



CSR Website Data

2020

Mitsubishi UFJ Lease & Finance

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CSR Initiatives

Approach to Human Resources Development

Basic Policy on Human Resources Development

To pursue the basic policy of "integration of finance and business" contained in the medium-term business plan, as well as advancing our lease and finance functions, it is vital that we strengthen our "specialist expertise in businesses and industries," so that we may evolve into a professional organization. We have established the following five qualities of the ideal employee and developed educational and training programs designed to allow each of our employees to grow and acquire the appropriate expertise.

<Qualities of the Ideal Employee>

1. A focus on customers
Builds relationships with domestic and overseas customers by leveraging knowledge of their issues and needs, adopting the premise of working with customers as partners.
2. Professionalism
Possesses self-awareness and responsibility as a professional and continues to expand their own expertise according to their own aptitude, to provide value to clients in the way that only MUL can.
3. Creation and Transformation
Pursues the creation of new business and constant transformation to provide highly added value and raise productivity.
4. Leadership
Displays strong leadership through model behavior and responsible decisions to accomplish the mission of the organization.
5. Human Resources Development
Creates an environment in which diverse people can participate actively and achieves fair evaluations and appropriate development, to support medium to long-term career development.

Training and Career Development Support Systems

To improve staff knowledge and skills, we implement a range of training specific to different staff grades, from junior to mid-level staff to management-level staff. To support career development, we operate a system for changing careers and career paths and an internal job-posting system through which employees can take on the challenge of working in their desired field.

New Hires

Introductory training, long-term training to cultivate ability to execute duties, mentoring by senior staff members, etc.

Junior to Mid-Level Staff

Business school for gaining expert knowledge in finance and leadership training, overseas program for improving business English proficiency, management-track career development program for women, etc.

Management-Level Staff

Management training, diversity management training, etc.

Locally Hired Employees

Management training, practical training, etc.

Efforts to Cultivate Global-Minded Human Resources

Opening of the Global Human Resources Development Office

In October 2019, the Mitsubishi UFJ Lease & Finance Group opened the Global Human Resources Development Office within its Human Resources Department in order to speed up cultivation of the human resources needed for global business development. The Group is making efforts centered on this office, in cooperation with related departments, to provide a full set of training programs, which include a new education system for domestic employees, and training for locally hired employees aimed at spreading the Group's corporate philosophy. Moreover, the office serves to enhance HR's ability to support development and exchange among the Group's human resources.

Sharing of the Qualities of Ideal Human Resources

Global expansion has brought together employees with diverse backgrounds, with over 1,000 Group employees working overseas. Locally hired employees, who up to this point have kept their focus on business within their respective countries, are now required to think of a single business from a global perspective, and must work as Group members to share its corporate message. For this reason, we are building a system to ensure that the qualities of ideal human resources, as required by the Mitsubishi UFJ Lease & Finance Group, can take hold among employees of overseas subsidiaries and become adopted as one of the themes for locally hired employee training.

The Importance of Cross-Cultural Communication

While locally hired employees have deepened their understanding of Japan through Head Office training, domestic employees have been working to improve their communication skills with a focus on language proficiency. However, making headway with overseas business requires the ability to communicate with an understanding of the differing customs and cultures of the people in these countries, in addition to language. For this reason, we will focus on human skills that promote understanding of different cultures and diversity and enhance our efforts in this regard. This includes training, started in fiscal 2019, that values the importance of cross cultural communication and which targets employees from Head Office who are dispatched overseas, in addition to efforts to enhance our pre-overseas dispatch training for all employees.

Enhancing Locally Hired Employee Training

With the number of employees at overseas subsidiaries on the rise, it has become increasingly important to train locally hired employees. Since fiscal 2012, we have been conducting group training at Head Office for managers and young employees so that locally hired employees can deepen their understanding of Head Office operations and Japanese corporate culture. In fiscal 2019, we introduced a new initiative to gather and train such employees primed to manage our overseas subsidiaries in the future. In fiscal 2019, three training modules were held at Head Office, with 36 participants. We will continue to enhance our employee training from fiscal 2020 onward.



Training for executive-track locally hired employees

Diversity

Policy on initiatives for promoting diversity

Foster a corporate culture with the vitality to create new values, by bringing together diverse talent who can feed off each other to demonstrate their motivations and talents to the fullest effect.

