachi Capital has formulated the Risk Management Policy and Credit Risk Management Policy to clarify basic management policies and methods for addressing risks.

In addition, the Group makes efforts to correctly identify management risks in order to execute sound and effective corporate management. Risks that could seriously impact the Group are defined as “control risks.” For each control risk, the Group formulates a policy of action based on the nature of the risk and establishes methods and means of response in advance. It is the Group’s basic policy to manage risks appropriately.

A specific department responsible for risk management is assigned to manage each control risk, and the Group has established a department responsible for overall risk management to manage the risks facing the Group. In addition, in order to increase the effectiveness of the Group’s risk management system, the Group has established an ERM (Enterprise Risk Management) Committee chaired by the General Manager of the Risk Management Division and whose members comprise the general managers of head office divisions and other relevant departments. The ERM Committee receives reports from relevant departments and shares information among related departments on risk management activities. It discusses necessary matters pertaining to these reports and information. At the same time, the situation of overall risk management execution at the Company is reported to the executing board, Audit & Supervisory Committee, and the Board of Directors on a regular basis.

The Committee meets each month to share information and countermeasures on a companywide basis, conduct effective risk impact assessments, and prioritize issues regarding matters reported by concerned departments, such as the (1) controlling risk management level by maintaining the risk map, (2) registration of accident information in Japan and abroad and operations of the accident investigation committee, (3) information-security related issues and activities, (4) customer inquiries and complaints, (5) points raised through internal audits,

(6) responses to inspections conducted by government authorities and external institutions, and (7) trends of laws and regulations and compliance activities.

The Hitachi Capital Group Head of Risk Management (CRO) is Hitachi Capital's Chief Risk Management and Compliance Officer and is responsible for detecting, identifying and preventing potential misconduct and noncompliance with applicable rules and regulations throughout Hitachi Capital Group, and integrating the establishment and the operation of the enterprise-wide compliance structure in case that said misconduct or noncompliance appears. The Hitachi Capital Group Head of Risk Management immediately reports important compliance issues and material violations to the Chief Executive Officer and the Board of Directors. In executing its responsibility, CRO provides the Risk Management Division which is in charge of compliance issues and Risk Management with an appropriate instruction and guidance.

We have strengthened our stance towards information security management by creating the role of chief information security officer (CISO), who will oversee all matters related to information security risks since October, 2017.

Regarding risk management, to discover the potential risk and promote actions, Hitachi Capital Group controls based on creating Risk Map, and promote consolidated global basis risk management.

We integrated the risk map as the management risk annually that integrated the bottom up risk that created by each department, and companies, and top down risk that specified by board. We have adopted a revised risk map that promotes risk management on a consolidated/global basis, via a risk base and approach. Furthermore, we have introduced the "Three Lines of Defense" based on the COSO framework* and implemented a checking and monitoring system that is carried out by respective departments on themselves, as well by the risk management and auditing departments. The status of management of these risk levels is reported to the Board of Directors on an annual basis for review.

*A generally accepted framework for evaluating internal controls created by the American Committee of Sponsoring Organization of the Treadway Commission in 1992.

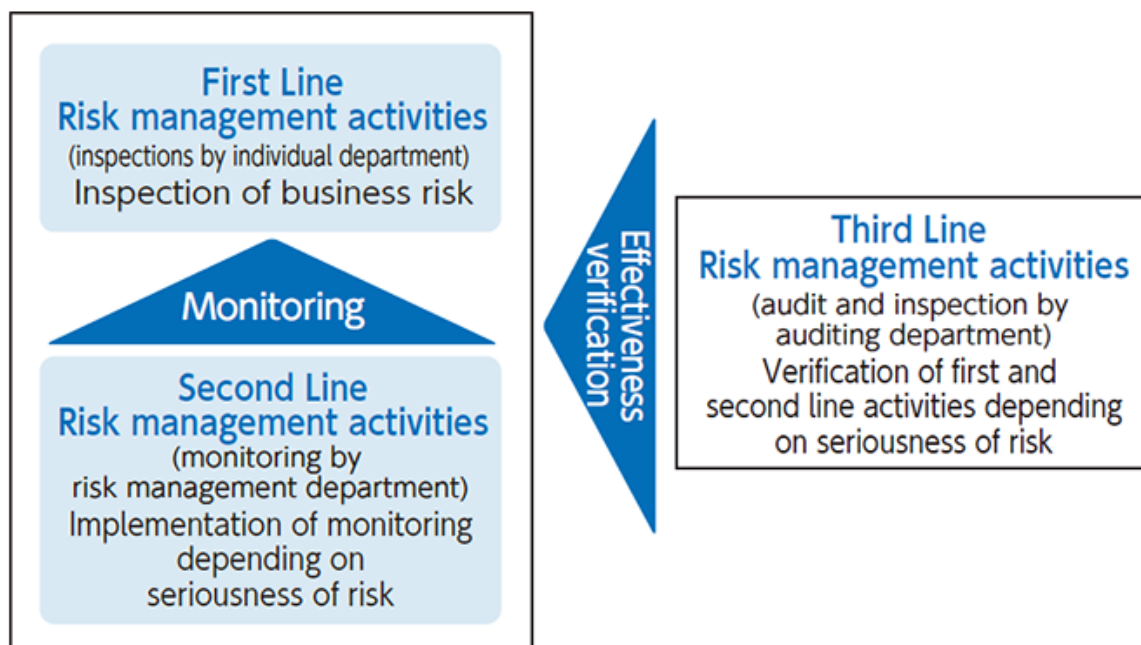
Hitachi Capital Group Risk Map (as of the end in March, 2020)

