



MITSUBISHI HC CAPITAL

INTEGRATED REPORT 2022

01 Cover Story

- 01 Table of Contents & Editorial Policy
- 02 Basic Management Policy
- 04 At a Glance
- 06 History of Value Creation at Mitsubishi HC Capital

08 Story of Value Creation

- 08 Message from the President & CEO
- 14 Our 10-year Vision
- 16 Materiality of Mitsubishi HC Capital Group
- 18 Value Creation Process at Mitsubishi HC Capital
- 20 Message from the Head of Treasury & Accounting Division

22 Report on Business Activities

- 22 Customer Solutions
- 23 Global Business
- 24 Environment, Energy & Infrastructure
- 25 Aviation
- 26 Logistics
- 27 Real Estate
- 28 Mobility

29 Sustainability Management

- 29 Addressing Climate Change — Information Disclosure Based on TCFD Recommendations —
- 30 Human Rights & Human Capital Initiatives

34 Governance

- 34 Directors & Executive Officers
- 36 Corporate Governance
- 45 Message from an Outside Director
- 46 Risk Management
- 50 Compliance

51 Data

- 51 Operational Highlights
- 52 Corporate Profile & Stock Information

About this Integrated Report

Mitsubishi HC Capital Inc. was born in April 2021 from the business integration of Mitsubishi UFJ Lease & Finance and Hitachi Capital. We are working to solve social issues and create new value by developing global and advanced asset businesses that go beyond the bounds of a leasing company. This Report combines both financial and non-financial information so that our shareholders, investors, and all other stakeholders may become better acquainted with the Mitsubishi HC Group's efforts to sustainably improve our corporate value.

Representative Director, President & CEO

Takahiro Yori

Editorial Policy

Financial and non-financial information is integrated primarily for the benefit of shareholders and investors to provide a better understanding of the Group's medium- to long-term value creation overview, management strategy, business performance, and ESG information.

Guidelines Referenced

International Integrated Reporting Framework, issued by the International Integrated Reporting Council

Scope of Reporting

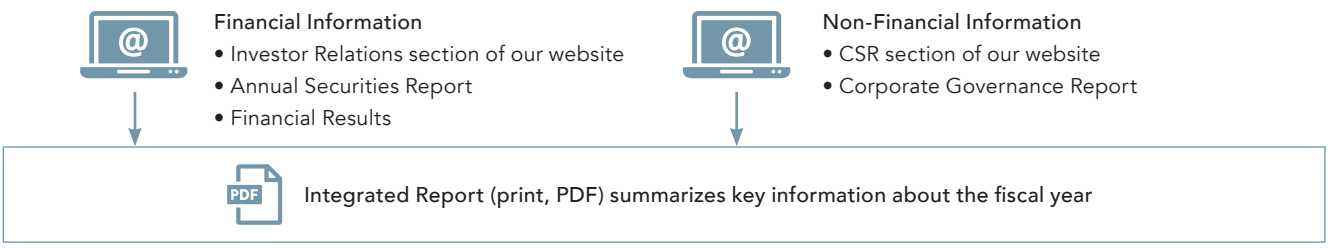
Period: Fiscal year ended March 31, 2022 (April 2021-March 2022) (Some sections include information on activities before and after the reporting period.)
Scope: The Company and its subsidiaries and affiliates

Forward-looking Statements

The strategies, plans, results, and other information presented in this report contain future projections and forecasts. Such forward-looking statements reflect assessments made by the Group based on the information available at the time of this report's preparation. Please note that actual results are influenced by a wide range of significant factors and may therefore differ considerably from the content of these statements.

Information Disclosure

This report combines important financial and non-financial information to help readers better understand the Company. Our corporate website's Investor Relations (IR) section also offers IR information from the former Mitsubishi UFJ Lease & Finance and Hitachi Capital Corporation.



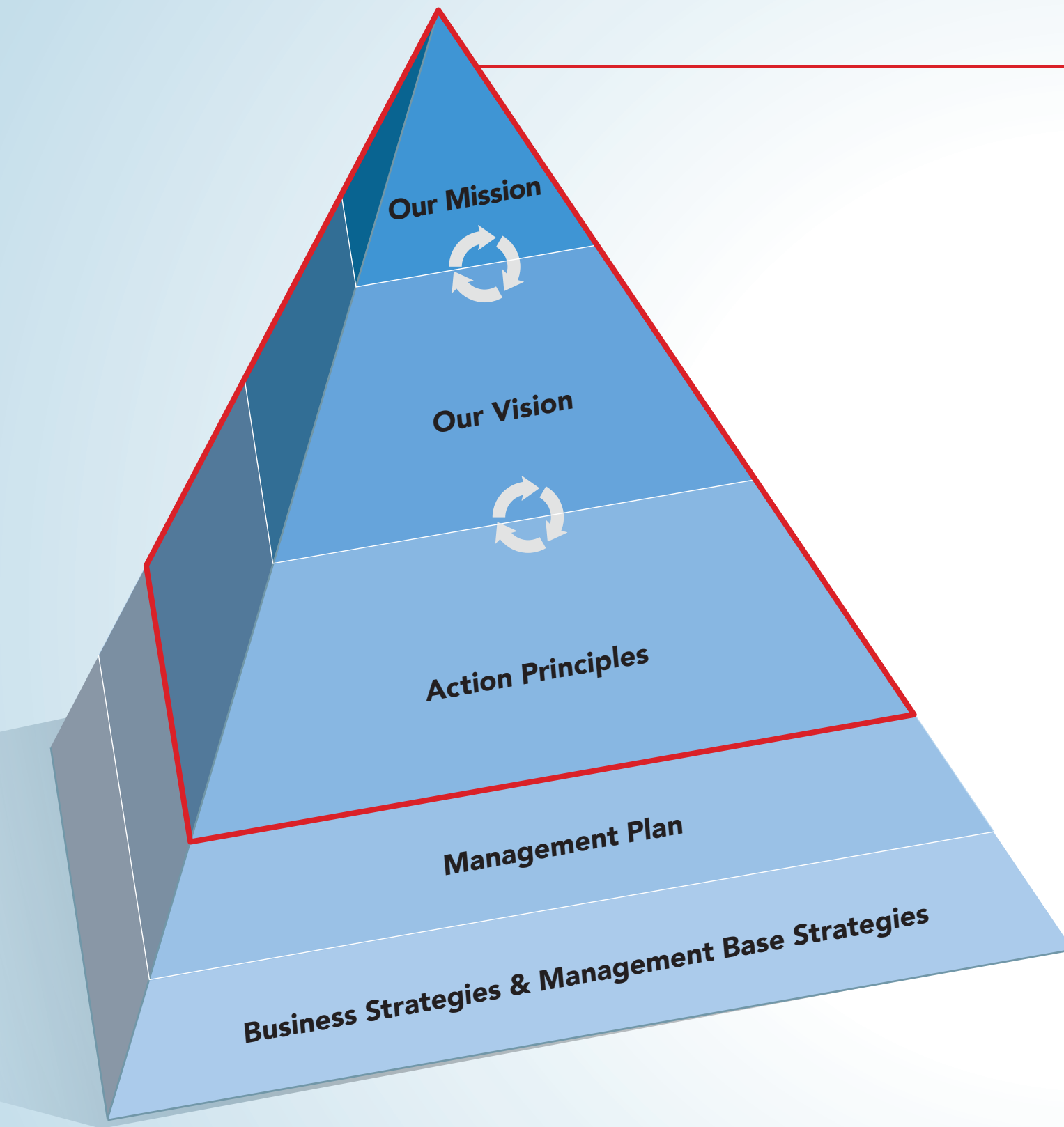
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Corporate Website

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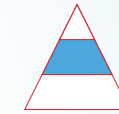
Basic Management Policy



Our Mission

~Our long-term goal~

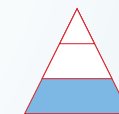
Contribute to a prosperous and sustainable future by creating social value through maximizing the potential of assets.



Our Vision

~Objectives to achieve our long-term goal~

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



Action Principles

~"Values and mindset to be held" and
"actions to be taken" by each and every employee~

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

At a Glance (FYE3/2022)

REVENUES
1,765.5 BILLION YEN

OPERATING INCOME
114.0 BILLION YEN

NET INCOME
(TOTAL SEGMENT PROFIT)
99.4 BILLION YEN

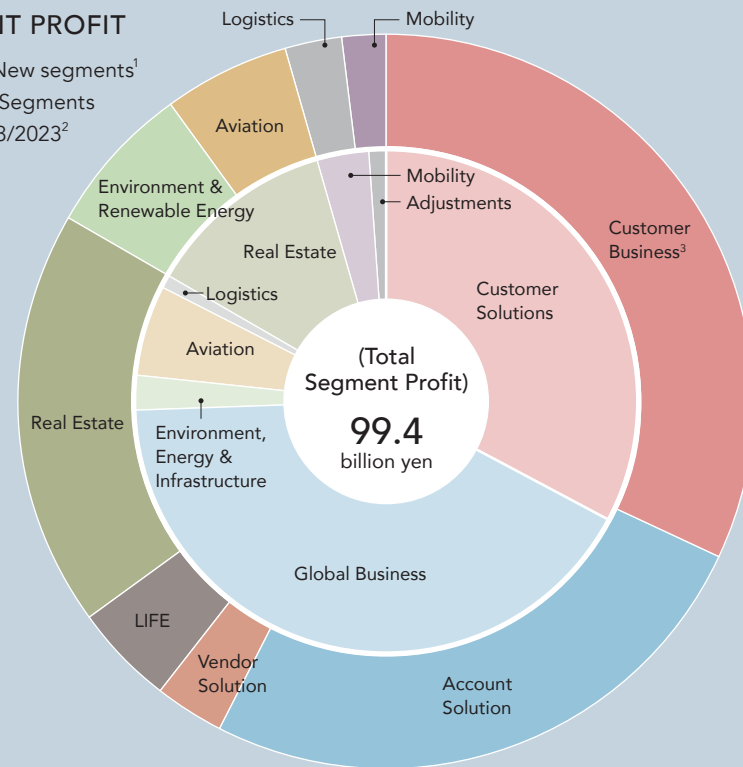
NEW TRANSACTIONS VOLUME
2,507.8 BILLION YEN

TOTAL SEGMENT ASSETS⁴
9,345.3 BILLION YEN

1. FYE3/2022 results converted into new reportable segments in a simplified manner as reference values
2. Breakdown excluding "Others" and "Adjustments" recorded in red in FYE3/2022
3. Including profits on the sale of strategic shareholdings
4. Operating assets + equity method investments + goodwill + investment securities, etc.

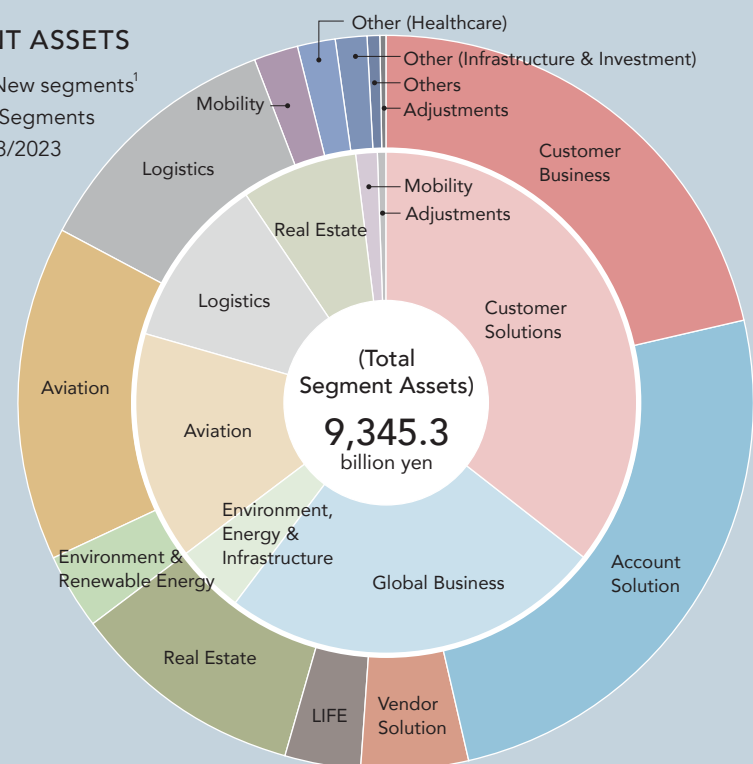
SEGMENT PROFIT

Inner ring: New segments¹
Outer ring: Segments before FYE3/2023²



SEGMENT ASSETS

Inner ring: New segments¹
Outer ring: Segments before FYE3/2023



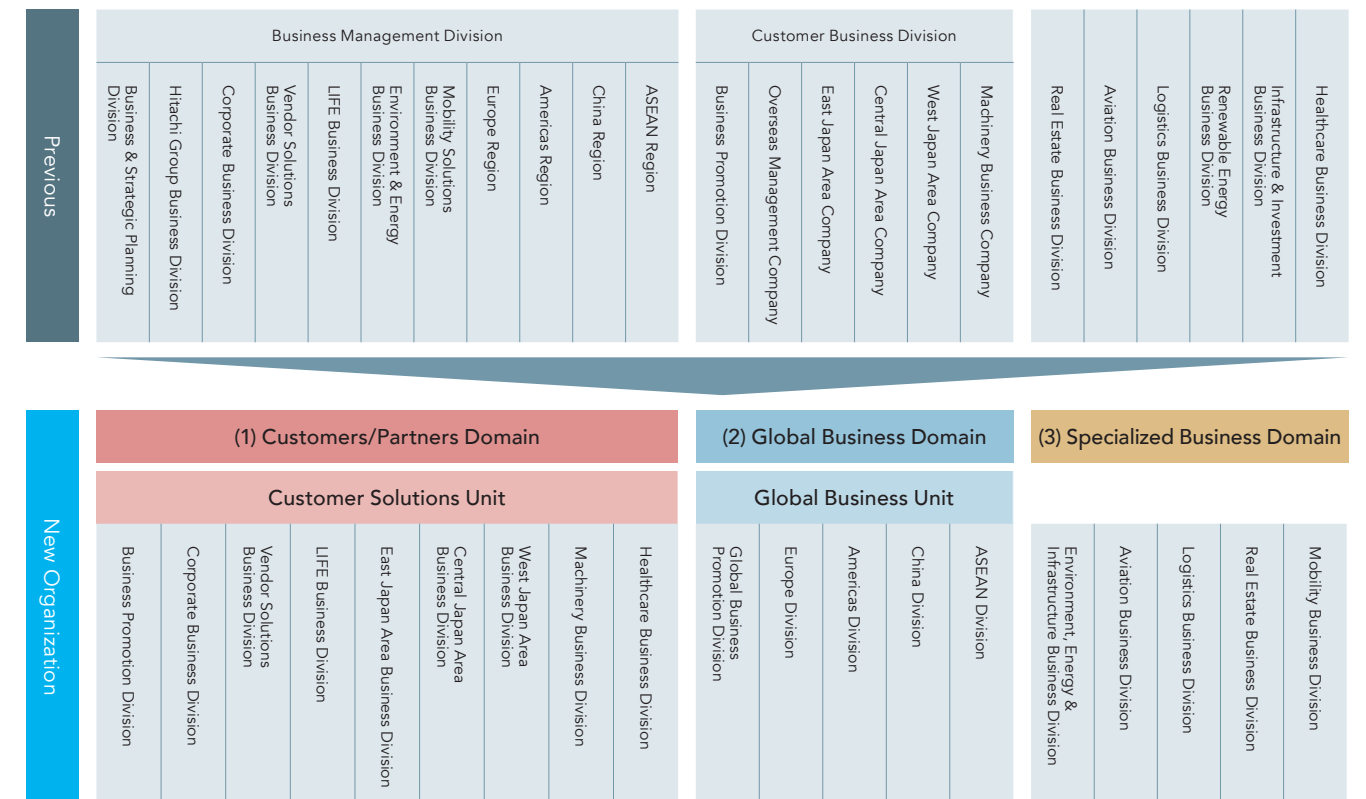
External Credit Ratings⁵

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

5. As of June 2022

Organizational Changes

In anticipation of the new Medium-term Management Plan scheduled to start from FYE3/2024, organizations with similar functions and roles were integrated as of April 1, 2022. The organizational levels of the business divisions, which were different in the two former companies, have been consolidated and reorganized into three domains: (1) Customers/Partners Domain, (2) Global Business Domain, and (3) Specialized Business Domain.



Focused Business Domains and Targets

Focused Business Domains					
	Social Infrastructure & Life	Environment & Energy	Sales Finance	Mobility	Global Assets
Targets	<ul style="list-style-type: none">● Target: Social infrastructure related to industrial infrastructure/lifestyles● Provide value toward the realization of more prosperous lives by implementing real estate financing, business operation, and social infrastructure investment	<ul style="list-style-type: none">● All aspects of energy creation, energy storage, and energy conservation (mainly renewable energy)● Develop joint business with strategic partners in addition to project investment and financing	<ul style="list-style-type: none">● Target: Assets for business that underpins economic activity (e.g., industrial machinery, telecommunications equipment, OA equipment)● Accelerate labor-saving and streamlining through digitalization	<ul style="list-style-type: none">● Target: Auto leasing and advanced mobility services business● Achieve advancements to deliver data-driven solutions	<ul style="list-style-type: none">● Target: High-added-value assets that exhibit high liquidity and value throughout the world● Promote diverse asset business based on operating leases
Corresponding Segments*	Customer Solutions				
	Global Business				
	Environment, Energy & Infrastructure			Mobility	Aviation
	Real Estate				Logistics

*New Reportable Segments beginning 1Q FYE3/2023

History of Value Creation at Mitsubishi HC Capital

We will combine the strengths we have cultivated through businesses around the world to create new social value as only we can.

Mitsubishi UFJ Lease & Finance, a bank- and trading house-affiliated leasing company, and Hitachi Capital, a manufacturer-affiliated leasing company, had developed their respective business in various fields around the world and cultivated unique strengths and knowledges. Now united as Mitsubishi HC Capital, we are combining these strengths to accurately address diverse customer and social needs and pursue creating new social value which only we can do by contributing to a sustainable and prosperous future.

2007

THE BIRTH OF MITSUBISHI UFJ LEASE & FINANCE

Diamond Lease and UFJ Central Leasing merged to form Mitsubishi UFJ Lease & Finance.

2015

EXPANSION OF OPPORTUNITIES TO GENERATE PROFITS

Accelerated international business, such as the business alliance with a North American railcar leasing company and the acquisition of an aircraft engine leasing company and a marine container leasing company.

2013

EXPANSION OF VALUE CHAIN FUNCTIONS

Accelerated development of the global asset business, starting with the acquisition of aircraft leasing companies.

2017

NEW VALUE CREATION

Participated in businesses by evolving business models and developing business management, such as commencing participation in offshore power transmission business in Germany.

CAPITAL AND BUSINESS ALLIANCE BETWEEN MITSUBISHI UFJ LEASE & FINANCE AND HITACHI CAPITAL

2016

THE ESTABLISHMENT OF JAPAN INFRASTRUCTURE INITIATIVE
(THROUGH JOINT INVESTMENT FROM MITSUBISHI UFJ LEASE & FINANCE, HITACHI CAPITAL, AND MUFG BANK)

2017

2000

THE BIRTH OF HITACHI CAPITAL

Hitachi Credit and Hitachi Leasing merged to become Hitachi Capital, consolidating the financing businesses of the Hitachi Group to expand businesses.

2013

ENHANCEMENT OF SALES FINANCE BUSINESS

Acquired a company which provides sales support to vendors through leasing.

2005

EXPANSION OF SOCIAL INFRASTRUCTURE BUSINESSES

Started management and operation of commercial facilities, and opened Ayase Town Hills Shopping Center in Ayase City, Kanagawa Prefecture.

2014

START OF DEVELOPMENT OF RENEWABLE ENERGY PLANTS

Started to operate wind and solar power plants as the primary project contractor of the renewable energy business.

2019

SHIFTING THE MOBILITY BUSINESS INTO HIGH GEAR

Evolved Vehicle Solutions business which it has been pursuing and shifted its Mobility business into high gear by merging MaaS companies.

2021

THE ESTABLISHMENT OF MITSUBISHI HC CAPITAL

Create social value through the development of an advanced asset business

Actively develop an advanced asset business beyond a leasing company. Provide new social value with a pioneering spirit as a partner that can support customers in their own ambitious endeavors.

2021

PARTICIPATION IN WIND POWER MARKET IN VIETNAM

Contribute to the sustainable economic and social development and the realization of a decarbonized society in Vietnam by working towards safe and stable renewable energy power generation.

ACQUISITION OF CAI INTERNATIONAL, A MAJOR MARINE CONTAINER LEASING COMPANY IN THE U.S.A.

Increased the number of the Group's owned marine containers to become equal to the second global player among the world's leasing groups in the industry. Plan to further grow and strengthen competitiveness in the marine container leasing business.

ANNOUNCEMENT OF SUPPORT FOR THE RECOMMENDATIONS OF THE TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

INVESTMENT IN HYDROGEN-POWERED AIRCRAFT START-UP UNIVERSAL HYDROGEN IN THE U.S.A.

Contribute to reducing the environmental impact of the aviation industry and establishing the hydrogen value chain.

IDENTIFICATION OF MATERIALITY OF MITSUBISHI HC CAPITAL GROUP

Identified the six materiality as priority key challenges which must be addressed to achieve sustainable development of Mitsubishi HC Capital Group. Proceed effective management and business activities toward solving such issues.

2022

START OF CONSIDERATION FOR CO₂ VISUALIZATION MANAGEMENT SERVICE

Support companies to achieve carbon neutrality by aiming to provide CO₂ reduction solutions.