Management message on promoting diversity

Mitsubishi UFJ Lease & Finance has positioned the promotion of diversity as an important management strategy for the further expansion of our Group's business domain and global development. We aim to create an environment that brings together talented individuals with a diversity of knowledge, experience, and attributes who can feed off each other to maximize the impact of their individual motivations and talents.

For the realization of a workplace environment allowing diverse talent to demonstrate its strength, we hire and promote personnel regardless of nationality, age, gender, race, disability or otherwise. Further, we support the formation of careers tailored to each individual's characteristics, as well as provide a well-rounded support system and a corporate culture to handle a variety of workstyles. We aim to push diversity and inclusion one step further.

Takahiro Yanai
President & CEO

Mitsubishi UFJ Lease & Finance Company Limited

Work-Life Balance

Mitsubishi UFJ Lease & Finance supports the promotion of employees' work-life balance through initiatives to curb overall working hours by encouraging employees to leave work early and to take their paid leave. We have also adopted initiatives to further improve work efficiency, such as a staggered start scheme.

We have established an environment in which employees can work according to their own personal circumstances by offering schemes such as volunteering leave, childcare and nursing care leave, and a work location choice scheme.

Initiatives to Support Raising Next-Generation Children

Acquisition of Platinum "Kurumin" Mark

Mitsubishi UFJ Lease & Finance was awarded the Platinum "Kurumin" mark by the Minister of Health, Labour and Welfare on December 18, 2017, in recognition of its having fulfilled the required standards under the Act on Advancement of Measures to Support Raising Next-Generation Children. Also, by enabling our employees to choose diverse working styles according to their own individual life stage and environments, such as balancing work and raising children, we will further promote the development of structures and cultures in which they can perform to the best of their abilities and be successful in their jobs.



Receipt of 2012 Tokyo Labor Bureau Chief's Encouragement Award for Companies Promoting Equality and Balance

In October 2012, Mitsubishi UFJ Lease & Finance was awarded the Tokyo Labor Bureau Chief's Encouragement Award in the Family Friendly Company division of the Awards for Companies Promoting Equality and Balance. These awards are presented to companies that have a range of programs that allow employees to balance work and responsibilities caring for children or elderly family members, and that promote diverse, flexible working styles. Our award on this occasion was in recognition of our establishment of programs that exceed statutory requirements and our active engagement in fostering awareness in the company to make the various programs more accessible.

We will continue to create an environment that realizes diverse working styles and in which each and every employee can demonstrate their abilities, regardless of their personal attributes such as gender, age, and nationality or life events.

Initiatives to Promote the Active Participation of Women in the Workplace

Approach to the Promotion of Women's Active Participation in the Workplace

Mitsubishi UFJ Lease & Finance believes that promoting the active participation of diverse human resources who can leverage their personal attributes, such as nationality, age, and gender, and their diverse values is an important consideration in terms of management strategy that will enhance corporate competitiveness.

As such, in the area of promoting women's active participation, we have implemented a range of programs with the two wheels of expanding support systems that allow a balance between work and family life and creating a workplace environment in which individuals can perform to the best of their abilities.

Going forward, by continuing with these programs, and systematically nurturing and promoting well-qualified women, we aim to increase the percentage of female in management positions to 20% or more by end-FY2025.

Takahiro Yanai
President & CEO
Mitsubishi UFJ Lease & Finance Company Limited

Establishment of Action Plan under the Act on Promotion of Women's Participation and Advancement in the Workplace

Under the Act on Promotion of Women's Participation and Advancement in the Workplace, which came into force on April 1, 2016, Mitsubishi UFJ Lease & Finance established a General Employers Action Plan to cover the five-year period from April 1, 2021 to March 31, 2026.

<Duration of Action Plan>

Five years from April 1, 2021 to March 31, 2026

<Numerical targets>

Target #1: 20% or more of management positions (Manager and above) are to be held by women.

Target #2: Use of 70% or more of paid leave.

1. Correct long working hours and promote use of paid leave.

Correct long working hours and promote use of paid leave so that each individual employee can practice a personalized style of working.