High		<ul style="list-style-type: none"> •Risk Related to Internal Control for Financial Reporting •System Risk 	<ul style="list-style-type: none"> •Risk related to Unforeseen Events such as Natural Disasters or Pandemics •Risk Associated with Business Structure Reforming •Credit Risk •Risk of Volatility in Demand for Capital Expenditures •Risk related to Competition •Risk related to Partnerships •Risk related to M&A
Medium	<ul style="list-style-type: none"> •Administrative Risk •Market Risk •Liquidity Risk •Risk of Changes in Regulations/Policies 	<ul style="list-style-type: none"> •Risk related to Securing Human Resources •Residual Value Risk •Compliance Risk •Risk Related to Labor and Employment Management 	
Low			
	Low	Medium	High

Vertical directions: Degree of occurrence frequency

Lateral directions: Degree of influence (All high-risk risk map values are calculated into revenue and proportionally distributed)

3 Lines of Defense



Compliance

Compliance Structure

Hitachi Capital Group set Code of Conduct and the Hitachi Capital Global Compliance Program (HCGCP) as the top policy to promote Compliance Structure and established Compliance Policy and Policy Antisocial Forces, etc. Hitachi Capital Group consists Compliance Regulation, Anti-Corruption Regulations, Regulations to Comply with Competition Laws (“Anti-Trust Regulations”), and Regulations for the Prevention of Anti-Social Transactions (“Anti-Social Regulations”) “Whistleblowing Compliance Management System Regulations” based on these policies of the Group.

We establish “the Code of Conduct” that Hitachi Capital Group should comply as the global corporation like SDGs (environmentally consciousness and social contribution for sustainable society) and global standard of each sector (comply with Competition Laws, preventing to transaction between anti-social forces and corruptions, and other regulations throughout Hitachi Capital Group.

“Hitachi Capital Global Compliance Program (HCGCP)” is not only to maintain the effectiveness of compliance with complying social norms as the related regulation and business self-regulated standard but the regulation to “prevent bribery corruption”, “comply competitiveness regulation”, “prevent transaction between anti-social forces”, thus we promote Anti-Corruption Regulations, Regulations to Comply with Competition Laws (“Anti-Trust Regulations”), and Regulations for the Prevention of Anti-Social Transactions (“Anti-Social Regulations”) as the core compliance policies of the Group and promote actions against these regulations.

The Group has formulated a Compliance Policy, and the Compliance Department handles the information gathering and the planning, proposal-making, and facilitation of compliance systems.

We also act on a “Policy against Antisocial Forces” (groups and individuals who pursue economic gain through violence, force, and fraud), thereby seeking to avoid disrupting the social order while gaining public confidence. The policy set outs management systems to reject and completely eliminate any relationship with antisocial forces, and stipulates how to respond to improper demands from antisocial forces.

“Anti-Corruption Regulations” regulated the related regulation in Japan and overseas to comply these regulations and appropriate corporate ethics and establish and operate the structure that needed to investigate legality and adequacy of transaction before the contracts.

Based on “Policy against Antisocial Forces” and “Anti-Corruption Regulations”, Hitachi Capital Group investigate the risk of suppliers/partners to reduce depend on each risk.

Competition Laws (“Anti-Trust Regulations”) is regulated the related regulation in Japan and overseas to comply these regulations and appropriate corporate ethics and establish and operate the structure that needed to investigate legality and adequacy of transaction and communication between stakeholders as contact that prevent fair and free competition as cartel and anti-restricted competitiveness.

The Group has a whistle blowing system that allows Group and Supplier's directors and employees (not only fulltime employees currently working but all employees including those who have already left the company) to report any illegal activities or improper conduct that has occurred or is occurring in the Group to either an internal contact point or external legal counsel based on “Whistle-Blower Protection Act” in Japan. By putting a system in place for receiving whistleblowing (organizational development) through dedicated contact points inside and outside of the company (external lawyer) in this system, and nurturing an awareness that illegal and improper conduct must not be overlooked, we aim to quickly discover problems within the company and solve them before they escalate. It was adopted the standard (Guideline for the private sector how to maintain and operate Whistle Blowing Compliance Management System based on Whistle-Blower Protection Act) that released by the Consumer Affairs Agency on December 9, 2016. Hitachi Capital Corporation has been certified and registered as the company who has Whistleblowing Compliance Management System under the Consumer Affairs Agency of Japan, on October 25, 2019 that Hitachi Capital Group maintains and operates Whistleblowing Compliance Management System, “Voice of Employees.”