START OF OPERATION OF HYBRID POWER PLANT USING SOLAR AND WIND POWER IN AKITA CITY, AKITA PREFECTURE

Achieve a stable supply of power throughout the year and contribute to the expansion of renewable energy adoption.

Working with our customers and partners to provide solutions to social issues and create new value

The external environment continues to change year by year. In addition to global megatrends such as shifting demographics, climate change, and the expansion and evolution of technology, challenges include the global COVID-19 pandemic and the emergence of various geopolitical risks. These developments have brought to light accompanying social issues that need to be addressed. In corporate activities, one major challenge is how to evolve in anticipation of changes to the social and business environments, such as changes to global industrial structures, the increasing importance of sustainability, and the acceleration of digitalization.

How these events affect Mitsubishi HC Capital's customers and partners is no exception, and knowing how to respond to these environmental changes is an issue of paramount importance. Making full use of our unique knowledge and expertise in the asset business, cultivated through our background in leasing, we take pride in our ability to work with a wide range of customers and partners around the world to solve social issues and create new value.

Mitsubishi UFJ Lease & Finance has a background in banking and trading house businesses, while Hitachi Capital's background is in manufacturing businesses. In April 2021, the business integration of the two companies gave birth to Mitsubishi HC Capital Inc. Both pre-merger companies were cognizant of the changes in the environment discussed above, envisioned the respective roles they could play, and came to the conclusion that the best way to fulfill those roles was to merge, given how perfectly they complemented each other and how little overlap there was in their respective business areas.

The first challenge in maximizing the effects of such a union is the successful execution of post-merger integration (PMI).^{*} I have experienced two major corporate mergers in my professional career. Those experiences showed me the importance of fostering a common mindset and mutual understanding among officers and employees as part of PMI. To ensure ample time for this process, I decided from the beginning to spend two years on PMI. In the first year, FYE3/2022, we moved forward with the integration of corporate operations such as finance, credit screening, and risk management, as well as the development of internal regulations and system infrastructure. Through this process, we discovered even greater similarities between our cultures than expected, and as a result the PMI made good progress. Then in April 2022, one year prior to the scheduled launch of our new Medium-term Management Plan, we reorganized business operations under three domains: the Customers/Partners Domain, the Global Business Domain, and the Specialized Business Domain. Organizations with similar functions and roles have been grouped together at the unit or division level. We are now working on the remaining PMI challenges, which include unifying HR systems, standardizing consolidated group governance methods, and achieving business synergies.

Given that PMI has progressed far beyond our expectations, we were able to shift the focus of discussion to sustainable growth post-PMI starting in the second half of FYE3/2022. We began deeper discussions on what kind of company we should be 10 years from now in order to realize the long-term goals of Our Mission (which is a part of the Basic Management Policy), as well as how we need to change in order to achieve that future ideal.

^{*}Post-merger integration (PMI): The process for maximizing the effectiveness of integration following a merger/acquisition. It consists of three stages: management integration, operational integration, and mindset integration.

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

We will continue to venture into
unexplored fields and create innovation.

Representative Director,
President & CEO

Takashi Gori

Defining Our Mission as a long-term goal




The Basic Management Policy comprises three parts: Our Mission, Our Vision, and Action Principles.

Our Mission is our long-term goal, which is to contribute to a prosperous and sustainable future by creating social value through maximizing the potential of assets. “Assets” also include intangible assets such as information assets (software and databases), innovative property (R&D and licensing), and economic competencies (human resources and organizations). With tangible and intangible assets at the core of our business, we will contribute to a prosperous and sustainable future by creating social value through maximizing the potential of such assets.

Our Vision sets out our objectives for achieving our long-term goal. It encompasses addressing social issues, sustainable growth, enhancement of corporate value, employee job satisfaction, and legal compliance, but it also incorporates perspectives such as the global environment, globalization, value co-creation, and digital transformation. Our Vision is also closely related to the six priority key challenges identified as the Materiality of the Group in December 2021.

The Action Principles succinctly define the values and mindset to be held and the actions to be taken by each and every employee to achieve Our Mission and Our Vision. These Action Principles only have meaning when all our employees understand and adopt them as the standards for day-to-day decision-making. With this in mind, they were formulated based on surveys of Group employees in Japan and overseas. Through a multi-level approach that included employee workshops and discussions among officers, we honed in on the six keywords—challenge, digital, communication, diversity, sustainability, and integrity—that form the basis of the Action Principles.

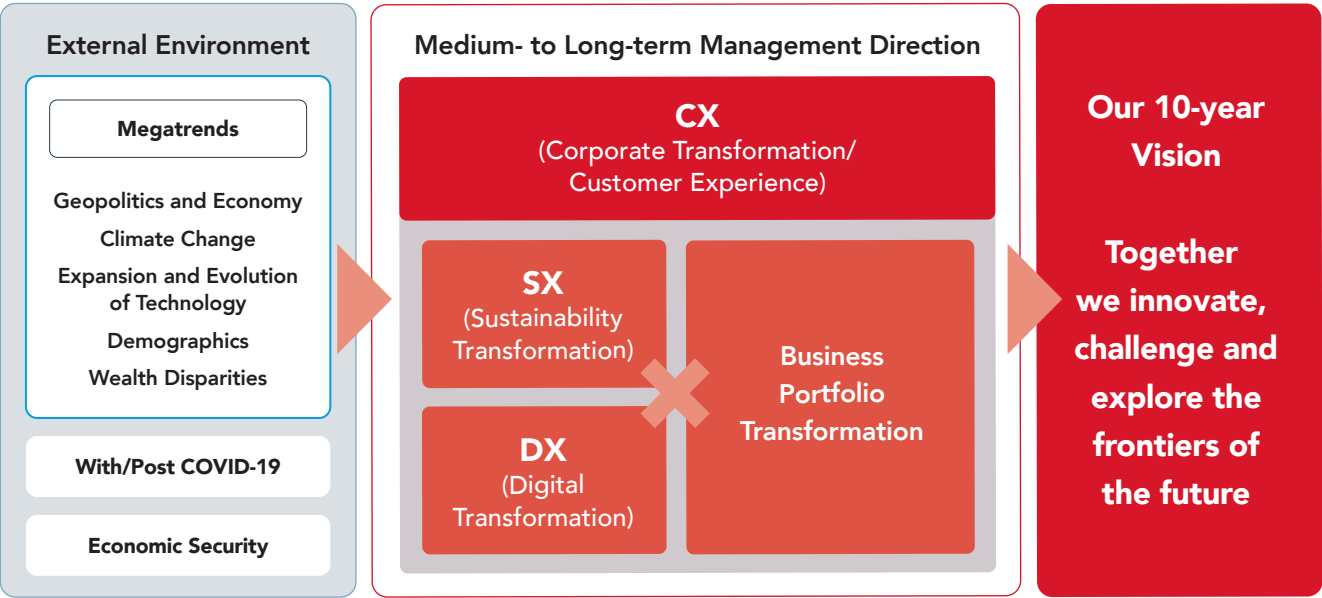
 See pages 2-3 for Basic Management Policy.

Our 10-year Vision serves as a guide toward achieving Our Mission

As I mentioned above, we have held many discussions since last autumn, mainly by the management team, through which we established Our 10-year Vision. This is the milestone for implementing our long-term goal, known as Our Mission. Our 10-year Vision is: “Together we innovate, challenge and explore the frontiers of the future.” It incorporates our resolve to continue to venture into unexplored fields and create innovation without being bound by precedents, as well as to continue to take on the challenge of addressing social issues that can be solved only by us anticipating changes in society and the business environment. Our 10-year Vision will serve as a guide to implementing Our Mission over the course of three Medium-term Management Plans: “Hop,” “Step,” and “Jump.” The first of these starts in April 2023.

To achieve Our 10-year Vision, we are promoting CX, which has two meanings: “corporate transformation” and “customer experience.” Implementing the former will enable us to create customer value through the latter. We will realize these two forms of CX by organically combining SX (sustainability transformation), DX (digital transformation), and Business Portfolio Transformation which aims at realizing an optimal portfolio.

In terms of SX, we will work to achieve “coexistence and co-prosperity with environmental and social values” and “sustainable growth” by promoting business based on our Materiality and building a solid management base.



In terms of DX, we will achieve “creation and qualitative improvement of customer value” by making strategic investments such as developing and acquiring DX talent as well as building systems and data management frameworks that support the use of data and digital technology.

Furthermore, in terms of business portfolio transformation, we will build an optimal portfolio for the entire Group through three initiatives: (i) developing new businesses, (ii) shifting from existing businesses to high value-added services, and (iii) enhancing profitability and efficiency of existing businesses. We will develop new businesses and domains and acquire new revenue sources through the strategic use of the stable cash flows and the wide-ranging customer base of our existing businesses. Moreover, we will increase returns by maintaining and expanding the customer base of existing businesses, shifting to high value-added services, and improving the customer experience. In addition, we will enhance the profitability and efficiency of existing businesses that generate stable cash flows.

On this basis we are currently determining the details of the 2023–2025 Medium-term Management Plan (“the 2025 Medium-term Management Plan”) that will serve as the “Hop” phase toward realizing Our 10-year Vision. For FYE3/2026, the final year of the 2025 Medium-term Management Plan, we expect to set targets for ROA of approximately 1.5% and ROE of approximately 10%. Over the three years of the plan, we expect to set a target payout ratio of approximately 40%. Based on our current growth trajectory alone, I believe that these targets should be well within reach. However, to realize Our 10-year Vision beyond that, we must achieve transformative growth, not simply business as usual. Through integration, Mitsubishi HC Capital has growth potential, and maximizing integration synergies while steadily achieving both forms of CX will lead to transformative growth in the second and third Medium-term Management Plans that will follow. This is the greatest challenge of the 2025 Medium-term Management Plan.

Becoming a company where employees who lead transformation and take on challenges can fulfill their potential

In promoting the CX that will be essential to achieving Our 10-year Vision, the most important factor is transforming the mindset of officers and employees. When establishing and executing each business strategy, we must have a shared urgency in understanding that simply maintaining the status quo will lead to decline in the long term, as well as an awareness that the success of CX in the 2025 Medium-term Management Plan will make a major difference in the medium- to long-term. For example, personnel at the frontlines of sales and respective businesses need a solid understanding of the issues that customers and partners are facing so that they can conceive and provide the kind of added value that contributes to solutions in ways that only we can. Meanwhile, personnel engaged in corporate operations must build a solid management foundation that contributes to sustainable growth while considering the balance between offensive and defensive measures. Furthermore, all employees must be creative in staying ahead of the needs of each of our stakeholders and leverage their own accumulated experience and organizational knowledge in order to find new ways to work that are unbound by past conventions.

One of my most important roles as CEO is to foster a corporate culture and comfortable working environment in which employees who lead transformation and take on challenges in providing new value to our various stakeholders can fulfill their potential. It is important not only to think and act together with our customers and partners, but also to maximize team strength within the organization through creativity in understanding the circumstances of others. Embodying Our 10-year Vision of “Together we innovate, challenge and explore the frontiers of the future” and establishing an unmistakable presence as Mitsubishi HC Capital among our stakeholders, will in turn boost employee engagement. At Mitsubishi HC Capital, we will create a corporate culture that is conducive to this virtuous cycle.

To reach Our 10-year Vision, we will achieve CX in the 2025 Medium-term Management Plan. During this fiscal year, we will draw up a solid strategy to that end, and together with our various stakeholders, contribute to a sustainable and prosperous future.



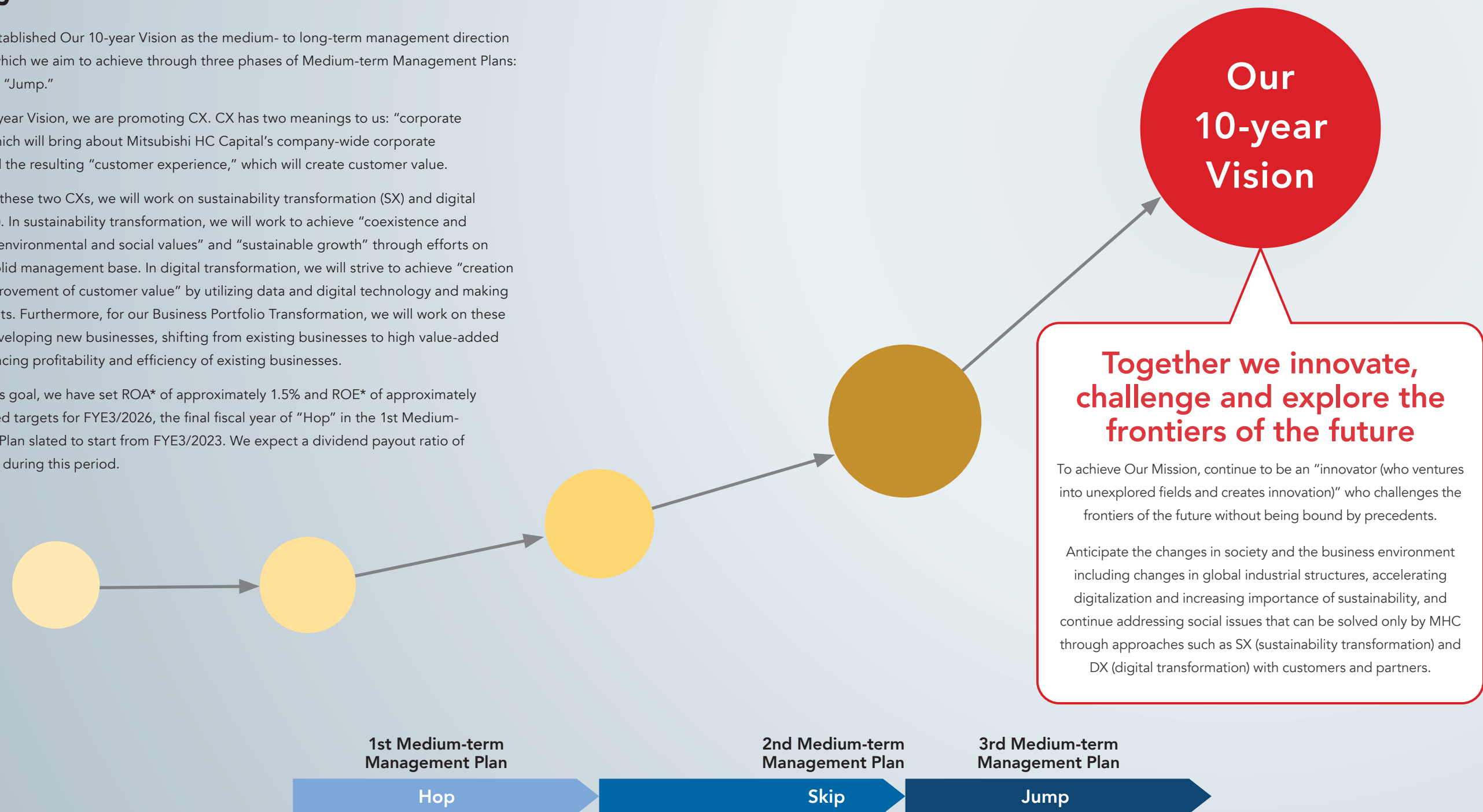
Our 10-year Vision

In May 2022, we established Our 10-year Vision as the medium- to long-term management direction for the Company, which we aim to achieve through three phases of Medium-term Management Plans: "Hop," "Step," and "Jump."

To achieve Our 10-year Vision, we are promoting CX. CX has two meanings to us: "corporate transformation," which will bring about Mitsubishi HC Capital's company-wide corporate transformation, and the resulting "customer experience," which will create customer value.

In order to achieve these two CXs, we will work on sustainability transformation (SX) and digital transformation (DX). In sustainability transformation, we will work to achieve "coexistence and co-prosperity with environmental and social values" and "sustainable growth" through efforts on Materiality and a solid management base. In digital transformation, we will strive to achieve "creation and qualitative improvement of customer value" by utilizing data and digital technology and making strategic investments. Furthermore, for our Business Portfolio Transformation, we will work on these three initiatives: developing new businesses, shifting from existing businesses to high value-added services, and enhancing profitability and efficiency of existing businesses.

In a step toward this goal, we have set ROA* of approximately 1.5% and ROE* of approximately 10% as our expected targets for FYE3/2026, the final fiscal year of "Hop" in the 1st Medium-term Management Plan slated to start from FYE3/2023. We expect a dividend payout ratio of approximately 40% during this period.




	FYE3/2022	FYE3/2023	FYE3/2024	FYE3/2026	FYE3/2029	FYE3/2032
ROA*	1.0%	1.1%	...	Approx. 1.5%		
ROE*	8.0%	8.2%	...	Approx. 10%		
Dividend payout ratio	40.4%	40.5%	Approx. 40% (during the period of the new Medium-term Management Plan)			

[Expected target]

*ROA and ROE are based on net income
FYE3/2023 Forecast (as of May 16, 2022)

Materiality of Mitsubishi HC Capital Group

Mitsubishi HC Capital has identified the following six materiality as priority key challenges which must be addressed to achieve sustainable development of the Mitsubishi HC Capital Group. Against a backdrop of megatrends such as recent climate change driven by global warming, population growth, urbanization, and scarcity of resources, not only our personal lives but also social environments have been drastically changing worldwide. Under such circumstances, companies are expected to take efforts to solve numerous issues, such as to promote a decarbonized society and to create a circular economy.

Materiality	Why the Group Treats as Highly Material Challenges	Relation to SDGs
 Promote a Decarbonized Society	Efforts to realize a decarbonized society have been globally recognized as an urgent issue, and the Group can significantly contribute to solving this challenge through its services and solutions, such as renewable energy investment and EV promotion. It is quite a few impact on but is significant for the Group to distinct its business from not solving social issues.	 
 Realize the Circular Economy	The Group aims to contribute to creating a circular economy by reducing waste, not only within the Group but also within society through maximizing the potential of assets as a leading leader in the leasing industry. The Group treats this challenge as material. The Group can also contribute to realizing a sustainable and prosperous society through strengthening the collaboration between partners.	   
 Establish Resilient Social Infrastructure	Large parts of the infrastructure within Japan needs to be repaired. The Group also recognizes the business has huge potential opportunities to support the development of infrastructure in overseas countries with active collaboration between various partners and create a smart city. The Group will contribute to the business being diversified, enhanced and efficient through establishing system and providing services for supporting the collaboration of various companies.	 
 Realize Healthy Lifestyles that Promote Positive Wellbeing	It is vital for its stakeholders that the Group recognizes the importance of health, safety, mental and physical wellbeing for realizing the prosperous future. Valuable human resources are key. Personal development and attraction and retention of talent are significant for the Group members.	  
 Create Businesses Utilizing the Latest Technologies	Both financing for the purpose of the digital transformation of customers and providing solution by internal and external digital technologies urge to develop new business models. Including establishing supply chains with utilizing alternative energies, the Group identifies material one as the opportunity.	 
 Collaborate with Partners Locally and Globally	Social issues differ by countries and regions. It is significant that the Group aims to solve these issues by collaborating with local partners to ensure the Group is meeting individual needs through local community-based communication. The Group can realize mutual benefits in developing society by utilizing the integrated capability in the Group.	 

How the Company Identified the Materiality

As the first step in sustainability management, we identified materiality through the following process:

1. Identified internal ESG priority key challenges

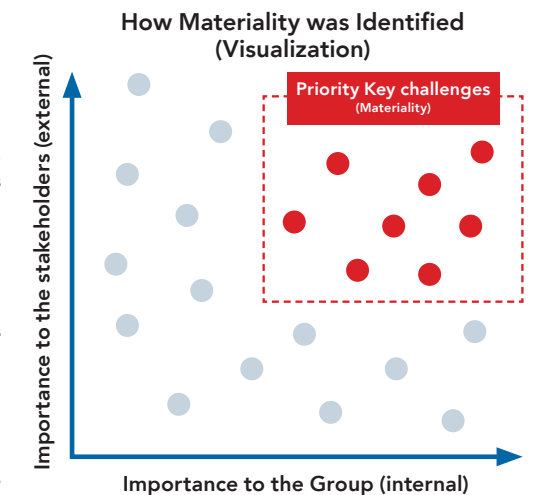
We first listed wide-ranging ESG-related challenges based on related international guidelines and principles such as the ISO 26000 standards, SDGs (Sustainable Development Goals), and others. Subsequently, we conducted employee questionnaires and interviews throughout the Group and ascertained potential challenges in consideration of their importance for the Group as both opportunities and risks.

2. Identified ESG priority key challenges for external stakeholders

Via interviews with stakeholders including major customers, shareholders, and partners, we confirmed and listed key ESG material issues from the perspective of the stakeholders based on their professional expertise and opinions.

3. Management held discussions and made decisions

By reviewing how the priority key challenges relate to Our Mission, Our Vision and SDGs, we identified the key challenges that the Group must address through discussions with relevant departments, the Sustainability Committee, the Executive Committee, and the Board of Directors.



Initiatives Related to Materiality



Promote a Decarbonized Society

Contribute to reducing environmental impact of aviation industry and establishing the hydrogen value chain

To promote a decarbonized society, the Group is implementing initiatives to reduce the environmental impact in the field of the global aircraft and aircraft engine leasing business, as well as the management and operation of mobility services and logistics facilities, etc. In October 2021, the Company invested in Universal Hydrogen Co., a start-up that develops modular capsules for hydrogen storage and the power-train for hydrogen-powered aircraft in the U.S.A., and concluded a MOU for the collaboration on hydrogen value chain pilot activities. Moving forward, we will work with Universal Hydrogen Co. to establish the hydrogen value chain. Furthermore by deepening our knowledge of the hydrogen business through that collaboration, we aim for the entire Group's future participation in and support of the hydrogen value chain, including storage, transportation, production and filling facility, and clean energy supply.



Realize Healthy Lifestyles that Promote Positive Wellbeing

Develop a new business model for rehabilitation facilities outside the public health insurance system to contribute to solving the problem of "physical therapy refugees."