- Feedback on overtime-working-hour data for each department/office. 【FY2021 ~】
- Consider implementation of management training for enhancing productivity. 【FY2021 ~】
- Promote a paperless workplace and operational efficiency through the introduction of various types of digital technology. 【FY2021 ~】
- Continue to implement the setting of targets for usage of annual paid leave. 【FY2021 ~】

2. Proactively nurture and systematically promote female employees.

Offer female employees a framework in which they can fully demonstrate their abilities and proactively build a career.

- Expand training for managing diverse talent. 【FY2021 ~】
- Close cooperation between departments/branches and the Human Resources Department in developing management candidates 【FY2021 ~】 , etc.

3. Ferment a career consciousness among female employees.

Provide support and information to female employees for proactively developing a career, and develop an environment in which they can more easily envisage their career over the medium to long term.

- Hold seminars between female leaders and female managers. 【FY2021 ~】
- Maintain and expand training for female employees according to career course and status in the company. 【FY2021 ~】
- Expand support for development of all types of career for employees who are raising children. 【FY2021 ~】 , etc.

4. Implement measures to contribute to diverse working styles.

Implement measures to contribute to diverse working styles so each employee can practice a personalized style of working and still achieve results within a limited timeframe.

- Implement by stages an office system whereby employees are free to change desk. 【FY2021 ～】
- Implement the flex-time system. 【FY2021 ～】
- Promote the operation of new office styles. (satellite office, share office, etc.) 【FY2021 ～】 , etc.

Also pursuant to the Act, we have posted publicly released data on the Ministry of Health, Labour and Welfare's General Website for Women's Active Participation and Advancement/Support for Balancing Work and Family Life.

Corporate Data on Promotion of Women's Active Participation and Advancement in the Workplace, General Website for Women's Active Participation and Advancement/Support for Balancing Work and Family Life. (Japanese only)

<https://positive-ryouritsu.mhlw.go.jp/positivedb/detail?id=1013>

Acquisition of "Eruboshi" Mark

Mitsubishi UFJ Lease & Finance was awarded the second-level "Eruboshi" mark from the Minister of Health, Labour and Welfare on February 9, 2018, in recognition of its excellence in the implementation of initiatives to promote women's active participation and advancement in the workplace, in fulfillment of the certification standards established under the Act on Promotion of Women's Participation and Advancement in the Workplace. We will continue to engage in the creation of an environment in which our able, ambitious female employees can participate actively and advance over the long term.



Status of Initiatives for the Active Participation and Advancement of Women

Publicizing the status of our policies and initiatives regarding the promotion of women's active participation and advancement, both within the company and publicly, will help us to move those initiatives forward and secure ambitious human resources.

<Publication of Information under the Act on Promotion of Women's Participation and Advancement in the Workplace (as of March 31, 2020)>

(1) Percentage of female workers in recruited workers

Male	Female
43.9% (18 people)	56.1% (23 people)

* New-graduate recruits in FY2019

(2) Percentage of female workers (including temporary assignees)

Core positions(*)	General positions
16.0%	99.5%

* Aggregate of career-track and quasi career-track employees

(3) Difference in average length of service between male and female employees

Total	Male	Female
12.8 years	14.2 years	10.8 years

(4) Percentage of continued service after ten years by gender

Male	Female
66.2%	51.7%

* Joined company in April 2009

(5) Percentage of employees taking childcare leave by gender

Male	Female
92.2%	105.6%

* FY2019 actual figures

(6) Average hours of overtime worked by workers per month (non-managerial positions)

Overall	Core positions	General positions
16.4 hours	20.6 hours	8.5 hours

* FY2019 actual figures (discretionary)

(7) Rate of paid leave taken

FY2017	FY2018	FY2019
66.2%	67.1%	69.4%

(8) Percentage of female workers in team leader, management and executive positions

Team leaders	Managers	Executives
25.2% (112 people)	13.7% (36 people)	0% (0 people)

(9) Number of employees changing occupation/employment status by gender

	Male	Female
Change of occupation	0 people	2 people
Change of employment status (Temporary dispatch -> permanent full-time)	0 people	0 people

* FY2019 actual figures

(10) Mid-career recruitment by gender (excluding change of employment status)

Total	Male	Female
36 people	31 people	5 people

<Initiatives for the Promotion of Women's Active Participation and Advancement in the Workplace>

Recruitment

We conduct recruitment seminars for women and publish pamphlets to present our programs for supporting employees in balancing work and family life and for supporting their career development.