Note: “Whistleblowing Compliance Management System Certification” (Self-reporting Registration System) is the Consumer Affairs Agency of Japan appointed agency confirmed whether the Company satisfy the contents of self-assessment of application of certification that comply the certification standard (Guideline for the private sector how to maintain and operate Whistle Blowing Compliance Management System based on Whistle-Blower Protection Act) that released by the Consumer Affairs Agency on December 9, 2016. If the Company satisfied the standard, the Company was registered the results and allowed to use the WCMS mark.



the WCMS mark

If the abnormal incidents that internal controlling decision decided (as the case including severely damaged, illegal transactions that also includes transactions between anti-social forces), Hitachi Capital Group maintain the management reporting system as Global Incident Reporting System (GIRS). Incidents that reported by GIRS collaborated with ERM Committee and etc., and traced the actions to solve until under the appropriate process. Compliance survey realize the twice a year and targets to all group companies and department to check

the status of misconducts, lawsuits, claims of whistle-blowing system, disciplinary actions, corruption, complying with competition laws, extinction of Anti-social forces and money laundering, complying with environmental regulations and responsible and the person in charge of compliance management. The results of the survey reported to not only ERM Committee but Management Board and Executive Board.

During FY2019, as the results of this compliance survey, there was neither a serious violation of legislation by any company or employee in our Group, nor a business-related incident leading to criminal charges in financial and non-financial matters (as the initiatives and actions around human related and environment in the business and supply chains).

In terms of compliance education for officers and employees, the Group, working in line with educational programs created by the division in charge of education, provides well-planned basic legal training, employee grade based training, and specialized educational training. Additionally, to realize all members (officers, full-time and temporary employees) targeted compliance education, every October, which we have designated as Corporate Ethics Month, we share the message of President and CEO/CRO and e-learning that related with Code of Conduct, prevent corruption and anti-social treatment, and complying with competition laws and acquire the letter of commitment of compliance education from all members (answered 100% applicable to the target: 3,657 people received). To enhance daily compliance mind in business operation, the President and CEO release the compliance message quarterly.

Number of whistleblowing cases of Hitachi Capital Corporation

FY2015	FY2016	FY2017	FY2018	FY2019
1	2	10	14	14

Number of whistleblowing cases of Hitachi Capital Group

FY2015	FY2016	FY2017	FY2018	FY2019
4	9	24	24	33

*Calculated for companies to which the person who used the whistle-blowing system belongs to (including former affiliation). However, if a whistle-blowing report is received from a business partner, it is included in the number of whistle-blowing cases for Hitachi Capital Corporation on a non-consolidated basis.

*The figures for Hitachi Capital Corporation on a non-consolidated basis are also included in Hitachi Capital Group on a consolidated basis. Includes cases of whistle-blowing to Hitachi, Ltd. by fiscal 2016.

Information Security System

In order to allow our customers to use our services safely, Hitachi Capital Corporation have implemented policies like our "Information Security Policy" and "Personal Information Protection Policy." Moreover, we have established company-wide regulations that comply with

internal security management system (ISMS) standards (ISO/IEC27001:2013) and are carrying out various information security initiatives.

On March 14, 2006, we obtained Privacy Mark certification from JIPDEC (Japan Information Processing and Development Center). Furthermore, our Public Sales Department obtained ISO/IEC27001:2013 (JIS Q 27001:2014) certification.

We place a strong emphasis on server security measures and training, and are constantly striving to enhance these measures.

We carry out annual e-learning training courses for all officers and employees from both Hitachi Capital Corporation and domestic group companies on information security and personal information protection. These courses boast an attendance rate of 100%.

Since FY2019, to promote “Work Style Innovation” and prevent COVID-19 infection, the Group promote Remote Working.

In the different ICT circumstances of “Old Normal”, we have distributed "Information Security News" monthly containing important points and topics, to prevent incidents as leaking information by enhancing the employees’ sensitivity towards information security.

Additionally, to prevent damage against malware, we have held company-wide workshops on how employees should respond against suspicious e-mails to make all employees understood the basic operations regarding information security.

Tax Transparency

Hitachi Capital Group conducts obligations and corporate ethics via complying through basic rule internally and internationally to accomplish its business with integrity and fair in our Code of Conduct.

Hitachi Capital Group understands and complies with the laws and regulations that apply to their work related tax payment as Base Erosion and Profit Shifting of OECD, etc., with appropriate tax transparency and achieve corporate social responsibility by submitting appropriate tax to Hitachi Capital Group.