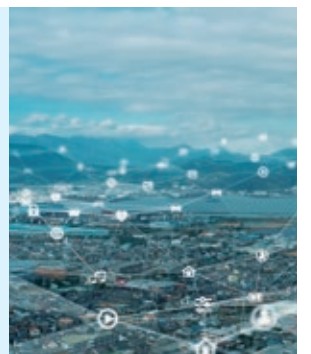
In order to realize healthy lifestyles that promote positive wellbeing, the Group aims to provide value through its business. In May 2021, the Company collaborated with Inter Reha Co., Ltd., a physical therapy equipment importer and wholesaler with a robust network equipping university hospitals throughout Japan, and iMARE, Inc., a physical therapy service provider that caters to the nursing care field, to establish Repre Co., Ltd. In October 2021, the three companies opened the Physio Center inside a university hospital in Tokyo as a physical therapy facility that operates outside of the public health insurance system. Currently, as Japan's financial resources for social security grows scarce, the increase in "physical therapy refugees" who are unable to receive adequate physical therapy with public health insurance alone is becoming a social issue. The Physio Center addresses this issue by offering service packages in collaboration with medical institutions to meet the needs of those requiring physical therapy. At the same time, the Physio Center will work to develop a new business model in which physical therapy not covered by public insurance is widely recognized and appreciated by society.



Create Businesses Utilizing the Latest Technologies

Contribute to regional development of Tamakawa Village in Fukushima Prefecture through the advancement of digitalization

The Group is promoting new business creation from both an economic and social perspective while utilizing the latest digital technologies. One of these efforts involves a four-way collaboration with the village of Tamakawa in Fukushima Prefecture, NTT DATA Corp., and Hitachi, Ltd. for creation of new businesses and regional development through digital technology with the aim of realizing the village's goal of "Building a village with a bright future: 'Vibrant' Tamakawa." The first round of the collaboration is an "empty-handed cashless verification project" in the village. Through this initiative, people living in the village who have registered finger vein information will be able to shop at participating stores without using cash just by holding their hands over specialized terminals. As the Group contributes to regional development of Tamakawa village by creating new businesses that utilize digital technology, it has future plans to use Tamakawa village as a model to expand the project to local governments throughout Japan.

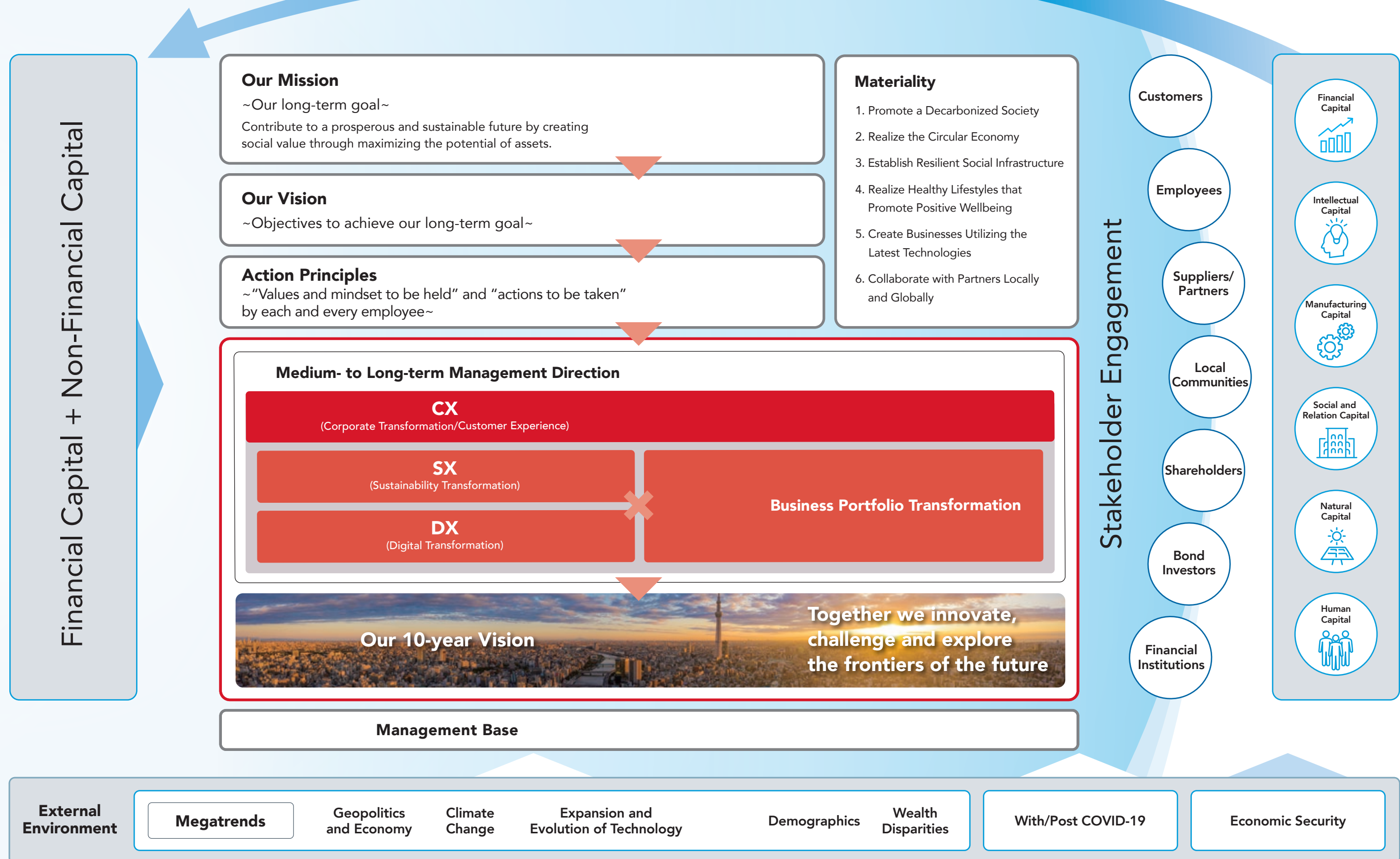


How Materiality Relates to "Our Mission" and "Our Vision"

Our Vision ● Materiality



Value Creation Process at Mitsubishi HC Capital



Senior Managing
Executive Officer
Satoshi Inoue

As we develop an advanced asset business worldwide, we will work toward enhancing both medium- to long-term corporate value and sustainable social value.

Moving steadily forward with PMI amid an external environment characterized by uncertainty

We at Mitsubishi HC Capital are working to resolve social issues and create new value by developing advanced asset businesses that go beyond the bounds of a leasing company, and building a global business portfolio spanning a wide range of industries. Looking back on FYE3/2022, the first year of the integration, despite the highly uncertain external environment with issues such as the resurgence of COVID-19 and the Russia-Ukraine situation, we were able to make steady progress on various PMI measures and business strategies.

In consolidated results, although there was an increase in expenses associated with promoting business activities primarily at overseas offices as well as in credit costs in the Infrastructure Business and Customer Business, net income attributable to owners of parent increased 12.2 billion yen YOY to 99.4 billion yen due to growth at European and U.S.

subsidiaries and in the marine container leasing business, as well as the sale of strategic shareholdings as part of portfolio replacement. As a result, net income exceeded the initial 95.0 billion yen full-year forecast. In addition, the annual dividend per share was 28 yen (up 2.5 yen YOY), 2 yen higher than the full-year dividend forecast of 26 yen, marking 23 consecutive years of increased dividends.

In November 2021, Mitsubishi HC Capital Group (the "Group") acquired major U.S. marine container leasing company CAI International, Inc., making it a wholly owned subsidiary. We are excited about its future contribution to our business performance, given the expansion of the logistics market including the growth of e-commerce.

Efficient management of assets and capital

Following the business integration, the Group now holds assets worth approximately 10 trillion yen and operates in 21 countries, making it a major global corporate group.

For any new company, managing the balance sheet with a big picture perspective is extremely important. For us, we first have to support the diversified and high-quality asset portfolio created through the integration with an appropriate equity ratio that takes into account risks and funding stability, and the need to maintain high credit ratings. We will then improve asset and capital efficiency to build a strong financial structure that generates sustainable returns.

In promoting business portfolio transformation to achieve Our 10-year Vision, the Treasury Department will also proactively make use of financial measures such as securitization. In April 2021, we established the Financial Solutions Office within the Treasury Department. This office cooperates in measures under the company-wide portfolio management strategy and provides us with the structure for working with financial institutions and investors to promote strategic and proactive origination and distribution (O&D). Furthermore, as an initiative to contribute to a decarbonized society, we will support investments that contribute to the transition to the decarbonization of our customers. Specifically, we will expand the function of acting as an intermediary (through equipment leasing) between customers who are making capital investments for decarbonization and financial institutions and investors who are interested in ESG financing.

Robust financial structure and high resilience against anticipated environmental changes and interest rate hikes

Our operating environment is undergoing rapid and complex changes, including those relating to the market environment and rising geopolitical risks. We believe that in these circumstances, building a stronger financial structure is more important than ever to support global and diverse business activities.

Aiming to respond without fail to complex environmental changes and achieve stable growth following the business integration, we formulated the Group Consolidated Financial Management Policy as our consolidated financial protocol. In order to nimbly respond to social, economic and market changes, we have prioritized the execution of Group-wide financial strategies such as securing diverse funding sources, enhancing funding capabilities, and maintaining liquidity management. During the COVID-19 pandemic we increased funding liquidity ahead of others, and with the emergence of the Russia-Ukraine situation we worked to ensure liquidity not only at the head office and treasury headquarters but also at every overseas office. Through these measures, we shared the need for alertness and rapidly rolled out a crisis

response as part of consolidated management.

The Company holds an ALM Committee meeting every quarter to analyze macroeconomic and financial conditions and to exhaustively examine the economic and financial outlook based on the analysis. As a result, we have made advances in predictive management that combines a "scenario approach" which formulates multiple future scenarios and a "database approach" which monitors daily market data changes. Since most of the Group's operating assets are long-term fixed rate assets, we have pursued long-term fixed funding and an ALM policy of generally avoiding mismatches between assets and liabilities in maturities and interest rates, and ready liquidity. This has resulted in ALM that is highly resilient, including in resistance to the effects of rising interest rates. Financing for new assets is also set at long-term fixed interest rates as a general rule, so any increase in lending rates would be in sync with an increase in interest rates on the asset side and should have neutral impact on revenue. Currently, the default course of action is for governments to raise interest rates to curb inflation, which is an issue mainly in Europe and the U.S., but with uncertainty in the future economic outlook and U.S. interest rates also showing volatility, we will work to further reduce risk by assessing market trends, remaining alert to signs of change, and conducting prudent and flexible financial management.

Shareholder returns

The Company's basic policy is to return profits to shareholders through dividends. As described above, full-year results for FYE3/2022 exceeded initial forecasts and we increased the annual dividend per share by 2 yen from the initial forecast (year-end dividend per share of 15.0 yen). Our target for the annual dividend per share for FYE3/2023 is 31.0 yen, up 3 yen YOY and in line with our expected target for the payout ratio of approximately 40% during the new Medium-term Management Plan scheduled to start in April 2023.

To our stakeholders

Having made our new start as Mitsubishi HC Capital, we will continue to develop advanced asset businesses and venture into new businesses. As the Head of the Treasury & Accounting Division, I am determined to do everything in my power to create social value while maintaining sustainable growth under sound financial discipline. The future of Mitsubishi HC Capital holds great promise for all our stakeholders.

Customer Solutions

Business Overview

Against the backdrop of global megatrends such as climate change, population growth, and scarcity of resources, corporations are expected to make such efforts as promoting a decarbonized society and building a circular economy.

Under these circumstances, a sustainable society and customer value will be our starting point as we integrate finance with business services by combining an abundant customer base, which is the strength of our bank- and trading house-affiliated backgrounds, with strategic partner solutions cultivated by our manufacturer-affiliated in order to develop and provide value-added services that contribute to society and to solving customers' problems.

Major Topics in FYE3/2022

May 2021

Began offering advanced leasing transaction online service MileOn, where customers can conduct lease-related transactions online from start to finish

Message from the Front Lines of Business

The Yokohama Branch serves customers across a wide range of industries throughout Kanagawa Prefecture, including manufacturing, healthcare, and service industries. In order to help our customers to solve a variety of problems, we work on relationship-building and learning through trial and errors as we offer our services every day. Through these efforts, we don't limit ourselves to providing leasing and financing for facility installation, but go beyond to offer flexible ideas and a wealth of service products of Mitsubishi HC Capital. Moving forward, we will utilize our experience and relationships with customers we have been cultivating to create and develop new business unique to a leasing company, such as providing assets truly valuable to our customers in novel ways (rental, sharing, subscription, etc.). Through these efforts, we hope to continue to be a unique partner for our customers.



General Manager,
Yokohama Branch
Maki Hoshida

Global Business

Business Overview

In the four regions of Europe, the Americas, China, and ASEAN, we identify social issues and customer needs in each country and region, and provide finance solutions, sales finance in collaboration with vendors, financial services, etc., tailored to the characteristics of each region.

We will contribute to solving the issues facing society and our customers by promoting a decarbonized society through renewable energy and EV businesses and establishing a high-value-added model that leverages data and assets.

Major Topics in FYE3/2022

March 2022

Execution of Sustainability Linked Loan Agreement in Hong Kong SAR in accordance with sustainability linked loan principles

Message from the Front Lines of Business

Mitsubishi HC Capital UK PLC, a non-bank financial services company based in the UK with 40 years of history, now operates in and provides innovative finance solutions to 22 European countries. With over 1,600 employees, we hold approximately £7.1 billion in total assets and serve close to 1.3 million corporate and individual customers.

As we work to realize a sustainable society through our business, we have a special focus on decarbonization, where we have set a target to increase the amount of assets related to climate change measures and clean energy to 20% of our assets by 2025. And by 2030, 100% of our passenger vehicles and light commercial vehicles (up to 3.5 tonnes) and 50% of our heavy-duty commercial vehicles (over 3.5 tonnes) among our fleet of lease vehicles will be EVs. Within the UK, we are working with partner companies to support the building of infrastructure for EVs in the UK market, including establishing the world's first solar-powered electric forecourt as well as installing over 520 rapid chargers at motorway service stations, and contribute to the creation of a decarbonized society.



CEO
Mitsubishi HC Capital UK PLC
Robert D. Gordon

Environment, Energy & Infrastructure

Business Overview

We operate our business inside and outside Japan with a focus on renewable energy generation businesses such as solar and wind power, and investment and financing for them.

In Japan, we will work on corporate power purchase agreements (Corporate PPAs)* by onsite and offsite solar power plants in collaboration with partner companies, and accelerate the development of onshore wind power plants.

In addition, we will promote the development of new businesses that combine utilization of storage batteries, electricity retailing, and resource aggregation by using and utilizing data such as electricity supply and demand and weather.

In Europe and the Americas, we are engaged in the renewable energy generation business including offshore wind power generation, and transmission and distribution business. Furthermore we will explore new business areas in the electric power field and contribute to realizing a decarbonized society.

*Corporate PPAs provide a mechanism that enables companies to execute long-term contracts with retail electric suppliers and/or power generation companies to purchase electricity from renewable energy generation facilities at a fixed price.

Major Topics in FYE3/2022

May 2021

Acquired shares of a wind power company in Vietnam and entered the Vietnam wind power market

July 2021

Completed the construction of "Tokorozawa Kita-Iwaoka Solar Power Plant" which engages in solar sharing to supply electricity to Tokorozawa City, Saitama Prefecture and to cultivate crops

Message from the Front Lines of Business

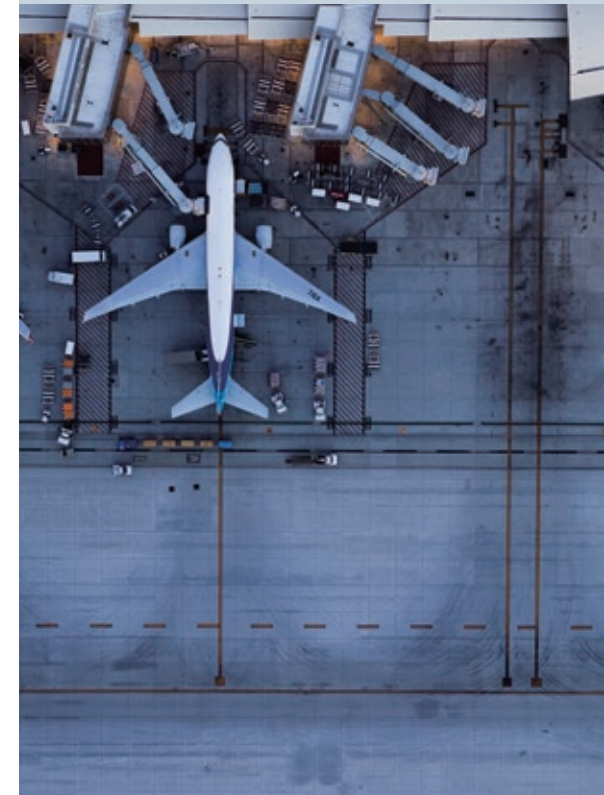
The Group's net capacity of renewable energy power generation in operation is one of the highest capacities among the industry at approximately 1.2 GW (as of the end of March 2022). The Group will work to further expand the scale of our power sources to meet stakeholders' high expectations for the use and utilization of renewable energy. One of the Group's strengths is well balanced energy mix of solar and wind power sources, and another is leveraging our experience and knowledge from previous overseas projects for business in Japan.

We believe that decarbonization efforts are essential for maintaining and enhancing corporate value. By leveraging our experience and knowledge, we will provide full support for our customers from business planning to start of operations and maintenance services in all aspects of energy creation, storage, and conservation with renewable energy at the core.

Through these business development, we will work to promote a decarbonized society and explore to wide range of opportunities for earnings.



General Manager,
Environment & Energy Business Department
Ichiro Hama



Aviation

Business Overview

We provide high-quality products and services, such as aircraft leasing, aircraft engine leasing, and engine/aircraft parts sales (dismantling engines for parts sale) as well as Japanese operating leases with call options (JOLCO), to meet the diverse needs of aviation industry customers. We mainly handle narrow-body aircraft* and narrow-body compatible engines, which are in high demand, to maintain a high-quality portfolio.

The new generation aircraft with low CO₂ emissions ratio in our fleet (based on the number of aircraft) is among the highest in the industry, and we are also expanding our fleet of new fuel-efficient aircraft engines to reduce the environmental impact and to contribute to sustainable growth in the aviation industry.

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

Major Topics in FYE3/2022

Oct. 2021

Invested in Universal Hydrogen Co., a start-up developing modular capsules for hydrogen storage and the powertrain for hydrogen-powered aircraft in California, U.S.

Nov. 2021

Engine Lease Finance purchased 25 new generation fuel-efficient aircraft engines from Pratt & Whitney

Message from the Front Lines of Business

As a global leader in commercial aircraft leasing, Jackson Square Aviation, LLC (JSA) has cultivated partnerships with many of the world's major airlines. Since the founding of JSA in 2010, we have owned, committed and managed approximately 240 aircraft for roughly 60 airlines in 30 countries. In recent years, JSA has continued to grow the business by remaining dedicated to its long-term fundamentals despite the challenges faced by the airline industry due to the pandemic. In 2021, we executed over US\$1 billion in new leases of new generation fuel-efficient aircraft with low environmental impact, which contributed to our exceptional growth. JSA will strive to develop our business to achieve stable medium- to long-term growth with a focus on new generation aircraft that are highly fuel-efficient and contribute to reducing impact on the environment. This success and growth are built on collaboration within the Mitsubishi HC Capital Group, the quality of our asset portfolio, and hard work by our employees. We will continue our growth trajectory and reach even greater heights.



CEO
Jackson Square Aviation
Kevin McDonald

Logistics

Business Overview

Through our US-based subsidiaries, we lease transportation equipment such as marine containers and railway freight cars that support global economic activity.

In the marine container leasing business, we provide customers with the value created by marine containers that support the global supply chain through leasing. As one of the world's leading container leasing companies, our stable supply of containers contributes to the expansion of global trade and a prosperous life for everyone.

In the railway freight car leasing business, we provide customers with the value created by freight transport as core transportation infrastructure that supports logistics in the North American region through freight car leasing. As one of the top 10 freight car leasing companies in North America, we continue to make the transition to a transportation mode with lower environmental impact while also contributing to economic growth in North America.

Major Topics in FYE3/2022

Nov. 2021 Completed the acquisition of CAI International, Inc., a U.S. leading marine container leasing company

Message from the Front Lines of Business

Established in 2008 and headquartered in Boston, Massachusetts, Beacon Intermodal Leasing, is an industry leading lessor of marine cargo containers. With 65 employees and agents in 11 different countries, Beacon operates one of the youngest fleets in the industry with an average container age of 4.5 years and generates strong cash flow with over 99% utilization and approximately 50% of its fleet committed to life-cycle leases. Beacon had an outstanding year in FYE3/2022 thanks to a strong market for container trade, our experienced team of committed professionals, superior customer service, and being backed by the support and strength of our parent company, Mitsubishi HC Capital.

Together with CAI International, Inc., which was acquired by Mitsubishi HC Capital in November 2021, we operate one of the largest container leasing businesses in the world, with a combined fleet of 3.5 million TEU* and more than \$6 billion in earning assets. Although the global economy is facing headwinds, we are very excited for the future prospects of the container leasing business.

*TEU (twenty-foot equivalent unit): Unit representing one 20-foot container.



President & CEO
Beacon Intermodal Leasing
Katherine McCabe, CFA

Real Estate

Business Overview

We provide access to a variety of real estate investment strategies such as securitization financing for commercial real estate, hands-on real estate revitalization investment to enhance the value of old commercial buildings, as well as asset management of private REITs (real estate investment trusts).

