

Information Disclosure in Line with the Four Themes Recommended by the TCFD


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



Governance

Our Group has established a Sustainability Committee to contribute to the realization of a sustainable and prosperous future. This committee is positioned as one of the advisory bodies to the Executive Committee and meets to discuss the climate change issue and other key challenges related to sustainability. The results are reported to the Executive Committee and the Board of Directors. "Promote a decarbonized society" and other

materiality were identified through discussions at the Sustainability Committee, Executive Committee, and Board of Directors. Our Group will strengthen governance by promoting initiatives to understand and manage the impact of climate change on our business.

 Sustainability Promotion Framework
<https://www.mitsubishi-hc-capital.com/english/sustainability/environment/tcf.html>

Risk Management

Regulatory changes and technological innovation in line with the transition to a decarbonized society or extreme weather caused by global warming may affect our operating results and financial condition, such as a decline in the value assets owned by the Group. Our Group identifies, assesses, and manages climate change risks, seizes business opportunities, and contributes to the realization of a decarbonized society.

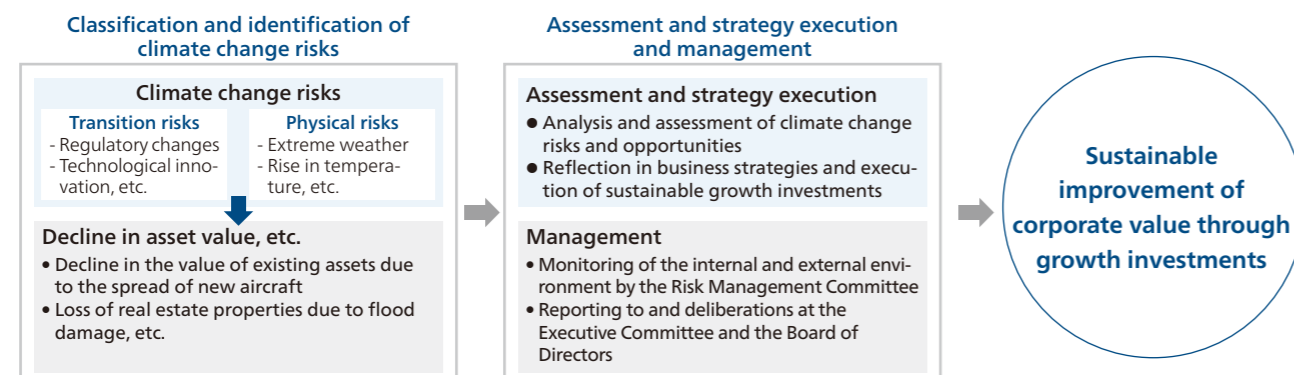
risks such as credit risks, asset risks, and investment risk. Based on our integrated risk management system, we are building a system to identify, assess, and manage climate change risks in light of their relation to other major risks.

Status of integration into overall risk management

The various impacts of climate change risks on other major risks are reported to and discussed by the Risk Management Committee, and integration into overall risk management will be promoted through the establishment of a monitoring system and other means. In addition, the development of targets and plans related to climate change and details of monitoring are reported to and discussed by the Sustainability Committee. The contents of the deliberations of both committees are supervised by the Board of Directors and are designed to be reflected in the Company's overall management strategies.

Identification, assessment, and management of climate change risks

Climate change risks consist of transition risks associated such as with regulation tightening and technological innovation, and physical risks associated with extreme weather and changes in climate. We believe that impacts will occur over a variety of time frames (short, medium, and long term) through broad transmission routes including existing



Strategies for Action on Climate Change

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

The scenario analysis was carried out based on the information and data available at present. We will continue to obtain more information and related data through careful interpretation of analysis results and dialogue with stakeholders and strive to reflect this in appropriate disclosure by improving our analysis methods and expanding the businesses being analyzed.


Results of the scenario analysis

Discussions were held with each division in charge of Environment & Energy, Aviation, Real Estate, and Customer Solutions, which are the segments targeted for scenario analysis, and with the Risk Management Department, which is the department in charge of risk management for the entire Company, to ensure consistency between scenario analysis results and existing strategic policies.

The Group endeavors to minimize risks and maximize opportunities by taking short- and long-term measures regarding risks and opportunities related to climate change. As a result of the transition risk analysis, we

recognize the need to appropriately handle risks and opportunities associated with the expansion of renewable energy (Environment & Energy), the shift to low mileage aircraft and aircraft engines and low-carbon fuels such as SAF and hydrogen (Aviation), growing demand for low-carbon buildings (Real Estate), and other trends. Furthermore, as a result of the physical risk analysis, we anticipate risks including damage caused by disasters to power stations and deterioration of power generating facilities such as solar panels (Environment & Energy), loss in value of real estate due to intensification of natural disasters and increases in construction and operations expenses and renovation costs (Real Estate), damage caused by disasters to the Group's offices, and increases in operating expenses and insurance costs.

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

 Results of the Scenario Analysis
<https://www.mitsubishi-hc-capital.com/english/sustainability/environment/tcf.html>

Metrics and Targets

Based on our recognition that efforts to realize a decarbonized society are an urgent issue, we will set the Group's greenhouse gas reduction targets pursuant to the Paris Agreement, and we promote the transition to a decarbonized society. In the case such as where greenhouse gas emissions increase significantly in the future due to efforts for new businesses, or where numerical values change as the calculation of greenhouse gas

emissions of the entire Group including supply chains are sophisticated, the established targets may be revised if necessary, but we plan to set the targets so that any targets are in line with the level of the Paris Agreement, just as the targets currently being established.

Future efforts

We calculated greenhouse gas emissions and obtained third-party guarantees for certain building lease transactions, aircraft lease transactions (Category 13 – Downstream leased assets), and real estate investment transactions (Category 15 - Investments), which are considered to be high greenhouse gas emission transactions in our Group.

Going forward, we will promote the reduction of greenhouse gas emissions of the entire Group including supply chains, through the expansion of transactions with greenhouse gas emissions calculated, formulation of a policy for sectors with high greenhouse gas emissions and the transaction plan, and other means.

The Group's Targets for Reduction of Greenhouse Gas Emissions

	Short Term (every year)	Medium Term (to fiscal 2030)	Long Term (to fiscal 2050)
GHG emissions (Scopes 1 and 2)	—	(55)% compared to 2019	Net zero
Energy use in Japan:	(1)% compared to the prior fiscal year	—	—