The Group's strength lies in its expertise gained through investment and finance, asset management, which enables us to provide various real estate solutions to our clients. We will coordinate with our business partners and within the Group to create business opportunities. Furthermore, we will contribute to [the promotion of a decarbonized society and building of strong social infrastructure] through our initiatives for eco-friendly real estate and real estate with considerations for business continuity plans of tenant companies.

Major Topics in FYE3/2022

July 2021 Completed the construction of "CPD Hirakata," a logistics facility for multiple tenants in Hirakata City, Osaka Prefecture

Nov. 2021 Concluded a joint venture agreement with Kasumigaseki Capital on a logistics facility development project to promote the development of "LOGI FLAG," a logistics facility focused on SDGs and ESG

Message from the Front Lines of Business

As a core business unit of the Real Estate Business Department comprised of the Real Estate Business Department and seven real estate Group companies in Japan and overseas, this department promotes investment and financing through real estate securitization finance. Also it is responsible for strategic planning and new business development for business divisions and business management of the Group companies.

One of the businesses we focus on is the logistics business. Together with CPD and LFD,* we develop and operate logistics facilities that serve as a social infrastructure. Also, we are dedicated to investing and providing finance to eco-friendly cold warehouses and automated warehouses to solve social issues.

Moreover, we are conscious of real estate sustainability as we proactively promote investment and financing for real estate with various certifications for qualities such as smart, eco, resilience, and wellness.

Japanese real estate is garnering attention from domestic and foreign investors as income generating assets. We will maintain and enhance our presence in the real estate securitization market by actively engaging with these investors and deals while making the most of our discerning eye and comfort with taking risk with regard to real estate.

*CPD: CenterPoint Development (Group company that develops, operates, and provides investment advice for logistics facilities)

*LFD: Logi Flag Development (Group company that develops, leases, and operates logistics facilities)



General Manager,
Real Estate Business Department
Itsuo Wakao

Mobility

Business Overview

The business environment surrounding mobility is expected to change even more significantly in the future, including widespread adoption of EVs in response to decarbonization efforts and expansion of new services such as car-sharing and MaaS.* Under these circumstances, we will provide high value-added auto leasing and mobility businesses worldwide by leveraging our alliances with partner companies in the mobility sector. In the medium to long term, this division will play a central role in building an urban infrastructure platform that provides one-stop energy management and mobility services based on the Group's comprehensive strength and domestic and overseas networks.

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

Major Topics in FYE3/2022

March 2022 Our auto leasing subsidiaries, Mitsubishi HC Capital Auto Lease and Mitsubishi Auto Leasing concluded a basic agreement on business integration

Message from the Front Lines of Business

The mobility industry is facing a once-in-a-century transformation as megatrends accelerate drastic changes in the environment surrounding the global society. The mobility field including automobiles also faces demands to respond quickly and appropriately to social issues by offering more sophisticated services and creating new businesses.

In collaboration with other departments, units and Group companies, and through alliances with shareholders and leading mobility-related players in Japan and overseas, the Mobility Business Department will develop new businesses and services in areas such as EVs, batteries, energy, and other EV-related businesses as well as in logistics.

Furthermore, by focusing on efforts to build an ecosystem for next-generation mobility, our department will meet the needs of customers around the world and lead the Group's decarbonization efforts.



General Manager,
Mobility Business Department
Satoshi Nanbu

Sustainability Management

Addressing Climate Change

— Information Disclosure Based on TCFD Recommendations —

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



Governance

The Group established the Sustainability Committee in April 2021 to better contribute to the realization of a sustainable and prosperous future. This Committee is considered one of the advisory bodies to the Executive Committee and meets to discuss the climate change issue and other key challenges related to sustainability. The results of the deliberations are reported to the Executive Committee and the Board of Directors. The material issues announced in December 2021 that include promotion of a decarbonized society were identified through deliberations by the Sustainability Committee, Executive Committee, and Board of Directors.

The Group will promote efforts to identify and manage the impact of climate change on business and reinforce its governance.



Please see pp. 16-17 for related information.



Strategy

We believe that while climate change, which exerts a grave impact on people's lives and corporate activities, constitutes a major risk confronting the Group, it may also bring new business opportunities. We will contribute to the realization of a decarbonized society through efforts to expand renewable energy power generation businesses such as solar and wind power, which contribute to reducing greenhouse gas emissions, and to provide energy conservation solutions for efficient power usage.



Risk Management

In the event of climate change on a scale to wreak a huge impact on society, the resulting technological innovation, shift in business models, and changes to infrastructure and other social structures may affect our operating results and financial condition in the form of decline in value of assets or loss of property owned by the Group. The Group recognizes climate change risk as one of the critical risks in company-wide risk management and will promote efforts to properly identify and manage it.



Please see pp. 46-49 for related information.



Indicators and Targets

The Group will expand disclosure regarding climate change information in accordance with TCFD recommendations while also strengthening our efforts to address climate change to reduce greenhouse gas emissions. In these endeavors, we will collaborate with a wide range of stakeholders in our business activities to work towards achieving a decarbonized society.



Please see the Company website for details.
<https://www.mitsubishi-hc-capital.com/english/sustainability/environment/achievements.html>

Human Rights & Human Capital Initiatives



Human Rights

Basic Policy on Human Rights

The Group Code of Ethics and Code of Conduct include sections on “Respect for Human Rights and the Environment,” and the Code of Conduct states under “Respect for Human Rights” that “Consistent with the fundamental spirit of respect for humanity, no employee engages in any discriminatory act or human rights violation on the ground of gender, sexual orientation, age, nationality, race, ethnicity, political opinion, beliefs, religion, social status, lineage, illness, or disability.”

The Group’s Compliance Manual also states, under “Respect for Human Rights and the Prohibition of Discrimination,” that “All Group employees must respect basic human rights and must not engage in any discriminatory act or human rights violation on the ground of gender, sexual orientation, age, nationality, race, ethnicity, political opinion, beliefs, religion, social status, lineage, illness, or disability.”

Human Rights Training and Raising Awareness

The Group educates and raises awareness among all employees about human rights and also provides training on human rights as they relate to certain jobs and business operations. We ensure respect for human rights through these efforts. Specifically, we provide yearly e-learning sessions for all employees including those from Group companies to raise awareness about human rights, and also integrate human rights training into new employee training, rank-based training, and specialization-based training such as credit screening and A/R management training.

In conjunction with Human Rights Week, we issue a Group-wide call to employees and their families for slogans to raise awareness about human rights, and recognize those of particular merit.



Please see to the Company website for details.
<https://www.mitsubishi-hc-capital.com/english/sustainability/social/index.html>



Human Capital

Basic Policies and Initiatives

The Mitsubishi HC Capital Group welcomes a diverse group of talent with different career paths and values. We provide a work environment where each employee feels motivated and energized to play an active role, and support their self-growth and self-fulfillment.

To that end, we strive to maximize work engagement by implementing a global human resources management strategy with three focal points: strengthening human resources, utilizing human resources, and creating a

comfortable workplace. In this way, each employee’s full potential comes into play and is put to best use through strategic resource allocation.

The work-life balance of our employees is important to us, and we keep this in mind as we promote the development of human resources who can contribute to the creation of social value by time and again taking on challenges, creating, and transforming.

Training system

With Our Mission and Our Vision at the core, we are constantly cultivating human resources capable of realizing strategies such as business development that goes beyond leasing and finance.

The basic framework of our training system consists of rank-based training in conjunction with global, digital transformation, and diversity training.

In rank-based training, we conduct various forms of training tailored to junior, mid-level, and management-level employees to develop their knowledge and capabilities. At the same time, we are also working to further expand our global, digital transformation, and diversity training.

Due to the COVID-19 pandemic, we have been using online tools in our training since FYE March 2021, and this has afforded us flexibility in terms of when and where to hold training and the number of training attendees.

Furthermore, in order to support career advancement, we have a system that allows employees to change career track and an in-house job posting system through which

employees can apply for jobs that they want to do. We also offer a career development program that supports employees in developing skills on their own initiative through training open to all employees and self-development support.

As the abilities and expertise required by each business division become more diverse, we put in place the necessary company-wide interpersonal skills training programs and conceptual skills training programs needed for organization and project management. In addition, each business division has its own customized technical skills training and a training rotation plan through which employees can gain a variety of work experience within the division.

Since FYE March 2020, we began holding meetings to discuss and examine these initiatives for the purpose of human resource development and sharing and bolstering succession plans at each business division. Through this and other initiatives we are enhancing the effectiveness of training.

Global human resource development

As a global business with firm roots in each country in which it operates, the Mitsubishi HC Capital Group focuses on cultivating global talent to support its operations.

For example, for our employees in Japan, we provide not only training to acquire language skills, but also cross-cultural training to build understanding of different cultural backgrounds and promote smooth collaboration with employees at overseas affiliates and local partners. We are working to enhance a training system that ties directly to employees’ daily work.

In addition, we encourage junior employees to cultivate a global perspective through training that fosters interest

in working overseas. We have an ongoing overseas trainee program that dispatches junior staff to other countries every year, which creates opportunities for them to come into direct contact with overseas businesses.

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

For employees at overseas affiliates, we provide training to promote understanding of and better engagement with the Mitsubishi HC Capital Group. We also provide training that brings together local employees from various countries and regions to nurture camaraderie across the Group.

Digital talent development

Promotion of digital transformation is essential if we are to realize Our 10-year Vision, and digital talent capable of leading that transformation is critical.

To develop digital talent, we first assess all employees and officers for their level of understanding of digital transformation, then conduct rank-based training to enhance digital transformation literacy. We also encourage participation in e-learning and the acquisition of qualifications.

We select digital transformation core talent from among employees with a high level of corresponding skill and background, regardless of seniority or position, and we have been introducing more practical training programs in terms of both offensive and defensive approaches to operations in order to further accelerate the development of core talent.

Basic policy on promoting diversity

We position the promotion of diversity as an important management strategy for the further expansion of the Mitsubishi HC Capital Group's business domains and global operations.

One of our action guidelines is "Diversity: Embrace diversity and respect each other." With this as the foundation, we aim to realize a vibrant organization that can create

new value by bringing together a diverse group of human resources who represent a broad range of individual attributes such as nationality, age, and gender; and differences in life stage, experience, and values; and who can leverage one another's strengths and bring out the most out of each person's motivation and talents.

Initiatives to support women's success in the workplace

We work actively to support women's success in the workplace. Our efforts have been recognized with the second-level "Eruboshi" mark from the Minister of Health, Labour and Welfare for excellence in the implementation of initiatives to promote women's active participation and advancement in the workplace. We have also formulated an action plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace that aims to raise women's representation in management positions

(section manager or above) to 20% or more.

We are working to enhance the support system for balancing work and family in order to create a work environment where women can grow and play an active role, while supporting their specific life event needs.

As well as expanding rank-based training for women, we also conduct training on diversity for all management-level employees to raise awareness throughout the Company.

Mitsubishi HC Capital initiatives to promote diversity



Senior Manager,
Diversity Promotion Office
Human Resources Department,
Human Resources Division

Sachie Oizumi

We established the Diversity Promotion Office within the Human Resources Department to promote diversity and inclusion.

So far, we have worked to expand various training programs to support women's success in the workplace and enhance support systems that ensure employees can continue their careers while taking on child or nursing care responsibilities.

Our training programs for female employees aim not only to develop skills but also to foster a mindset for success through the construction of networks that include senior female employees who act as role models and female colleagues of the same generation.

To support male employees in taking on childcare responsibilities, we also focus on encouraging male employees to take childcare leave.

The Human Resources Department is promoting this through measures including regular e-mail communication with the heads of each department to encourage male employees in their department to take childcare leave.

We also offer e-learning programs for everyone up to and including Company officers to address not only gender issues, but also to promote workplace transparency and understanding of unconscious bias that might hinder self-awareness and growth.

We will continue working to further promote diversity and inclusion in order to create a work environment where all employees with diverse attributes and backgrounds can each maximize the potential of their individuality and strengths.

Initiatives to support childcare

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

Employees taking childcare leave are provided with a tablet device with access to the Company intranet and can participate in roundtable discussions with others also on childcare leave. This enables them to return to work more seamlessly after their period of leave.

In addition, we hold career interviews for returnees aimed at supporting proactive career development while maintaining a balance between work and childcare.

We are also actively working to encourage men to take childcare leave, and to this end we have set up a childcare leave consultation desk and published a childcare leave guidebook targeting male employees.

Mid-career recruitment initiatives

We train generalist human resources geared to function in various departments, but we also cultivate professionals to lead business areas. As our business has grown more sophisticated and globalized in recent years, we have stepped up mid-career recruitment of professionals and strengthened programs to develop specialized skills.

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

Employing people with disabilities

We position the employment of people with disabilities as part of ensuring the success of diverse human resources.

In October 2017, we established the Business Support Group within the Human Resources Department as a centralized organization for the placement of people with disabilities. This group serves as a company-wide point of contact for promoting the employment of people with disabilities.

In October 2019, we established the Business Associate Employment System. This system provides a pathway for contract employees who have worked for the Company for at least one year to become permanent employees. We are also working to enhance employment conditions for employees with disabilities.

Furthermore, in October 2021, we developed and expand-

ed an education and training system for enhancing job skills.

By offering a career path to permanent employment, regular consultations, fair evaluation and employment conditions under the goal management system, and continuous education and training, we are providing a workplace where employees with disabilities have their needs accommodated and can work at ease in an active role, as we develop human resources able to contribute to enhancing corporate value.

In addition, by conducting education and training for employees and managers who work with and supervise employees with disabilities, as well as by posting articles on the Company intranet about disabilities and related workplace topics, we are embedding inclusive work practices among teams of employees with and without disabilities.

Certified as a Health & Productivity Management Outstanding Organization

In 2022, we were certified as a Health & Productivity Management Outstanding Organization in the large enterprise category for the fourth consecutive year under the Certified Health & Productivity Management Organization Recognition Program established by the Ministry of Economy, Trade and Industry and led by the Nippon Kenko Kaigi workplace health organization.

We attribute this result to our health care system that encompasses occupational health physicians, public health nurses, and specialized organizations such as external counseling services, as well as to our efforts to enable flexible working styles and work-life balance.

Maintaining and improving the health of employees is essential for realizing healthy lifestyles that promote positive wellbeing, which is one of our priority key challenges.

By practicing health management, we endeavor to create a workplace where every employee works with energy, in good health and to their full potential. In doing so, we will continue our efforts to realize coexistence and co-prosperity with social values and sustainable growth.



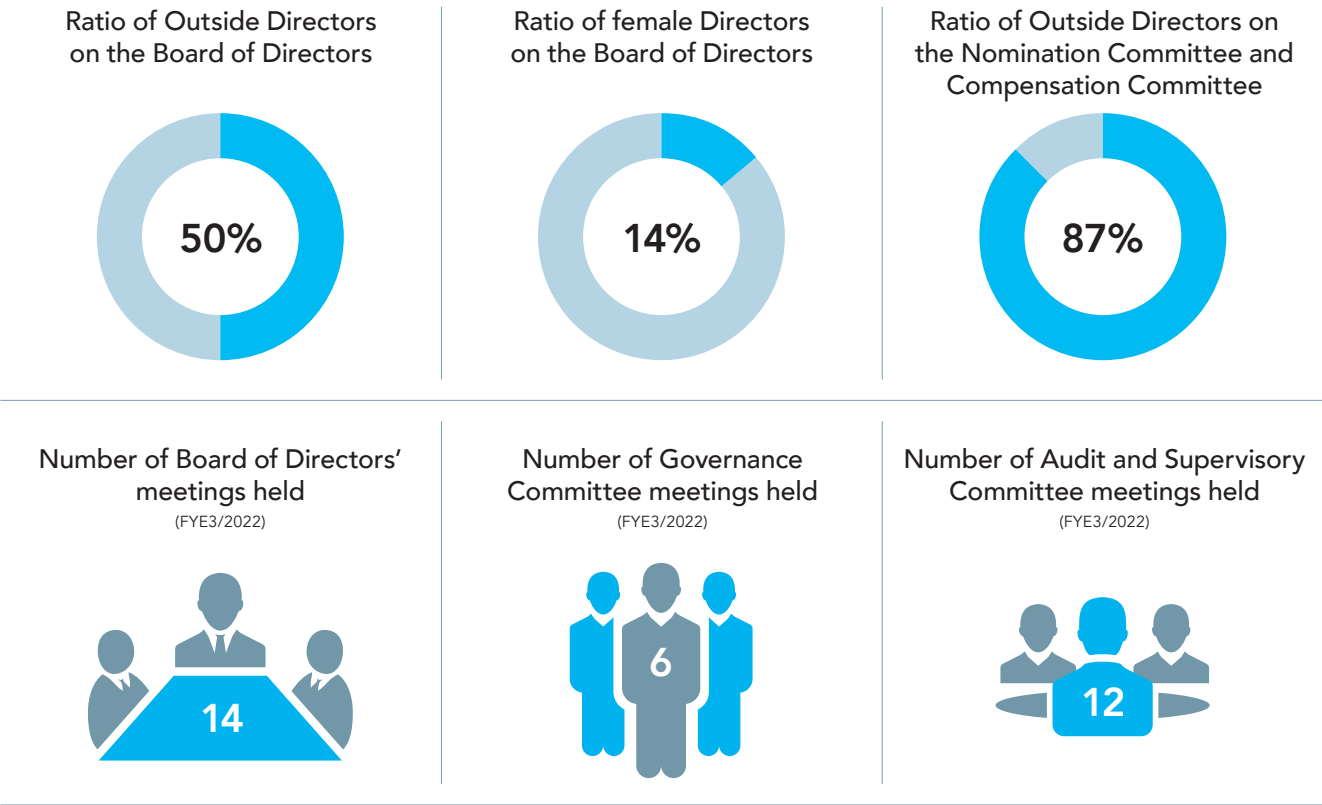
For details, visit our website at
https://www.mitsubishi-hc-capital.com/english/sustainability/social/employees_and_families.html

Directors and Executive Officers (As of June 28, 2022)

Directors			
<div></div> <div>Seiji Kawabe Born: September 3, 1955 Number of Company's Shares Owned (Shares): 125,000</div>	<div>April 1980 August 2000 October 2000</div> <div>Joined Hitachi Leasing Corp. (currently the Company) General Manager of Sales Dept. II, Kansai Branch Office of Hitachi Leasing Corp. General Manager of Sales Dept. II, Kansai Corporate Sales Branch I, Kansai Sales Division of Hitachi Capital Corporation (Hitachi Capital) Head of Kansai Corporate Sales Branch and General Manager of Sales Dept. II, Kansai Sales Division of Hitachi Capital April 2003 Head of Sales Division of Hitachi Capital September 2007 Co-Head of Corporate Sales & Marketing Division and Co-Head of Tokyo Sales Division II of Hitachi Capital April 2008 Vice President, Executive Officer, and Co-Head of the Corporate Sales & Marketing Division of Hitachi Capital April 2009 Vice President, Executive Officer, and Head of the Corporate Sales & Marketing Division of Hitachi Capital April 2012 Senior Vice President and Executive Officer, in charge of Corporate Business, Hitachi Group Business and Financial Services Business of Hitachi Capital April 2014 Senior Vice President, Executive Officer, and Chief Marketing Officer of Hitachi Capital April 2015 Senior Vice President, Executive Officer, Chief Marketing Officer, Head of the Corporate Sales & Marketing Division, and Head of the Service Business Division of Hitachi Capital April 2016 Representative Executive Officer, President and Chief Executive Officer of Hitachi Capital April 2016 Director, Representative Executive Officer, President, Chief Executive Officer of Hitachi Capital June 2016 Audit & Supervisory Board Member of Credit Information Center Corp. (CIC) (Incumbent) April 2021 Representative Director, Chairman of the Company (Incumbent)</div>	<div></div> <div>Takahiro Yanai Born: May 4, 1958 Number of Company's Shares Owned (Shares): 17,900</div>	<div>April 1982 May 2012</div> <div>Joined The Mitsubishi Bank, Ltd. (currently MUFG Bank, Ltd.) Managing Executive Officer of The Bank of Tokyo-Mitsubishi UFJ Ltd. (BTMU) Managing Officer of Mitsubishi UFJ Financial Group, Inc. (MUFG) Managing Director of BTMU Managing Executive Officer of MUFG May 2016 June 2017 Senior Managing Executive Officer of BTMU President & CEO of Mitsubishi UFJ Lease & Finance Company Limited (currently the Company) Concurrently served as Executive Officer of Mitsubishi UFJ Lease & Finance Company Limited April 2021 Representative Director, President & CEO of the Company (Incumbent) Concurrently serves as Executive Officer of the Company (Incumbent)</div>
<div></div> <div>Kazumi Anei Born: September 18, 1960 Number of Company's Shares Owned (Shares): 44,600</div>	<div>April 1985 April 2003 April 2005 April 2010 April 2011 October 2011 April 2014 April 2015 April 2016 April 2017 April 2018 April 2019 April 2020 April 2021 May 2021</div> <div>Joined Hitachi Leasing Corp. (currently the Company) General Manager of Sales Dept. II, Kansai Corporate Sales Branch, Kansai Sales Division of Hitachi Capital Corporation (Hitachi Capital) Head of Kansai Corporate Sales Branch, Kansai Sales Division of Hitachi Capital Head of Kanagawa Sales Division of Hitachi Capital Head of Tokyo Sales Division III, Corporate Business Division of Hitachi Capital Co-Head of Corporate Business Division of Hitachi Capital Corporate Officer, Head of Corporate Business Division and Co-Head of Account Sales Promotion Division of Hitachi Capital April 2015 Corporate Officer and Head of Corporate Business Division, Corporate Sales & Marketing Group of Hitachi Capital April 2016 Executive Officer, Corporate Sales & Marketing Group, in charge of Japan, and Head of Customer E&E Business Division of Hitachi Capital April 2018 Vice President and Executive Officer, Co-Head of Corporate Sales & Marketing Group, in charge of Japan, and Head of Environment and Energy Business, Corporate Business Division, Customer E&E Business Division of Hitachi Capital April 2019 Vice President and Executive Officer, Co-Head of Corporate Sales & Marketing Group, and Chief Executive for Japan, Corporate Sales & Marketing Group of Hitachi Capital April 2020 Senior Vice President and Executive Officer, Chief Marketing Officer, and Head of Business Enhancement Division (in charge of Europe and the Americas) of Hitachi Capital April 2021 Director, Senior Managing Executive Officer of the Company May 2021 Director, Deputy President of the Company (Incumbent) Concurrently serves as Executive Officer of the Company (Incumbent)</div>	<div></div> <div>Taiju Hisai Born: April 27, 1962 Number of Company's Shares Owned (Shares): 1,600</div>	<div>April 1985 July 2011 July 2012 June 2014 September 2014 May 2016 April 2018 April 2019 June 2021 June 2022</div> <div>Joined The Mitsubishi Bank, Ltd. (currently MUFG Bank, Ltd.) General Manager, CIB Division for the Americas, Headquarters for the Americas of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU) General Manager, Corporate Banking Division for Europe, Middle East and Africa, European Headquarters of BTMU June 2014 Executive Officer, General Manager, Corporate Banking Division for Europe, Middle East and Africa, European Headquarters of BTMU September 2014 Executive Officer, Regional Executive for India Concurrently served as Deputy General Manager, Corporate Banking Division for Asia and Oceania, Asia and Oceania Headquarters of BTMU (Special appointment) May 2016 Managing Executive Officer in charge of Corporate Banking Credit Division, Credit Division and Investment Banking Division of BTMU April 2018 Managing Executive Officer and General Manager, Corporate Banking Group No. 1 of MUFG Bank, Ltd. (MUFG Bank) April 2019 Senior Managing Executive Officer and General Manager, Corporate Banking Group No. 1 of MUFG Bank June 2021 Deputy President of the Company Concurrently serves as Executive Officer of the Company Director, Deputy President of the Company (Incumbent) Concurrently serves as Executive Officer of the Company (Incumbent)</div>
<div></div> <div>Hiroyasu Nakata Born: August 29, 1951 Number of Company's Shares Owned (Shares): 0</div>	<div>April 1977 April 1990 June 1993 April 1995 April 1999 April 2003 April 2008 April 2015 April 2017 June 2017 June 2018 April 2021</div> <div>Completed the legal apprentice course at the Legal Training and Research Institute of the Supreme Court of Japan Admitted to the bar (Daini Tokyo Bar Association) (until March 1990) Associate Professor at Faculty of Law and Economics, Chiba University Professor at Faculty of Law and Economics, Chiba University Professor at Faculty of Law, Hitotsubashi University Professor of Graduate School of Law, Hitotsubashi University Trustee of Hitotsubashi University Professor at The University of Tokyo Graduate Schools for Law and Politics and The University of Tokyo Faculty of Law April 2015 Emeritus Professor of Hitotsubashi University April 2017 Emeritus Professor of The University of Tokyo June 2017 Audit & Supervisory Board Member of Mitsubishi UFJ Lease & Finance Company Limited (currently the Company) June 2018 Director of the Company (Incumbent) April 2021 Director of the Company (Incumbent)</div>	<div></div> <div>Yuri Sasaki Born: May 26, 1967 Number of Company's Shares Owned (Shares): 900</div>	<div>April 1995 April 1998 April 2001 April 2006 April 2007 June 2014 January 2015 November 2015 June 2018 April 2020 April 2021</div> <div>Assistant at Hitotsubashi University (Faculty of Commerce and Management) Assistant Professor of Faculty of Commerce, Takachiho University of Commerce (current Takachiho University) Assistant Professor of Faculty of Economics, Meiji Gakuin University Visiting Scholar at University of Washington Professor of Faculty of Economics, Meiji Gakuin University (Incumbent) Director of JBA TIBOR Administration (Incumbent) Expert Committee Member of Financial System Council of Financial Services Agency (Incumbent) November 2015 Visiting Scholar at University of Washington June 2018 Director of Hitachi Capital Corporation (currently the Company) April 2020 Dean of Faculty of Economics, Meiji Gakuin University Director of the Company (Incumbent)</div>
<div></div> <div>Takuya Kuga Born: December 5, 1963 Number of Company's Shares Owned (Shares): 0</div>	<div>April 1986 April 2008 May 2008 July 2009 October 2009 July 2013 April 2015 April 2016 October 2016 January 2017 April 2017 April 2019 November 2019 April 2022 June 2022</div> <div>Joined Mitsubishi Corporation Seconded to Diamond Realty Management Inc. President & Representative Director of Diamond Realty Management Inc. Seconded to Mitsubishi Corp. - UBS Realty Inc. President & Chief Executive Officer of Mitsubishi Corp. - UBS Realty Inc. General Manager, Strategic Planning Office, Real Estate Development & Construction Division of Mitsubishi Corporation April 2015 General Manager, Urban Development Department, Real Estate Development & Construction Division of Mitsubishi Corporation April 2016 Division COO, Real Estate Development & Construction Division of Mitsubishi Corporation (Concurrently) General Manager, North America Real Estate Development Department of Mitsubishi Corporation October 2016 Division COO, Real Estate Business Division of Mitsubishi Corporation (Concurrently) General Manager, North America Real Estate Development Department of Mitsubishi Corporation January 2017 Division COO, Real Estate Business Division of Mitsubishi Corporation April 2017 Senior Vice President and Division COO, Real Estate Business Division of Mitsubishi Corporation April 2019 Senior Vice President and Division COO, Urban Infrastructure Division of Mitsubishi Corporation November 2019 Senior Vice President and General Manager, Urban Development Group CEO Office of Mitsubishi Corporation April 2022 Executive Vice President and Group CEO, Urban Development Group of Mitsubishi Corporation (Incumbent) June 2022 Director of the Company (Incumbent)</div>	<div></div> <div>Akira Hamamoto Born: May 19, 1960 Number of Company's Shares Owned (Shares): 1,500</div>	<div>April 1983 June 2010 May 2011 May 2013 June 2015 June 2017 June 2019 June 2021 June 2022</div> <div>Joined The Tokai Bank, Ltd. (currently MUFG Bank, Ltd.) Executive Officer and General Manager, Internal Audit Division of Mitsubishi UFJ Financial Group, Inc. (MUFG) Executive Officer and Deputy General Manager, Global Compliance Division of MUFG Concurrently served as Deputy General Manager, Corporate Risk Management Division of MUFG Executive Officer and General Manager, Global Compliance Division of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU) Concurrently served as Senior Manager, Information Security Management Office of BTMU Senior Managing Corporate Executive and Group CCO of MUFG Concurrently served as Senior Manager, Information Systems Planning Office, Information Systems Division of BTMU (Special appointment) Managing Executive Officer and General Manager, Corporate Banking Division No. 2 of BTMU Managing Corporate Executive and Group CCO of MUFG Concurrently served as Group CLO (Chief Legal Officer) of MUFG Managing Director and CCO of BTMU Concurrently served as CLO of BTMU Senior Managing Corporate Executive and Group CCO of MUFG Concurrently served as Group CLO of MUFG Director and Senior Managing Executive Officer and CCO of BTMU Concurrently served as CLO of BTMU Member of the Board of Directors and Full-time Member of the Audit & Supervisory Committee of MUFG Bank, Ltd. June 2021 Senior Managing Executive Officer of the Company Director (Audit and Supervisory Committee member) of the Company (Incumbent)</div>
<div></div> <div>Hiroko Kaneko Born: March 28, 1958 Number of Company's Shares Owned (Shares): 0</div>	<div>April 1980 October 1989 February 1993 May 2007 July 2010 April 2018 June 2018 June 2019 June 2020 February 2021 April 2021 March 2022</div> <div>Joined The Sapporo Television Broadcasting Co., Ltd. Joined Ota Showa Audit Corporation (currently Ernst & Young ShinNihon LLC) Registered as certified public accountant Partner, Ernst & Young ShinNihon (currently Ernst & Young ShinNihon LLC) Senior Partner, Ernst & Young ShinNihon LLC Professor at Waseda Graduate School of Accountancy (Incumbent) Audit & Supervisory Board Member, The Shoko Chukin Bank, Ltd. Director, Kanagawa Chuo Kotsu Co., Ltd. (Incumbent) Audit & Supervisory Board Member of Mitsubishi UFJ Lease & Finance Company Limited (currently the Company) February 2021 Member of Business Accounting Council, Financial Services Agency (Incumbent) April 2021 Director (Audit and Supervisory Committee member) of the Company (Incumbent) March 2022 Member of the Board, The Yokohama Rubber Co., Ltd. (Incumbent)</div>	<div></div> <div>Masayuki Saito Born: November 8, 1954 Number of Company's Shares Owned (Shares): 0</div>	<div>April 1977 April 2008 June 2010 April 2011 April 2012 April 2013 January 2016 January 2020 January 2021 June 2022</div> <div>Joined Dainippon Ink and Chemicals, Incorporated (currently DIC Corporation) Executive Officer and Head of Finance and Accounting Unit of DIC Corporation Director and Executive Officer, Head of Finance and Accounting Unit of DIC Corporation Director and Managing Executive Officer, Head of Finance and Accounting Unit of DIC Corporation Representative Director, Senior Executive Officer, Assistant to the President and CEO, and Head of Finance and Accounting Unit of DIC Corporation April 2013 Representative Director, Senior Executive Officer, Assistant to the President and CEO, and Head of Finance and Accounting Unit of DIC Corporation Chairman of the Supervisory Board, Sun Chemical Group Cooperative U.A. Representative Director, Executive Vice President, CFO, and Assistant to the President and CEO of DIC Corporation January 2016 Chairman of the Supervisory Board, Sun Chemical Group Cooperative U.A. January 2020 Representative Director and Executive Vice President, and Assistant to the President and CEO of DIC Corporation Chairman of the Supervisory Board, Sun Chemical Group Cooperative U.A. January 2021 Chairman of the Board of Directors of DIC Corporation (Incumbent) Chairman of the Supervisory Board, Sun Chemical Group Cooperative U.A. (Incumbent) June 2022 Director (Audit and Supervisory Committee member) of the Company (Incumbent)</div>

Executive Officers (*Indicate additional post of Director and Corporate Executive Officer)	
President & CEO	
Takahiro Yanai*	
Deputy Presidents	
Kanji Nishiura*	Business in general
Kazumi Anei*	Customer Solutions Unit
Taiju Hisai*	Overall Corporate Center Global Business Unit
Senior Managing Executive Officers	
Tsuyoshi Nonoguchi	Head of Human Resources Division Deputy Head of Risk Management Division
Satoshi Inoue	Head of Treasury & Accounting Division
Masashi Takeda	Head of Engagement Division
Masao Takemoto	Head of Corporate Business Division, Customer Solutions Unit
Managing Executive Officers	
Yoshikazu Ohashi	Head of Europe Division, Global Business Unit
Naoki Matsumuro	General Manager of Audit and Supervisory Committee Office
Osamu Muramoto	Head of Aviation Business Division Chairman of JSA International Holdings, L.P.
Hironori Shiozawa	Head of Healthcare Business Division, Customer Solutions Unit Appointed as General Manager of Business Department Sector No. 2
Kunihiro Sawada	Deputy Head of Environment, Energy & Infrastructure Business Division (in charge of Infrastructure Business Department)
Yasushi Okahisa	Head of Real Estate Business Division
Kazuhiko Takeuchi	General Manager of Corporate & Strategic Planning Department Appointed as General Manager of Integrated Management Department
Shinji Tanaka	Head of Risk Management Division, CCMO, CCO, CISO Deputy Head of Credit Division
Takeo Nakai	Head of East Japan Area Business Division and Machinery Business Division, Customer Solutions Unit
Kazunori Hamazaki	Head of China Division, Global Business Unit Director Chairman of Mitsubishi HC Capital Management (China) Limited Director Chairman of Mitsubishi HC Capital (Hong Kong) Limited
Yasuyuki Hirota	Co-Head of Global Business Promotion Division and Head of ASEAN Division, Global Business Unit CEO & Managing Director of Mitsubishi HC Capital Asia Pacific Pte. Ltd.
Yukio Maruyama	Head of West Japan Area Business Division, Customer Solutions Unit
Junji Ogiuchi	Head of Environment, Energy & Infrastructure Business Division
Atsuyoshi Kanto	Co-Head of Business Promotion Division, Customer Solutions Unit Co-Head of Global Business Promotion Division, Global Business Unit
Haruhiko Sato*	Head of Corporate & Strategic Planning Division Deputy Head of Treasury & Accounting Division Chairman of MHC America Holdings Corporation Manager & Chairman of Mitsubishi HC Finance America LLC
Nozomu Naruse	Head of LIFE Business Division, Customer Solutions Unit Deputy Head of Environment, Energy & Infrastructure Business Division (in charge of Environment & Energy Business Department and Environment & Energy Sales Department)
Hideki Matsuo	Head of IT & Operations Division
Hiroshi Ikebe	Head of Credit Division
Hisashi Ishimaki	Head of Mobility Business Division Head of Logistics Business Division Chairman, PNW Railcars, Inc.
Katsuya Kitahara	Co-Head of Business Promotion Division, Customer Solutions Unit
Makoto Sawada	Head of Vendor Solutions Business Division, Customer Solutions Unit Representative Director, Mitsubishi HC Business Lease Corporation
Yuji Suzuki	Head of Central Japan Area Business Division, Customer Solutions Unit
Masahiko Tanimura	Head of Americas Division, Global Business Unit Chairman of Mitsubishi HC Capital (U.S.A.) Inc. Chairman of ENGS Holdings Inc. Chairman of Mitsubishi HC Capital America, Inc.

Highlights (As of June 28, 2022)



Basic Views

The Company recognizes that it is one of our social responsibilities to ensure transparent and sound management, while emphasizing initiatives to achieve sustainable corporate growth and a medium- to long-term improvement in corporate value. Respecting the rights and interests of all of our stakeholders—shareholders, customers, local communities, and employees—the Company works to fulfill the trust they place in us, and aspire to contribute to a more prosperous society. To fulfill these social responsibilities, we engage in continuous initiatives to enhance corporate governance by boosting the activity of the Board of Directors, reinforcing the Audit & Supervisory Committee and the internal audit system, ensuring timely and appropriate disclosures of information, improving investor relations (IR), and related activities.

Basic Policies

Appropriate collaboration with all stakeholders
In accordance with the Company's "Vision," which guides all of the Company's activities, and the "Mitsubishi HC Capital Group Code of Ethics and Code of Conduct," which serves as the standard for the decisions and behaviors of all employees, the Company strives to ensure appropriate collaboration with its various stakeholders, including shareholders, customers, local communities, and employees. In addition, the Company strives to foster a corporate culture that encourages respect for the diversity of our stakeholders, their rights and perspectives, and sound corporate ethics.

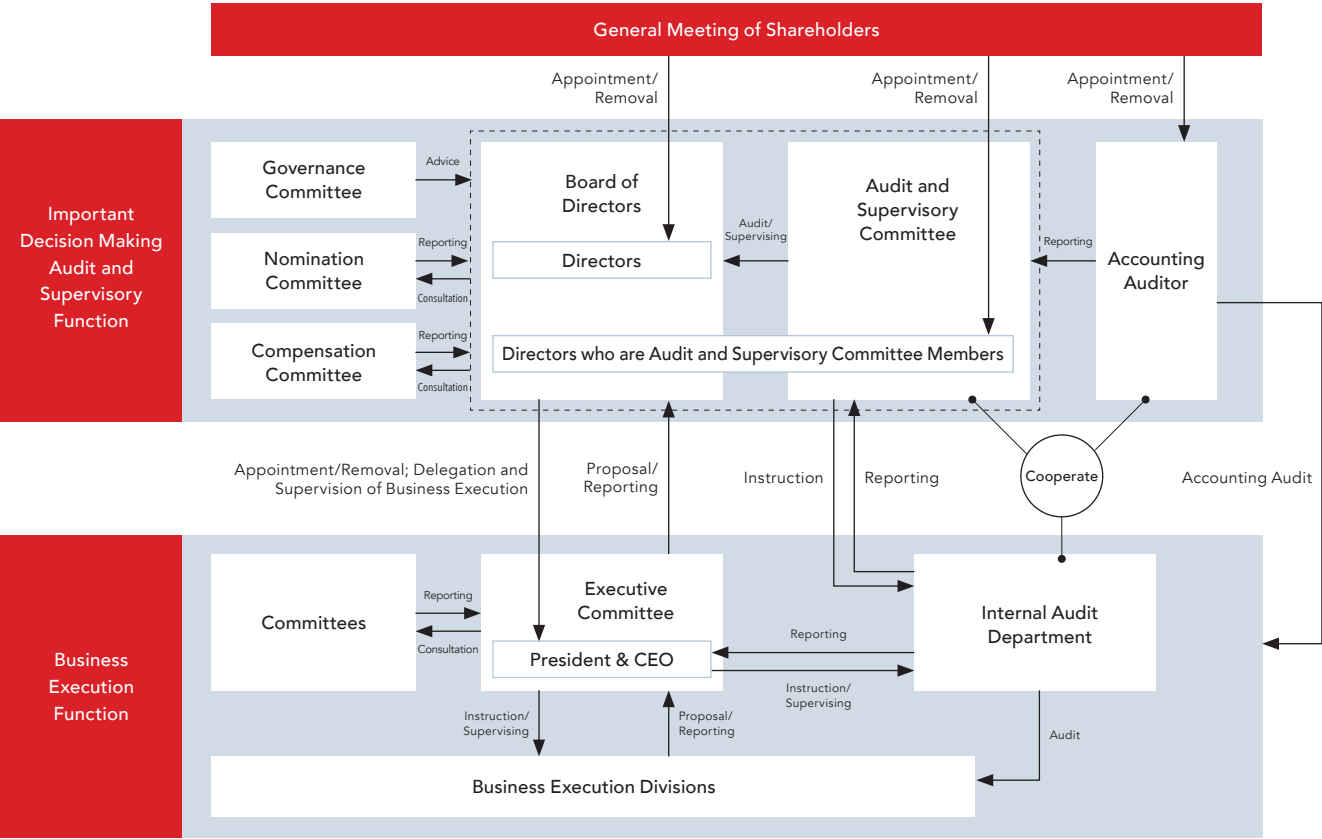
Appropriate information disclosure and ensuring transparency
The Company strives to conduct proactive and continuous information disclosure in order to be trusted and properly evaluated by each of its stakeholders. We also establish and appropriately operate internal systems to facilitate the swift and impartial disclosure of accurate information regarding our management policies, business strategies, business activities, financial condition, etc. In addition to the items we are required to disclose pursuant to laws and regulations, we actively and voluntarily disclose non-financial information deemed useful to our stakeholders.

Ensuring the rights and equality of shareholders
The Company takes appropriate steps to ensure that the rights of shareholders are secured and can be exercised effectively, including furnishing the necessary environment for the exercise of such rights, and gives consideration to the fair treatment of all shareholders, including minority shareholders and foreign shareholders.

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

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

Corporate Governance Structure



Corporate Governance

Overview of Corporate Governance Systems

The Company conducted a business integration through the merger with Hitachi Capital Corporation as of April 1, 2021. In conjunction therewith, the Company transitioned into a company with an audit & supervisory committee in order to enhance the fairness and transparency of management, strengthen the supervisory functions of the Board of Directors, and enhance corporate governance.

Board of Directors

The Company implements a system to manage and operate business in line with the basic policy decided by the Board of Directors. Each Outside Director has qualities appropriate for their positions, giving the Board of Directors a set of diversified and sufficient skills. In addition, for timely, appropriate, and smooth provision of information in particular to Outside Directors, the Company established the Audit & Supervisory Committee Office in which staff members assist the duties of the Audit & Supervisory Committee. The office also strives to provide and share information smoothly in cooperation with the Governance Control Department.

In FYE3/2022, the Company's Board of Directors convened regular meetings (11 meetings), and also convened extraordinary meetings on a flexible basis (3 meetings), as necessary, to deliberate and decide on matters required by laws and regulations and the Articles of Incorporation, as well as important management matters.

Outside Directors utilize their wealth of management experience and knowledge in various domains to contribute to appropriate decision-making and supervision of management by the Board of Directors, from their respective perspectives.

Major deliberations and decisions by the Board of Directors for FYE3/2022:

- Corporate philosophy, materiality, basic management policy of the new company
- M&A deals

Matters Concerning the Governance Committee, the Nominating Committee and the Compensation Committee

As an advisory body to the Board of Directors, the Company has established the Governance Committee, which is composed of Outside Directors, Representative Directors, and others. It widely exchanges opinions on the enhancement of the effectiveness of the Board of Directors, and other matters concerning the Board of Directors, and continue to work on enhancing of the soundness, transparency, and fairness of the Company's management.

In addition, the Company has established the Nomination Committee and the Compensation Committee as advisory bodies to the Board of Directors, in order to enhance the independence, objectivity and accountability of the functions of the Board of Directors in relation to the nomination and compensation of Directors.

The Nomination Committee deliberates on matters such as the nomination of Directors, the succession plan for the President & CEO, and the knowledge, experience, and skills that Directors should possess.

The Compensation Committee employs an external expert organization to regularly monitor the comparison between the Company's compensation system for Directors and the market level, and deliberate on various policies concerning the compensation systems, levels, etc. for Directors.

The members and chairperson of the Nomination and Compensation Committees are selected by the Board of Directors, and matters for deliberation at the Committees shall be resolved by a majority of the members present. The internal rules stipulate that the Board of Directors shall make resolutions by respecting the contents of the resolutions of the Committees.

Governance Committee Members (as of June 28, 2022)

Chairperson:

Seiji Kawabe (Representative Director, Chairman)

Members:

Outside Directors

Hiroyasu Nakata, Yuri Sasaki, Go Watanabe, Takuya Kuga, Koichiro Hiraiwa, Hiroko Kaneko, Masayuki Saito

Takahiro Yanai (Representative Director, President & CEO)

Kanji Nishiura (Representative Director, Deputy President)

Akira Hamamoto (Full-time Audit & Supervisory Committee Member)

Nomination Committee Members (as of June 28, 2022)

Committee Chairperson:

Seiji Kawabe (Representative Director, Chairman)

Members: Outside Directors

Hiroyasu Nakata, Yuri Sasaki, Go Watanabe, Takuya Kuga, Koichiro Hiraiwa, Hiroko Kaneko, Masayuki Saito

Compensation Committee Members (as of June 28, 2022)

Committee Chairperson:

Takahiro Yanai (Representative Director, President & CEO)

Members: Outside Directors

Hiroyasu Nakata, Yuri Sasaki, Go Watanabe, Takuya Kuga, Koichiro Hiraiwa, Hiroko Kaneko, Masayuki Saito

Audit and Supervisory Committee

The number of Audit & Supervisory Committee Members stands at four, three of whom are Outside Directors. The Audit & Supervisory Committee follows the policies and divisions of duties of auditing which have been determined by its resolutions. Full-time Audit & Supervisory Committee Members as nominated Audit & Supervisory Committee Members shall, in addition to attending major internal company meetings including the Executive Committee meetings, perform duties including having meetings with Representative Directors and the like, confirming important documents, gathering and exchanging information with internal audit departments, internal control departments and the Accounting Auditor, conducting on-site audits at offices, and having meetings with directors and auditors of subsidiaries. Part-time Audit & Supervisory Committee Members shall, in addition to attending Board of Directors meetings, Audit & Supervisory Committee meetings and Governance Committee meetings and speaking as necessary for agendas, deliberations, etc., share information via various reports from full-time Audit & Supervisory Committee Members, internal audit departments, internal control departments, and the Accounting Auditor at Audit & Supervisory Committee meetings and express their opinion when necessary, and also attend Nomination Committee and Compensation Committee meetings and speak as necessary for agendas, deliberations, etc.

Composition of the Board of Directors and expertise of each Director

Name	Current position and responsibility at the Company	Areas of expertise				
		Overall management	Finance	Financial accounting	Legal affairs, compliance, and risk management	Global business
Seiji Kawabe	Representative Director, Chairman	●	●			
Takahiro Yanai	Representative Director, President & CEO	●	●			
Kanji Nishiura	Representative Director, Deputy President Business in general	●				●
Kazumi Anei	Director, Deputy President Customer Solutions Unit	●				
Taiju Hisai	Director, Deputy President Overall Corporate Center Global Business Unit	●	●			●
Haruhiko Sato	Director, Managing Executive Officer Head of Corporate & Strategic Planning Division Deputy Head of the Treasury & Accounting Division			●		●
Hiroyasu Nakata	Director Independent Director Outside Director				●	
Yuri Sasaki	Director Independent Director Outside Director		●			
Go Watanabe	Director Outside Director	●	●			●
Takuya Kuga	Director Outside Director	●				●
Akira Hamamoto	Director (Audit and Supervisory Committee Member)	●	●		●	
Koichiro Hiraiwa	Director (Audit and Supervisory Committee Member) Independent Director Outside Director	●	●			
Hiroko Kaneko	Director (Audit and Supervisory Committee Member) Independent Director Outside Director			●		
Masayuki Saito	Director (Audit and Supervisory Committee Member) Independent Director Outside Director	●		●		●

Corporate Governance

Evaluation of the Effectiveness of the Board of Directors

The Company's Board of Directors every term evaluates its effectiveness throughout the year based on the review and evaluation by all of the Directors on their activities, and implements the PDCA cycle for further improving the effectiveness. We have decided to request opinions from all the Directors for the evaluation of the Board of Directors' effectiveness for FYE3/2022, the first year of business integration, based on the discussion in the Governance Committee held in February 2022 involving Outside Directors.

Based on the opinions heard, the Governance Committee and the Board of Directors discussed and evaluated the effectiveness of the Board of Directors. The details of the discussion are as follows.

- In FYE3/2022, the first year of business integration, the Board of Directors mainly deliberated topics that are important management matters and contribute to the improvement of the corporate value, such as the overall policy, company-wide PMI, execution of synergy initiatives (business investment), governance, sustainability, and the status of each Committee activities.
- Although the meetings were held online, all of the Directors actively participated in the deliberations. A number of opinions and questions based on each Director's knowledge were raised, active discussions were held, and the supervision of business execution and decision making were carried out appropriately.
- In consideration of the results above, it was evaluated that the Company's Board of Directors is sufficiently performing its role.
- On the other hand, challenges that should be considered were

identified, such as discussions on business strategies along with the formulation of the new Medium-term Management Plan, securing sufficient time for deliberation, enhancement of information sharing with Outside Directors, and mutual understanding among executive officers.

In FYE3/2022, we will strive to further enhance corporate governance and improve the effectiveness of the Board of Directors by implementing improvement plans making use of the evaluation results.

The Training Policy for Directors and Audit & Supervisory Committee Members

- The Company provides management-related materials, such as the Annual Securities Report and the Business Report, to newly-appointed Outside Directors as part of the briefing provided upon their appointment to explain the business environment and other matters.
- The Company provides information on training opportunities to Directors, for example, by introducing seminars held by external organizations. In addition, the Company has put in place the Governance Committee, which serves as an advisory body for the Board of Directors. In the Committee meetings, information is exchanged and shared, and cooperation is fostered through the provision of various opportunities for communication.
- The Company bears the full cost related to the training of Directors.

Selection and Dismissal of Directors

The Board of Directors resolves the appointment of candidates to serve as Directors after the Nomination Committee, of which Independent Outside Directors comprise the majority, holds discussions in advance based on the selection standards described below. The Board of Directors also resolves the appointment of candidates to serve as Directors who are also Audit & Supervisory Committee Members after the Nomination Committee discusses it and the Audit & Supervisory Committee agrees to it.

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

Selection Standards

1. Directors and Audit & Supervisory Committee Members should have the mental and physical soundness sufficient to execute business.
2. Directors and Audit & Supervisory Committee Members should be persons who are well respected, possess excellent integrity and hold themselves to high ethical standards.
3. Directors and Audit & Supervisory Committee Members should have a law-abiding mentality.
4. Directors and Audit & Supervisory Committee Members should be expected to make objective judgments regarding management and have excellent insight and perspicacity.
5. It is reasonable to consider that the candidates will help strengthen the functions of the Board of Directors in view of their knowledge, experience, capabilities, and similar factors.
6. In addition to 1. to 5. above, candidates for Outside Directors should (i) have experience, achievements and knowledge in their fields of specialization, (ii) be able to contribute to the implementation of appropriate decision making and management supervision of the Board of Directors, and (iii) be expected to secure the time necessary to fulfill their duties.

7. Candidates for reappointment should have performed roles expected of them during each of their previous assignments.

Dismissal Standards

1. The Director significantly damaged the value of the Company by neglecting their duties.
2. The Director violated laws, Articles of Incorporation, or other regulations/rules of the Company, or conducted an act against public order and/or morals, which caused serious damage to the Company or hindrance to the business of the Company as a result.
3. The Director is deemed to not meet the selection standards for Directors.

Composition of the Board of Directors and expertise of each Director

In view of the nature of its business, the Company assumes that the Board of directors shall possess skills in "general corporate management," "financing," "financial accounting," "legal, compliance and risk management," "international business" and other areas.

The Company recognizes that diversity of Directors is important for purposes of strengthening the function of the Board of Directors, and that gender, nationality, and race are factors which should be considered. On the other hand, the Company believes that it is not necessarily desirable, for purposes of strengthening the functions of the Board of Directors, to elect a Director with a certain attribute merely to comply with formal and external diversity requirements even when they lack the qualities and abilities that are required for the role. Therefore, the Company believes, as a desirable way of achieving diversity within the Company, that it is necessary to consider whether such Director is expected to perform the necessary skills and possesses the ability in light of the respective management environment as a top priority, and electing a desirable person without restrictions on gender, nationality, race, age, career, etc.

Based on such a view, the Company will continue to determine the appropriate composition of the Board of Directors.

Currently, we assume that the Company's Board of Directors consists of Directors from a variety of business categories and industries, and has an appropriate number of members to ensure a balanced composition of appropriate skills and diversity.

The Company has currently elected two female Directors while no foreign Director has been elected. However, the Company acknowledges that the Board of Directors has been performing a sufficient supervisory function, as it has elected several Directors who possess a wealth of international business experience, and has received valuable opinions on global business development.

Reasons for Appointment of Outside Directors and Expected Role

Name	Reasons for Appointment and Expected Role
Hiroyasu Nakata	Based on his deep knowledge as a legal expert, he has contributed to the appropriate decision-making of the Board of Directors and supervision of overall management as an Independent Outside Director, and has therefore been reappointed as a Director. We expect that he will contribute to the appropriate decision-making of the Board of Directors and the supervision of overall management as an Independent Outside Director, and contribute to improving the soundness, transparency and fairness of management as a member of the Governance Committee, the Nomination Committee and the Compensation Committee, based on the above knowledge and from an objective perspective independent from the management team that executes business.
Yuri Sasaki	Based on her academic knowledge as a university professor and excellent insights and abundant experience as a researcher of international finance, she has contributed to the appropriate decision-making of the Board of Directors and supervision of overall management as an Independent Outside Director, and has therefore been reappointed as a Director. We expect that she will contribute to the appropriate decision-making of the Board of Directors and the supervision of overall management as an Independent Outside Director, and contribute to improving the soundness, transparency and fairness of management as a member of the Governance Committee, the Nomination Committee and the Compensation Committee, based on the above knowledge and experience and from an objective perspective independent from the management team that executes business.
Go Watanabe	Based on his extensive management experience at Japan's leading financial institutions and manufacturers and his extensive knowledge of domestic and overseas financial businesses, he has contributed to the Board of Directors' appropriate decision-making and overall management supervision from a practical perspective as an Outside Director, and has therefore been reappointed as a Director. Mr. Watanabe has worked at Mitsubishi UFJ Financial Group, Inc., a major shareholder of the Company (six years have passed since he retired as of the end of June 2022). The Nomination Committee, where more than half of the members are independent Outside Directors, has judged that Mr. Watanabe's management experience and extensive knowledge in finance and international business should be utilized in the management of the Company, as this will lead to the enhancement of its corporate value and contribute to the enhancement of the interests of all shareholders, including minority shareholders. We expect that he will contribute to the appropriate decision-making of the Board of Directors and the supervision of overall management as an Outside Director, and contribute to improving the soundness, transparency and fairness of management as a member of the Governance Committee, the Nomination Committee and the Compensation Committee, based on the above knowledge.
Takuya Kuga	Based on his extensive management experience at Japan's leading general trading company and his extensive knowledge of domestic and overseas businesses, he is deemed to contribute to the Board of Directors' appropriate decision-making and overall management supervision from a practical perspective as an Outside Director, and has therefore been appointed as a new Director. Mr. Kuga is concurrently serving as Executive Vice President of Mitsubishi Corporation, a major shareholder of the Company. The Nomination Committee, where more than half of the members are independent Outside Directors, has judged that Mr. Kuga's management experience and extensive knowledge in international business should be utilized in the management of the Company, as this will lead to the enhancement of its corporate value and contribute to the enhancement of the interests of all shareholders, including minority shareholders. We expect that he will contribute to the appropriate decision-making of the Board of Directors and the supervision of overall management as an Outside Director, and contribute to improving the soundness, transparency and fairness of management as a member of the Governance Committee, the Nomination Committee and the Compensation Committee, based on the above knowledge.
Koichiro Hiraiwa	Based on his experience at the central bank in Japan and Japan's leading telecommunication company as well as his extensive knowledge through management of a major hotel, he has contributed to the Board of Directors' appropriate decision-making and overall management supervision as an Independent Outside Director, and to neutral and objective audit, and has therefore been reappointed as a Director (Audit and Supervisory Board Member). We expect that he will contribute to ensuring the sound management of the Company as an Independent Outside Director, and contribute to improving the soundness, transparency and fairness of management as a member of the Governance Committee, the Nomination Committee and the Compensation Committee, based on the above knowledge and from an objective perspective independent from the management team that executes business.
Hiroko Kaneko	Based on her extensive experience at major audit firms and as a university professor as well as her in-depth knowledge as an accounting expert, she has contributed to the Board of Directors' appropriate decision-making and overall management supervision as an Independent Outside Director, and to neutral and objective audits, and has therefore been reappointed as a Director (Audit and Supervisory Board Member). We expect that she will contribute to ensuring the sound management of the Company as an Independent Outside Director, and contribute to improving the soundness, transparency and fairness of management as a member of the Governance Committee, the Nomination Committee and the Compensation Committee, based on the above knowledge and from an objective perspective independent from the management team that executes business.
Masayuki Saito	Based on his extensive management experience at Japan's leading manufacturer and his extensive knowledge in the finance and accounting fields, he is deemed to contribute to the Board of Directors' appropriate decision-making, overall management supervision, and neutral and objective audit as an Independent Outside Director, and has therefore been appointed as a new Director (Audit and Supervisory Board Committee Member). We expect that he will contribute to ensuring the sound management of the Company as an Independent Outside Director, and contribute to improving the soundness, transparency and fairness of management as a member of the Governance Committee, the Nomination Committee and the Compensation Committee, based on the above knowledge and from an objective perspective independent from the management team that executes business.

Corporate Governance

Compensation of Directors

Basic policy

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

Overview

The overview of compensation for the Directors of the Company is as follows.

Executive Officers

	Classification	Ratio	Details	Evaluation Method/ Ratio	Range Based on KPI Achievement
Fixed	Base Compensation	62.5% 10	1. The amount determined according to title is paid monthly.		
	Bonus (short-term incentive) Performance-based	18.75% 3	1. The amount paid to each individual is determined based on the consolidated business performance of the previous year, etc. 2. Financial indicators which are emphasized as the indicators of the Company's growth from the perspective of management strategy are set as KPIs for the company-wide performance evaluation. The KPIs are set in line with numerical targets of the Company. 3. The achievement of the executive officers excluding Representative Directors in their duties is evaluated quantitatively and qualitatively using a standard evaluation sheet, from the perspective of performance and the level of contribution regarding the duties.	[Representative Directors] Company-wide performance evaluation: 100% [Executive Officers] (other than Representative Directors) Company-wide performance evaluation: 70% Evaluation of responsible duties: 30%	0–150%
	Stock Compensation-type Stock Options (Medium-to Long-term Incentive) Stock Compensation	18.75% 3	1. Stock options of the number calculated based on the stock price on the base date are offered from the perspective of sharing value with shareholders and improving medium- to long-term corporate value. 2. The number of stock options to be offered is determined according to the title at the beginning of the term of the officer, which is June. 3. Stock options can be exercised for 5 years from the day 1 year after the retirement of an officer.		

*When the need arises to reside in a region away from the person's home, an appropriate property is provided as company housing. (The difference between the rent required by the Company to rent the company housing and the company housing rent collected from the Directors will be referred to as "non-monetary compensation related to the provision of company housing.")

Non-executive Officers (Director (Audit and Supervisory Committee Member), Outside Director)

	Classification	Ratio	Details
Fixed	Base Compensation	100%	1. Outside Directors (excluding persons who are Audit and Supervisory Committee Members) are not paid a bonus or stock compensation-type stock options, which represent incentive compensation, in order to ensure the effectiveness of their supervisory functions. Accordingly, they are paid only base compensation and Directors who are Audit and Supervisory Committee Members are not paid bonus or stock compensation-type stock options, which represent incentive compensation, in order to ensure the fairness of audits. Accordingly, they are paid only base compensation.

Method of Determining Compensation, etc. for Directors (excluding persons who are Audit and Supervisory Committee Members)

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

The amount of compensation, etc., to be paid to Directors (excluding those who are Audit & Supervisory Committee Members) has been set at no more than 800 million yen (including 100 million yen for Outside Directors) annually for the sum of base compensation and bonuses, while the amount of compensation, etc., related to the granting of compensation-type stock options has been set at no more than 150 million yen annually, and non-monetary compensation related to the provision of company housing at no more than 2 million yen per month, by a resolution of the General Meeting of Shareholders (February 26, 2021). Although the number of Directors (excluding those who are Audit & Supervisory Committee Members) relating to the amount of compensation, etc., was not specified in the relevant resolution of the General Meeting of Shareholders, the number of Directors (excluding those who are Audit & Supervisory Committee Members) at the time of the resolution at said General Meeting of Shareholders becoming effective was 10 (three of whom were Outside Directors, to whom only base compensation is to be paid).

The Company considers it useful for persons who are well-

acquainted with individual operations and the Company's circumstances, to flexibly determine the specific amounts of base compensation and bonuses to be paid, as well as non-monetary compensation related to the provision of company housing, based on certain standards and they are determined at the discretion of the Representative Director, President & CEO (Takahiro Yanai) up to the limits approved by resolution of the General Meeting of Shareholders, based on the policy resolved by the Board of Directors and Compensation Committee. Measures shall be taken so that the authority of the President & CEO will be exercised appropriately.

With regard to compensation-type stock options, the number of stock options to be allotted to each Director is resolved at a meeting of the Board of Directors.

Details and method of determination of compensation, etc., for Directors who are Audit & Supervisory Committee Members

Directors who are Audit & Supervisory Committee Members are not paid bonuses or stock compensation type stock options, which represent incentive compensation, from the standpoint of ensuring the fairness of audits. Accordingly, they are paid only base compensation.

The amount of compensation for Directors who are Audit & Supervisory Committee Members has been set at no more than 200 million yen annually, by a resolution of the General Meeting of Shareholders (February 26, 2021). The amount of compensation for Directors who are Audit & Supervisory Committee Members are determined through consultations of the Audit & Supervisory Committee. Although the number of Directors who are Audit & Supervisory Committee Members relating to the amount of compensation, etc., was not specified in the relevant resolution of the General Meeting of Shareholders, the number of Directors who were Audit & Supervisory Committee Members at the time of the resolution at said General Meeting of Shareholders becoming effective was five.

Main Internal Control Systems

System for group management

1. The Company shall establish the Mitsubishi HC Capital Group Code of Ethics and Code of Conduct in order to share fundamental values and ethics to be embraced by all members of the Group and reflect them in business.
2. The Company shall establish management method between the Company and the Group companies, in order to ensure the propriety of the business activities of the Group companies, and establish internal rules to improve the management efficiency and corporate value of the Group as a whole, through the Group carrying out activities with a strong sense of solidarity.
3. The Company shall receive reports, etc. from the Group companies and conduct management of the Group in line with various internal rules established for the Group management, in adherence to the allocation of duties.
4. The Company shall establish management and operational methods for internal controls pertaining to the financial reports of the Group, and shall effectively develop and operate the internal controls of the Group as a whole, so that the Company's financial reports will be prepared appropriately, in accordance with the provisions of the Financial Instruments and Exchange Act.

System for compliance with laws and regulations

1. The Company shall establish the Mitsubishi HC Capital Group Code of Ethics and Code of Conduct in order to share fundamental values and ethics to be embraced by all members of the Group and reflect them in business.
2. The Company shall establish a system for ensuring that the officers

- and employees of the Group comply with laws and regulations and the Articles of Incorporation, by establishing and disseminating various internal rules and the Compliance Manual.
3. The Company shall establish the Compliance Committee, which deals with establishment, maintenance, management, etc., of the Group's compliance system, in addition to the Chief Compliance Officer (Head of Risk Management Division), who is responsible for the compliance of the Group, and the Legal & Compliance Department, which is tasked with enforcing compliance. The Group companies shall, if there are any legal risks, etc. intrinsic to the business activities of such company, cooperate with the Company as necessary, and develop an appropriate compliance system.
4. The Company shall formulate compliance programs (specific plans to ensure that the officers and employees of the Group comply with laws and regulations, etc., including education for the Group's officers and employees) and monitor how the Group's officers and employees are working on those programs.
5. The Company shall establish the Compliance Hotline System as an internal whistleblowing framework under which the Group's officers, employees, etc., can report to or seek consultations with the Company regarding unfair practices and other conduct.
6. The Group shall take a resolute stance against anti-social forces, which threaten the peace and stability of civil society, and work to prevent transactions with such forces.
7. The Company shall be aware of the possibility that funds transacted through the Group may be used for various criminal activities and/or terrorism, and shall work to prevent money laundering.

Corporate Governance

Information disclosure system

1. The Group shall establish internal rules for appropriately disclosing information regarding decisions and occurrences concerning the Group in a timely manner, in accordance with accounting standards and other relevant laws and regulations. The Group companies shall cooperate with the Company as necessary.
2. The Company shall establish a Disclosure Committee for deliberating on the appropriateness of information disclosures regarding the Group and the effectiveness of internal controls and procedures related to information disclosures, among other matters.

Internal audit system

1. The Company shall establish internal rules to smoothly and effectively promote audit activities by clarifying procedures for planning, implementing, and reporting internal audits and providing instructions for improvement within the Group.
2. The Company shall establish the Internal Audit Department as a department in charge of internal audits. The Internal Audit Department shall systematically implement internal audits related to the Group based on an annual audit plan and report the audit results to the Representative Director and Audit & Supervisory Committee. The Company shall ensure the effectiveness of auditing by requesting the parties subject to audit of the Group to report the outcome of improvement efforts on the suggestion and guidance for audit findings to the General Manager of the Internal Audit Department, and to the Representative Director for important audit findings.
3. The General Manager of the Internal Audit Department of the Company shall build collaborative relationships with the Audit & Supervisory Committee Member of the Company and Auditors and other relevant persons and the Accounting Auditor of the Group companies on a regular basis, such as by exchanging relevant information with them, and shall work to ensure the efficient implementation of the audit.

Framework for reporting to the Audit & Supervisory Committee

1. Directors, Executive Officers and other relevant executives, and employees must report the following matters without delay to the Audit & Supervisory Committee or the Audit & Supervisory Committee Member(s) selected by the Audit & Supervisory Committee:
 - 1) when they discover any facts that are likely to cause significant damage (including loss of reputation) to the Company or when significant damage occurs, they shall immediately report that effect (including matters concerning material lawsuits);
 - 2) the status of whistleblowing through an internal whistleblowing system developed by Directors;
 - 3) the status of management concerning elimination of transactions, and blocking of relationships, with anti-social forces; and
 - 4) other matters that the Audit & Supervisory Committee requests to be reported.
2. Directors, Auditors, and employees of subsidiaries or persons who receive reports from any of those persons must report to the Audit & Supervisory Committee or the Audit & Supervisory Committee Member(s) selected by the Audit & Supervisory Committee without delay, if any of the matters set forth in the preceding paragraph occurs.
3. The Audit & Supervisory Committee Member(s) selected by the Audit & Supervisory Committee shall cooperate closely with the Auditors of Group companies and other relevant persons, through means such as exchanging information necessary for the execution of duties.

4. If required by the Audit & Supervisory Committee, Directors, Executive Officers and other relevant executives and employees must attend Audit & Supervisory Committee meetings and explain matters with necessary materials. In addition, they have a similar duty to explain if required by the Audit & Supervisory Committee Member(s) selected by the Audit & Supervisory Committee.
5. The Company shall not treat persons who have made reports under (1) to the Audit & Supervisory Committee or any Audit & Supervisory Committee Members disadvantageously, just because they made those reports.
6. The Company shall not treat persons who have made reports just because they made those reports using an internal whistleblowing system disadvantageously, and the Company shall specify this in the internal rules and fully inform all employees through internal training and on other occasions.

Other frameworks for ensuring effective audits by the Company's Audit & Supervisory Committee Members

1. The Audit & Supervisory Committee should create an opportunity to conduct interviews regularly with Directors and Executive Directors, and employees, concerning the business, and conduct a regular meeting to exchange opinions with the President and Accounting Auditor.
2. The Audit & Supervisory Committee may request opinions from lawyers, Accounting Auditors, etc. as necessary, for cases that require expertise.
3. The Audit & Supervisory Committee should receive in advance an audit plan from the Accounting Auditors, and regularly receive an audit implementation report; in addition, it should conduct an interview as necessary, regarding the implementation of audit.
4. The Audit & Supervisory Committee should make efforts to enhance the effectiveness of the audit, by cooperating with the Internal Audit department and conducting an audit, regularly or in a timely manner, of the offices, etc. including the subsidiary, and by understanding the actual situation.
5. The employee, who should assist the duties of an Audit & Supervisory Committee Member selected by the Audit & Supervisory Committee and the duties of the Audit & Supervisory Committee, may attend the Executive Committee, committees and other important meetings and make necessary statements thereat, and view important documents.
6. An Audit & Supervisory Committee Member selected by the Audit & Supervisory Committee should request that the Company and its subsidiaries report on their respective business, or investigate the situation of the duties and properties, and the Company and its subsidiaries should cooperate therewith.
7. The personnel of the general manager of the Internal Audit Department should be decided upon prior consultation with the Full-time Audit & Supervisory Committee Member selected by the Audit & Supervisory Committee.
8. The Internal Audit Department should report to the Audit & Supervisory Committee regarding the internal audit plan, internal audit result, and the amendment and abolition of important rules related to internal audit, and should respond to requests by the Audit & Supervisory Committee in relation to information provision, investigation, and report.
9. Directors, Executive Directors and employees should provide the necessary cooperation for the execution of duties of the Audit & Supervisory Committee, based on the Audit & Supervisory Committee Regulations, standards for audit, etc. of the Audit & Supervisory Committee, and standards for the Audit & Supervisory Committee to conduct an audit regarding an internal control system.



The above is an excerpt of information on corporate governance. Check here for more information.
https://www.mitsubishi-hc-capital.com/pdf/english/sustainability/governance/governance_report.pdf

I will devote myself to carrying out my roles, engaging in frank discussions with management and employees, to make this a company that will transform the business portfolio and grow the business under the business integration.

One Team with Diversity

Created through the business integration in 2021, Mitsubishi HC Capital operates at a scale that is one of the largest within the industry in Japan and covers a wide range of business domains. The breadth of its business domains and variety of assets owned contribute to the diversity of the Group. In order to bring such diversity together as one team, it is important to be united under a single corporate mission and to have deep mutual understanding. After the business integration there were many opportunities for discussion between management and employees, as well as among employees, with the aim of building dialogue for a successful integration. I hope these remarkable efforts will continue in various ways.

At meetings of the Board of Directors, Directors from different backgrounds express their opinions based on their experience and expertise, and the management accepts the diversity of opinions while respecting the opinions of everyone. As an Outside Director, I try to make suggestions from an objective perspective to provide a clear roadmap that will lead to higher corporate value.

Furthermore, as an Audit & Supervisory Committee Member, I also place great importance on risk management and internal control. The Group conducts risk management based on its corporate mission and I am proud of the high level of compliance awareness among employees. Nevertheless, circumstances are constantly changing, and society raises expectation of the company year by year. I intend to continue to monitor the Group's risk management and internal control.

Toward the 10-year Vision

As industry structures continue to change worldwide, companies are likely to become more flexible and shift from holding assets to leasing assets for their own use. Under these circumstances, I am certain that the value of the Group as an Asset Business Platform Company will grow. The Group's strengths are its wealth of assets, excellent



Director
(Audit & Supervisory
Committee Member)

Hiroko Kaneko

customer base, and above all, highly motivated employees. Furthermore, the Group also holds sizable intangible assets such as information and data. How will the Group leverage these to transform the business portfolio and generate innovation? The answer will be found in the creativity of every employee of the Group. In order to transform the business portfolio and generate innovation, every employee must be given opportunities to play an active role regardless of their nationality or gender, and it is essential that they take ownership for transforming business and building sustainability. This is because new value and new business are created when diverse people interact with each other. I hope every employee of the Group will keep this in mind.

As an Outside Director, I would like to deepen my understanding of the Group, and meet and exchange opinions with employees as well as management. I will do my best to improve the Group's value and make the Group a comfortable and rewarding place to work.

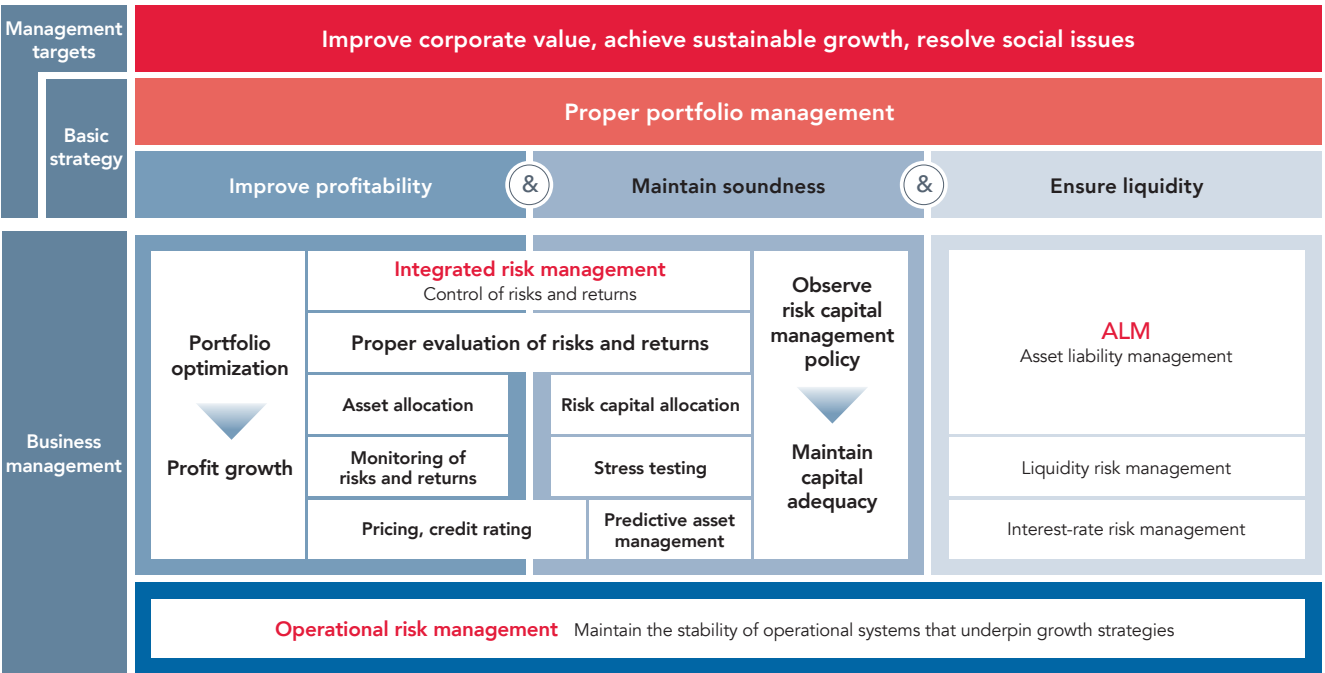
Risk Management System Overview

The Group uses the framework described in the first subsection below ("Integrated Risk Management") to comprehensively manage risks to primary businesses that could have a substantial impact on investors' decisions. The second subsection ("Important Risks Managed Within the Integrated Risk Management Framework") presents an overview of the risks as well as specific details about efforts to address them. The Group has established a suitable system to manage these types of risks, and is making efforts to prevent them from manifesting and to minimize their impact.

Additionally, to manage envisaged risk factors, we operate a risk management system in which the departments that oversee specific risks monitor issues arising from developments in the external envi-

ronment or other changes, regularly consider measures to address such risks, and then promptly report them to the Executive Committee, the consultative and decision-making body that controls the execution of business. Specifically, committees that discuss issues and countermeasures for each risk—including the Asset Liability Management (ALM) Committee, the Compliance Committee, and the J-SOX Disclosure Committee—as well as the Risk Management Committee, which comprehensively and systematically manages risks pertaining to overall management, deliberate and discuss policies for reporting and responding to the status of risks at meetings held each quarter and as necessary. The Board of Directors receives reports about, and deliberates over, important matters from each meeting.

Overview of Risk Management Framework



1. Integrated Risk Management

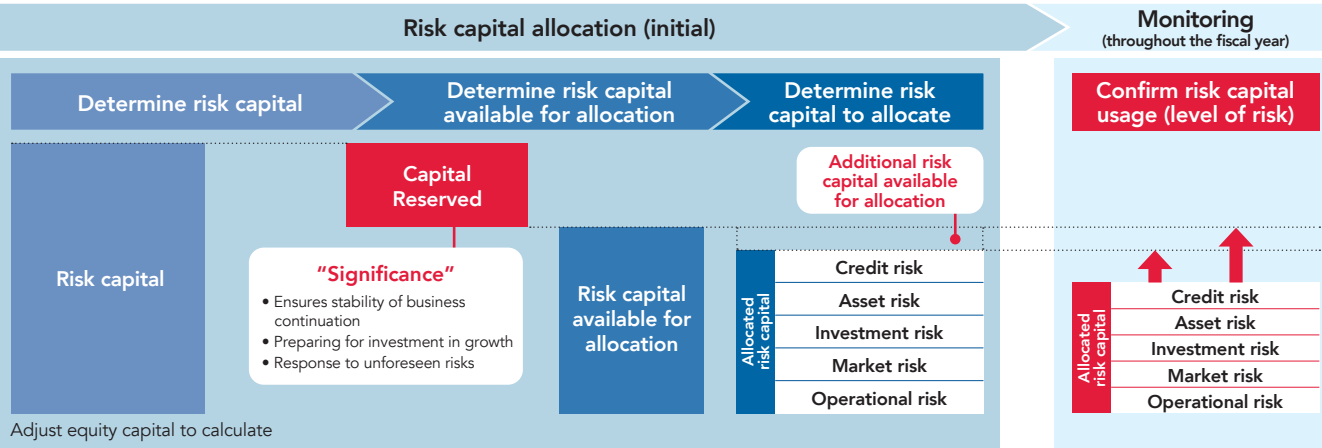
The Company incorporates the framework of Integrated Risk Management into its implementation of business operations in an effort to achieve sustainable growth based on a balance between maintaining the soundness of management and improving profitability. The important risks managed under the framework include, but are not limited to, credit risks, asset risks, investment risks, market risks, liquidity risks, and operational risks; these risks are managed on a group-wide basis.

Specifically, within the framework, individual risks are quantified using methods of evaluation that correspond to the attributes of the assets and businesses, and the Company's risk capital management

policy guides decisions for allocating risk capital to each risk category and taking reasonable risks within the range of risk tolerance.

Within the framework, the circumstances under which risk capital is used and the status of the different portfolios are monitored on a regular basis. These are reported to and deliberated by the Risk Management Committee, the Executive Committee, and the Board of Directors in an effort to develop appropriate responses and improve internal communication about risks. The framework is designed such that the Board of Directors ascertains and supervises the status of risk management and the framework itself.

Managing Risk Capital to Ensure Soundness



2. Important Risks Managed Within the Integrated Risk Management Framework

The Group engages in business activities around the world, and provides the capital investment and services that clients need for their businesses in the form of leases and the like. We hold a diverse array of assets for leasing and other transactions, from general movable assets such as office equipment and production facilities to assets used in specific industries, such as aircraft. Lease transactions decrease if demand for capital investment declines substantially because clients are facing deteriorating business environments as a result of economic slowdowns and recessions in Japan and elsewhere; this and other developments could negatively impact the Group's business performance and financial circumstances. Negative impacts to performance and circumstances could also materialize as a result of internal

processes, people, or systems that are unsuitable or fail to function, or losses caused by the occurrence of events outside the Group.

Accordingly, these envisioned risks are included in the scope of the important risks the Company manages within the framework set out in the first subsection ("Integrated Risk Management").

See pages 48–49 for details.

- Credit risk
- Asset risk
- Investment risk
- Market risk
- Liquidity risk
- Operational risk

3. Other Important Risks

In addition to the risks managed within the integrated risk management framework, the Group is aware of important risks such as those listed on the right. When it is evident that these other important risks may materialize, we analyze their impact on the individual risk items managed under the framework as well as combined impacts spanning multiple risk items (including the status and outlook of the other important risks). Furthermore, in addition to considering action to be taken by the Group and formulating policies for responding to other important risks when needed, we conduct stress testing and the like using new and combined scenarios as necessary for multifaceted verification of our capacity to withstand risk.

- Risk pertaining to business base expansion, strategic partnerships, M&As, etc.
- Global pandemic risk
- Climate change risk
- Risk associated with expanding business fields
- Intensification of competition
- Risk pertaining to securing human resources
- Risk pertaining to labor/employment management

4. Stress Testing

In the course of executing management strategies, we take steps to ascertain the level of impact during stress periods caused by various risk events that could impact the Group's business, including, but not limited to, economic downturns, market fluctuations, and deteriorating market conditions. Specifically, we design multiple scenarios envisioning intense stressors (e.g. market fluctuations in business sectors, worsening credit, simultaneous materialization of multiple major risks),

in addition to scenarios in which the global economy is deteriorating, and analyze and verify the extent to which periodic performance and equity capital could be impacted under stress.

This multifaceted verification allows us to confirm the capacity of our management plans to withstand risk (e.g. ensuring an appropriate appetite for risk).

Risk Management

Important Risks Managed Within the Integrated Risk Management Framework

Risk category		Details of risk	Primary efforts to counter risk
Credit risk		We engage in the business of providing credit over the medium and long term by providing financial services tailored to the formats of leasing and installment sales, cash loans, and the like. Trends in the economy and changes in financial conditions could erode the credit standing of companies, increasing the amount of bad debt and necessitating actions such as transferring additional allowances for doubtful receivables, which could negatively impact the Group's business performance and financial circumstances. Also, because we engage in business around the world, we are exposed to country risk-losses caused by political, economic, or other circumstances of the countries and regions in which we have clients or targets of investment.	<ul style="list-style-type: none">• We closely examine the credit standing of our clients and conduct comprehensive evaluations based on factors such as country risks and the values of properties for lease.• We continuously check the credit standing of our clients, even after commencing transactions.• We manage credit based on diversification of risk to avoid concentration of credit with specific clients, industries, countries, regions, etc.• We regularly measure and monitor the level of credit risk in our portfolios.
Asset risk	Global assets	We hold, and engage in the business of leasing aircraft, aircraft engines, ships, containers, railcars, and other global assets inside and outside Japan. These assets are exposed to price fluctuation risk in addition to the credit risk described previously. In addition to leasing income from clients, we also sell assets after leases end in an effort to recover capital. Additionally, in circumstances such as when a client's business collapses, we salvage the assets and then lease them to other clients or sell them in an effort to recover capital. Trends in the economy and changes in financial conditions, as well as major accidents stemming from technical problems, obsolescence resulting from technical innovations, amendments to laws and regulations, the spread of global pandemics, escalating fear of terrorism, natural disasters, war and geopolitical risk could also create the risk of unrecoverable assets or fluctuations in the selling prices of assets, and other developments such as the booking of impairment losses and higher costs incidental to property management could negatively impact the Group's business performance and financial circumstances.	<ul style="list-style-type: none">• We comprehensively investigate matters such as future asset liquidity in addition to matters for confirmation during transactions involving movable property.• We establish and enforce investment criteria for maintaining portfolios based on the diversification of risks (e.g. target models, regions/timing of expiration).• We continuously check the credit standing of our clients and industry trends, even after commencing transactions.• We regularly hold predictive management meetings to investigate indications that could impact trends in target industries and asset value fluctuations.• We regularly measure and monitor the credit risk of our clients and the level of asset value fluctuation risk in our portfolios.
	Real estate	We invest in commercial real estate (e.g. offices, housing units, commercial facilities, distribution facilities, hotels) and engage in rental business and operational management, utilizing real estate owned; these assets are exposed to income and price fluctuation risk. In addition to rental income from tenants, we also sell assets at appropriate times in an effort to recover capital. Income from rental fees and asset sales fluctuates as a result of trends in the economy, changes in financial conditions, and market environments-namely the rental markets in the locations of our assets-which could negatively impact the Group's business performance and financial circumstances.	<ul style="list-style-type: none">• We carefully examine factors such as future asset values and liquidity, and make decisions in a comprehensive manner.• We continuously check the status of asset deployment, trends in prices, and industry trends, even after commencing efforts.• We regularly hold predictive management meetings to investigate indications that could impact asset value fluctuations and industry trends.• We regularly measure and monitor the level of asset value fluctuation risk in our portfolios.
Investment risk		We engage in investment and lending activities in various businesses, including investing in, and financing, projects. These investment activities involve a wide array of risks—including risk associated with economic fluctuation, declining demand, and other changes in the business environment; risk of profits failing to meet expectations and the decreased likelihood of recovering investments stemming from factors such as lackluster performance by partners and investment targets; risk of investment target share prices falling below a certain level; and the risk of prolonged share price declines due to factors such as rapid changes in economic and financial circumstances and turbulence in financial markets—and there are cases where we lose all or a portion of our investments, including due to valuation losses, or are required to contribute additional funds. Further risks include the risk of the Group being unable to withdraw from or reorganize businesses using preferred methods or at the desired times, and the risk of unprofitability due to the inability to obtain proper information from investment targets; risks in these cases may negatively impact the Group's business performance and financial circumstances.	<ul style="list-style-type: none">• We host investment meetings in response to factors such as the severity of risks and investment amounts in individual projects.• We carefully examine factors such as future investment values and liquidity from a broad perspective, and make decisions in a comprehensive manner.• We continuously check the status of investment management and industry trends, even after commencing efforts.• We regularly measure and monitor the level of investment value fluctuation risk in our portfolios.
Market risk	Interest-rate fluctuation risk	Lease fees and installments from leasing and installment sales generally do not fluctuate during the respective contract terms. However, regarding funds acquired from leased properties and the like, although we strive for a balance of procurement between fixed and variable interest rates in an effort to diversify sources of funding and reduce financing costs, financial expenses are subject to fluctuations in the market interest rate. Accordingly, cases such as when the market interest rate increases rapidly may have a negative impact on the Group's business performance and financial standing.	<ul style="list-style-type: none">• Asset liability management (ALM) allows us to monitor mismatches in exchange and interest rates between asset management and capital procurement as necessary.• We consider interest rate trends and conduct hedge operations as appropriate to manage interest rate risk.• In response to exchange rate risk, we procure capital in currencies that match our operating assets in foreign currencies as a general rule to minimize losses and gains on the valuation of foreign exchange.• We regularly measure and monitor levels of risk quantified using statistics of past performance to determine how likely we are to suffer losses—and the extent of those losses—at a certain probability over certain periods of time on our portfolio positions.
	Exchange rate fluctuation risk	We are proactively expanding our business outside of Japan and accordingly our assets in foreign currency are increasing, as is their ratio of consolidated operating assets. In principle, our overseas consolidated subsidiaries procure capital in the same currency as their assets; however, because the figures in each company's financial statements are expressed in the local currency, substantial fluctuations in exchange rates could negatively impact the Group's business performance and financial standing when the figures are converted to Japanese yen.	<ul style="list-style-type: none">• We hold ALM Committee meetings each quarter or as necessary depending on the circumstances. We perform scenario analyses and data analyses using various risk factors such as geopolitical risk and pandemics, and determine the ALM policy based on trends in the financial market environment and the level of risk.

Risk category		Details of risk	Primary efforts to counter risk
Liquidity risk		We are procuring extensive funds in the course of acquiring properties for leasing and engaging in businesses such as installment sales and cash loans. Cases where it becomes difficult to ensure sufficient funds due to heightened risk aversion among financial institutions and investors as a result of factors such as rapid changes in economic and financial circumstances and turbulence in financial markets or the lowering of the Group's creditworthiness could have a negative impact on the Group's business performance and financial standing.	<ul style="list-style-type: none">• We diversify by procuring funds directly from the market (e.g. issuing corporate bonds and commercial paper, securitizing lease receivables) in addition to borrowing.• We ensure capital liquidity by taking measures to enhance liquidity during emergencies (e.g. acquiring commitment lines).• We manage capital liquidity in stages and build a procurement structure so that necessary capital is ensured even when the procurement environment has deteriorated, check its liquidity status, and report to the ALM Committee.• The ALM Committee analyzes interest rate sensitivity and credit in addition to comprehensively investigating factors such as the impact of profits and losses and state of market and liquidity risks under stress from financial markets and the like, and determining funding strategies to achieve a company-wide strategy based on the market environment and policies for responding to risk. The ALM Committee also cooperates with the Risk Management Committee.• As part of our efforts to rebuild regional financial hubs, we are opening a new office in North America, where the Group has a large asset balance, and establishing a Group Finance Framework for North America. We also share knowledge and information throughout the Group to strengthen our ability to monitor financial circumstances.
Operational risk	Risk pertaining to earthquakes, natural disasters, infectious diseases, war, terrorism, etc.	Earthquakes and other natural disasters, infectious diseases, war, terrorism, and other sudden events could damage our premises, systems, and the like, and also directly harm employees or prevent them from reporting to work, which in turn could limit our activities or make management difficult and interfere with business activities. Additionally, factors such as the extent of damage and protraction of sudden events could necessitate extensive amounts of time and money for restoring business activities, systems, and other facilities, which in turn could negatively impact the Group's business performance and financial standing. Furthermore, although the Group has no offices located in Ukraine or Russia and expect the direct impact of the Ukraine situation on the Group to be limited, depending on how the situation develops moving forward, indirect effects such as an increase in bad debts due to deterioration of clients' credit standing may necessitate additional allowances for doubtful receivables, which could impact the Group's business performance and financial condition.	<ul style="list-style-type: none">• In crisis situations, we establish headquarters for countermeasures and systems for taking action.• We formulate business continuity plans (BCP).• We take redundancy measures for core systems.• We establish systems and infrastructure that enable telecommuting for the purpose of business continuity.• We take measures such as having people report to work in alternating shifts after limiting operations to those necessary to continue business.• We have established a Crisis Management Headquarters to handle cybersecurity, trade control and money laundering issues, watch financial trends, strengthen transaction review management, monitor impact on the value of our operating assets, identify and manage other indirect impacts, and the like.
	Information system risk	We use various information systems to conduct accounting, manage contracts and clients, and conduct asset management for properties for leasing in addition to using email and other tools. Cases where these information systems shut down or malfunction due to factors such as insufficient maintenance or improper development interrupt our operations (e.g. contracts, collection) and the provision of services to clients, which hobble business activities and cause economic losses that could negatively impact the Group's business performance and financial standing.	<ul style="list-style-type: none">• The Company and its contractors collaborate to establish and operate robust maintenance and management systems.• When malfunctions occur, we promptly share information and take action in response to the causes.• We establish a series of systems for responding, including formulating and implementing measures to prevent recurrence.• We implement IT control on a group-wide basis.
	Cyber-security/information security risk	We use various information systems to conduct accounting, manage contracts and clients, and conduct asset management for properties for leasing in addition to using email and other tools. These information systems are exposed to risk in the form of cyberattacks (e.g. fraudulent business emails, computer viruses, unauthorized access by outsiders). Cases where systems shut down or malfunction, financial damage occurs, or confidential information or information belonging to clients is leaked or used without authorization due to factors such as unauthorized access by outsiders, computer viruses, human error, misconduct, or fraud could hobble business activities by interrupting our operations (e.g. contracts, collection) or the provision of services to clients, cause economic losses, or undermine our credibility in society (in the case of leaking critical information). All of these could negatively impact the Group's business performance and financial standing.	<ul style="list-style-type: none">• We install an organization-wide Security Incident Response Team (MHC-SIRT).• We update software and develop control systems to prevent trouble by detecting unauthorized access by outsiders, computer viruses, and cyberattacks.• We establish a system of internal and external collaboration to respond to incidents, and conduct training.• We continuously conduct drills for recognizing targeted email attacks and internal training on information security for all employees.
	Compliance risk	We must comply with the laws and regulations of Japan (e.g. the Companies Act, tax law, the Financial Instruments and Exchange Act, the Anti-monopoly Act, the Personal Information Protection Act, the Money Lending Business Act, the Installment Sales Act, the Act on Prevention of Transfer of Criminal Proceeds, and environmental laws and regulations). Outside Japan, we are supervised by regulatory authorities and subject to the laws and regulations of different countries and regions. Failure to comply with laws and regulations, social norms, internal rules, or the like could cause operations to be restricted or shut down, prompt clients and others to seek damages, and undermine our credibility in society, all of which could negatively impact the Group's business performance and financial standing.	<ul style="list-style-type: none">• We continuously conduct training on compliance.• We prevent money laundering, financing of terrorism, and other misconduct.
	Institutional change risk	We are subject to laws and regulations, accounting and tax systems, and other systems inside and outside Japan. If we are unable to properly deal with substantial changes or revisions to the systems most relevant to our operations, we could face penalties for failure to comply with the systems, become unable to sell products, face restrictions to operations, experience reduced sales in terms of accounting, and more, all of which could negatively impact the Group's business performance and financial standing.	<ul style="list-style-type: none">• We continuously monitor systems for revisions and changes.• We proactively enlist the help of outside experts to reinforce our monitoring.• We promptly gather information about changes and revisions and swiftly implement measures.
	Administrative risk	We implement various administrative management for each of the different types of transactions we handle. If improper administrative management resulting from human error or misconduct interrupts our operations (e.g. contracts, collection) and the provision of services to clients, hobbling business activities and undermining our credibility, this could negatively impact the Group's business performance and financial standing.	<ul style="list-style-type: none">• We set out rules for administrative management for each transaction, and execute operations according to those rules.• We revise the rules as necessary.• We establish a system for swiftly responding and making reports about accidents when they occur, identifying the causes of the accidents, and formulating and implementing measures to prevent recurrence.

Ensuring Compliance

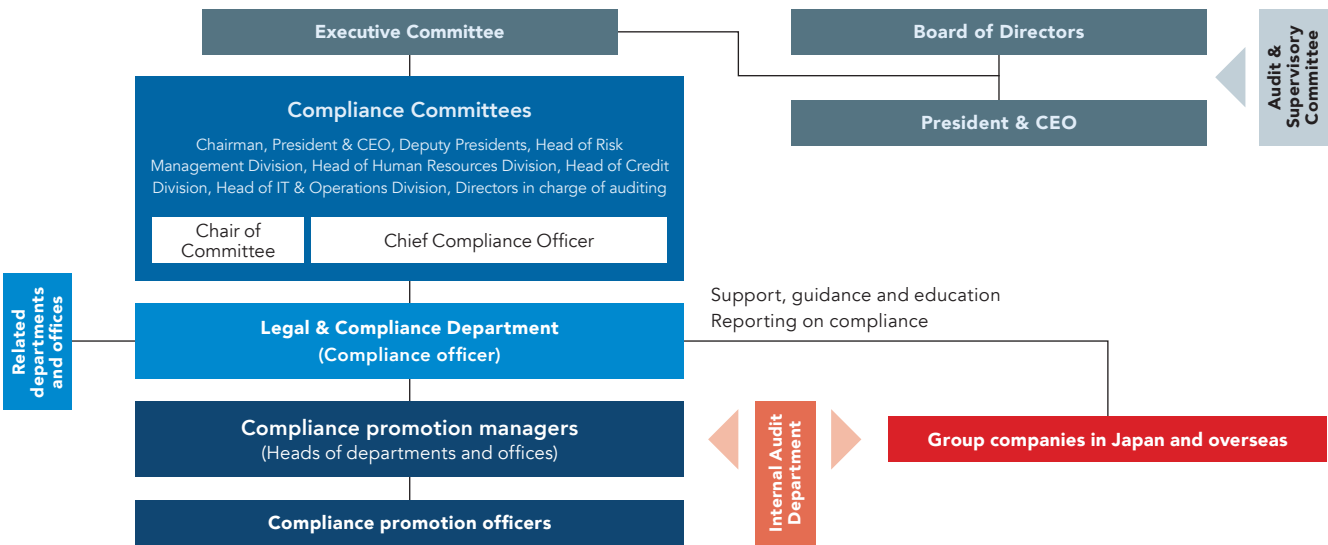
To ensure that all employees, including those of Group companies, are aware of and share in our common values and our ethics regarding basic compliance, we have established the Mitsubishi HC Capital Group Code of Ethics and Code of Conduct. Furthermore, we have made our Compliance Manual available on the Company intranet so that all employees can easily review it at any time.

The Group Code of Ethics establishes fundamental values and ethics to be embraced by all officers and employees of the Group and serves as a set of fundamental guiding principles for the Group's management and employees. All officers and employees of the Mitsubishi HC Capital Group adhere to the Code of Ethics.

Compliance Management Structure and System

Mitsubishi HC Capital's compliance management structure and system is supervised by the Chief Compliance Officer (CCO), who is responsible for building and operating a company-wide compliance management structure and system. Under the leadership of the CCO, the Legal & Compliance Department plans and manages internal structures and systems and provides guidance and supervision to divisions and Group companies, as well as guidance on the correction of compliance violations. In the event that a compliance violation is

brought to light through a hotline or other means, our basic response policy is for the Legal & Compliance Department to ensure prompt reporting to management, the fulfillment of corporate social responsibility, and the prevention of further harm and recurrences. Depending on the nature of the compliance violation, a third-party organization may be involved in investigation. We strive to investigate the cause of such incidents, formulate and implement measures to prevent recurrences, and further educate employees to raise compliance awareness.



Whistleblowing System

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

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

(What can be consulted or reported)

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

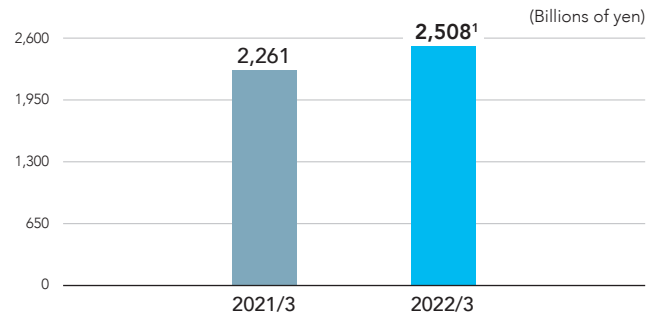
- Acts affecting the protection of customer interests
- Acts impacting the protection of the environment
- Acts affecting fair competition, such as violations of antitrust laws
- Acts related to provision of bribes or other illegal benefits to government officials and the like both in Japan and overseas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

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

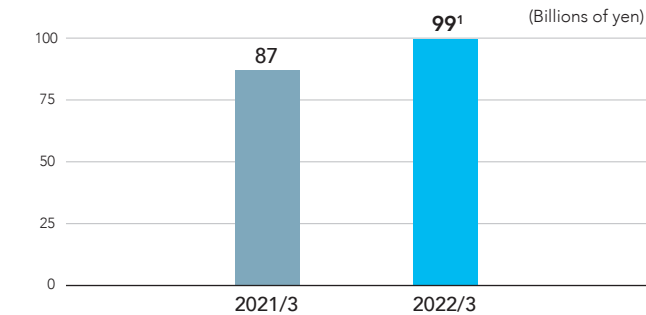
Data

Operational Highlights

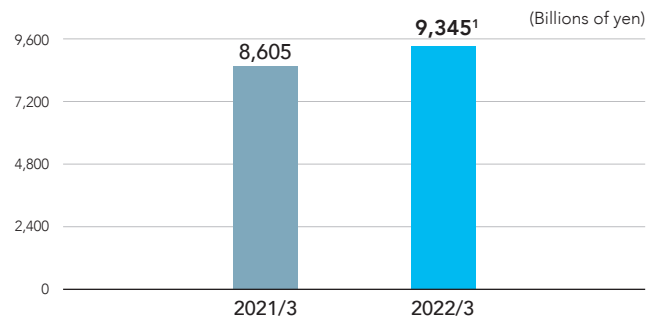
Volume of New Transactions



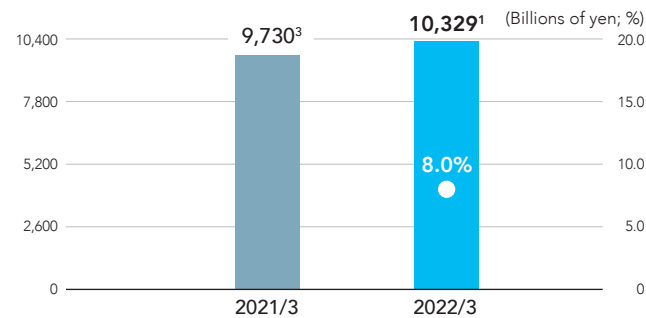
Net Income Attributable to Owners of the Parent



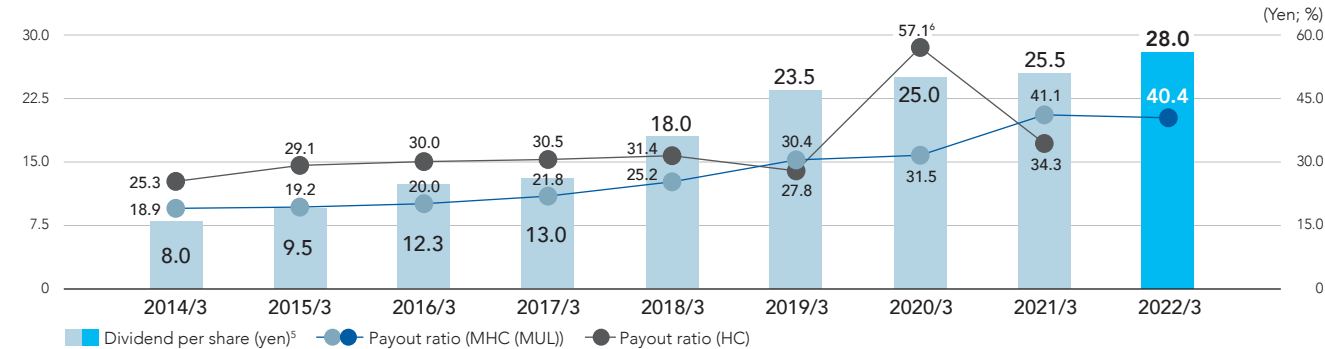
Total Segment Assets²



Total Assets and ROE



Dividend Trend



1. FYE3/2022 results simplified to be used as reference values
2. Operating assets + equity method investments + goodwill + investment securities, etc.
3. Revised the figure in 4Q FYE3/2022.
4. Denominator: average of equity capital or total assets for FYE3/2021 and equity capital or total assets for FYE3/2021 after adding adjustments upon the integration to the reference value (the sum of the figures for the two former companies (J-GAAP) for FYE3/2021) Numerator: net income for FYE3/2022
5. Former Mitsubishi UFJ Lease & Finance's results from FYE3/2014 to FYE3/2021
6. Dividends for the year ended March 2020 include a special dividend of ¥40 per share.

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

The Company has been selected for the following representative SRI indexes as a company with excellent environmental, social and governance (ESG) performance.

FTSE Russell

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



S&P/JPX Carbon Efficient Index

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



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

Data

Corporate Information

Corporate Profile (As of April 1, 2022)

Company Name	Mitsubishi HC Capital Inc.
Head Office	5-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo, 100-6525, Japan +81-(0)3-6865-3000
Date of Incorporation	April 12, 1971
Paid-in Capital	¥33,196,047,500
Representative	Representative Director, President & CEO Takahiro Yanai
Number of Employees	Consolidated: 8,803; Non-consolidated 2,235 (as of March 31, 2022)
Main Business Activities	Leasing, installment sales, various types of financing, etc.
Stock Listings	Tokyo Stock Exchange (TSE) Prime Market Nagoya Stock Exchange (NSE) Premier Market Security code: 8593
Fiscal Year-end	March 31 (once per year)



External Evaluations (As of April 1, 2022)

External Credit Ratings

Rating Agency	Long-term	Short-term
Japan Credit Rating Agency, Ltd. (JCR)	Long-term issuer rating: AA	Commercial papers Issuance limit: 1,300 billion yen Rating: J-1+
	Issued registered bond preliminary rating: AA Planned issuance amount: 600 billion yen Planned issuance period: 2 years from September 1, 2021	
	Euro MTN Program: AA Issuance limit: Equivalent of US\$6 billion	
Rating and Investment Information, Inc. (R&I)	Long-term issuer rating: AA-	Commercial papers Issuance limit: 1,300 billion yen Rating: a-1+
	Issued registered bond preliminary rating: AA- Planned issuance amount: 600 billion yen Planned issuance period: September 1, 2021 to August 31, 2023	
	Euro MTN Program: AA- Issuance limit: Equivalent of US\$6 billion	
Moody's	Long-term issuer rating: A3	—
	Euro MTN Program: A3 Issuance limit: Equivalent of US\$6 billion	
S&P	Long-term issuer rating: A-	Short-term issuer rating: A-2

Stock Information (As of March 31, 2022)

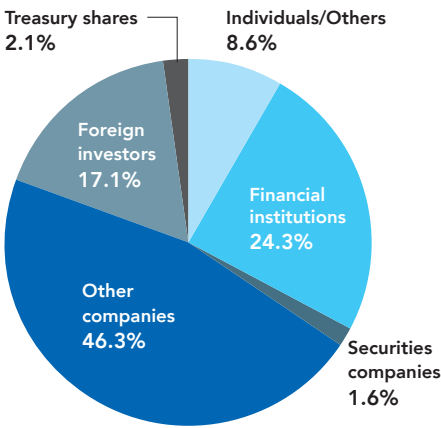
Authorized shares	4,800,000,000
Total number of issued shares	1,436,157,916 (Excluding 30,754,328 treasury shares)
Number of shareholders	148,418

Major Shareholders

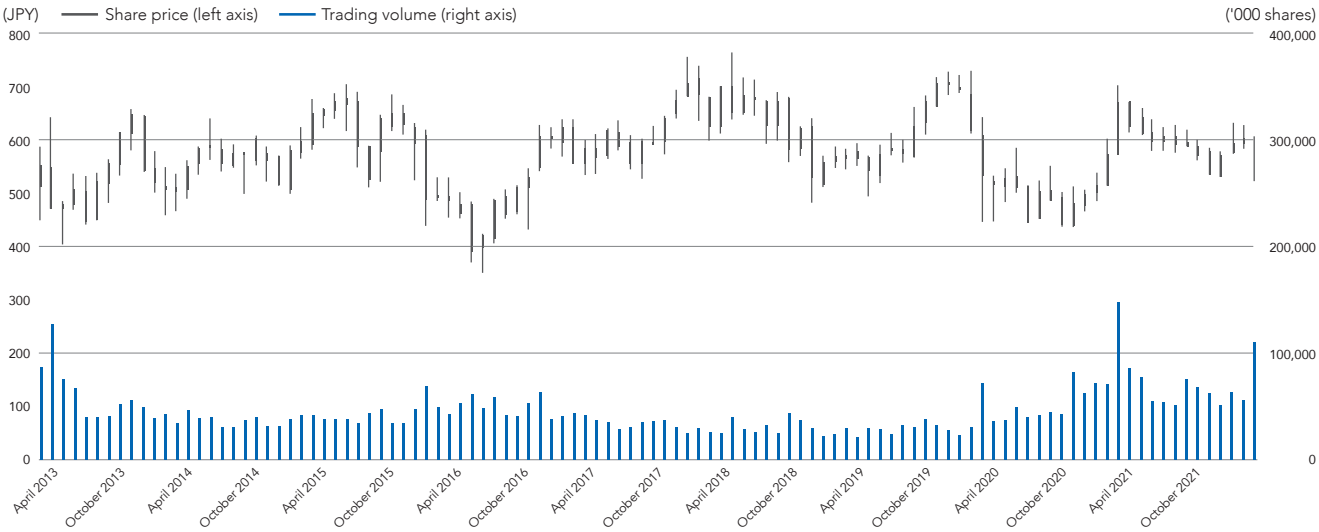
Name	Shares held	Ownership (%)
Mitsubishi Corporation	264,044,396	18.38%
Mitsubishi UFJ Financial Group, Inc.	208,345,981	14.50%
Hitachi, Ltd.	167,678,580	11.67%
The Master Trust Bank of Japan, Ltd. (Trust account)	114,134,900	7.94%
Custody Bank of Japan, Ltd. (Trust account)	55,176,500	3.84%
MUFG Bank, Ltd.	50,348,620	3.50%
Meiji Yasuda Life Insurance Company	31,100,390	2.16%
Mitsubishi UFJ Trust and Banking Corporation	28,431,000	1.97%
Tokio Marine & Nichido Fire Insurance Co., Ltd.	11,419,725	0.79%
STATE STREET BANK WEST CLIENT-TREATY 505234	11,330,363	0.78%

(Note) Treasury shares (30,754,328 shares) are excluded when calculating ownership.

Distribution of Shareholders



Share Price History



TSR (Total Shareholder Return)

	FYE3/2018	FYE3/2019	FYE3/2020	FYE3/2021	FYE3/2022
TSR (%)	115.7	109.1	107.8	136.9	124.3
(Comparative index: TOPIX including dividends) (%)	(115.9)	(110.0)	(99.6)	(141.5)	(144.3)

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



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