Career Development and training

We conduct training on the theme of diversity for manager-level employees to raise awareness across the entire company. Also, to promote ongoing promotion of women over the medium to long term, we provide a variety of training programs for our female employees designed to foster career awareness, equip them with leadership skills, and build professional networks.

Training	Targets	Contents
Diversity Management Training	Managers	Learn the key points of "diversity management" to maximize team outcomes, while leveraging the abilities and individual traits of diverse personnel
Diversity Sessions	New managers	Deepen understanding of diversity to cultivate managers who are able to manage diverse personnel
Female Leader Development Coaching School	Core positions Manager candidates	Dispel concerns about medium to long-term career prospects and leadership and foster management awareness
Career Development Program	Mid-level core positions	Broaden horizons and think about medium to long-term career prospects, and also foster participants' awareness of themselves as role models
Career Forum	Junior core positions	Learn about the company's schemes for supporting employees to balance work with raising children and hear from more senior employees about their careers, to foster an image of medium to long-term career prospects
General Position Leader Training	General positions leader candidates	Develop a group of leaders who have lofty perspectives and who are able to make an active contribution to the management of the organization
General Position Career Development Training	Mid-level general positions	Encourage career formation and enhancement of individual initiative, and foster awareness of becoming a role model
Cafeteria Training	General positions Open call	Optional external lectures to give employees the chance to acquire knowledge about topics such as business skills, finance, and legal affairs.

Support for Balancing Work and Childcare

Mitsubishi UFJ Lease & Finance is actively engaged in creating systems and environments to help every one of our employees to participate and advance in the workplace over the long term. As a result, a growing number of employees, both men and women, are balancing work with raising children and achieving success in the workplace.

<Program for Supporting Balance between Work and Childcare>

Special pre-birth leave	Leave that can be taken from within six months prior to the expected delivery date (our original leave scheme)
Pre- and post-birth leave	Leave that can be taken from six weeks prior to the baby's expected delivery date until eight weeks from the day after the birth
Childcare leave	Leave that can be taken until the date of the child's second birthday (10 days paid leave)
Shortened working hours	Employees can finish work up to two hours early (in 30-minute increments) during pregnancy and after returning to work from leave
Restriction of work outside regular hours	Restrictions on work outside prescribed working hours (7 hrs. 25 min.) during pregnancy and after return from leave
Birth leave	Leave that can be taken when the employee's spouse is giving birth (up to 3 days, within two weeks before and after the birth)
Childcare cost support scheme	Scheme in which the company will subsidize half of the monthly costs of childcare (to a maximum of ¥30,000 a month)
Late-start/early-finish scheme	Scheme in which employees may start work late or finish early for reasons related to raising children (available to employees caring for children up to the third grade of elementary school)
Sick child leave	Leave that can be taken to care for sick or injured children of pre-school age (10 days a year)

Information delivery tools (iPad)	Tools for viewing the company's portal site while on leave (distributed to all employees on childcare leave)
Career interview scheme for employees returning to work after childcare leave	To support returning employees' career formation, the career interview will be taken within about three months from their return.

<Trends in Employees Taking Advantage of Support Systems for Balancing Work and Childcare>

	Childcare leave scheme	Shortened working hours scheme
FY2017	126 people	110 people
FY2018	128 people	123 people
FY2019	135 people	133 people

<Systems for the Support of Flexible Working Styles>

Work location choice scheme	Scheme in which employees can ask for a change or choice of work location based on reasons such as raising children or spouse's transfer
Work-from-home scheme	Scheme that permits employees to work from their own home for all or part of their work hours
Staggered start scheme	Scheme in which employees can start work one hour later or earlier than the usual prescribed time
Hourly leave scheme	Scheme in which employees can take leave in hourly increments

Initiatives to Promote the Active Participation of People with Disabilities in the Workplace

As part of making the most of diverse human resources, we are making progress in initiatives to promote the active participation of people with disabilities in the workplace. With the aim of providing a workplace environment where people with disabilities can work with peace of mind, in October 2017, we established a group that performs clerical duties outsourced by other departments within the company.

Facilitating Improvements to Employee Health

Health Improvement Measures

The corporate philosophy of Mitsubishi UFJ Lease & Finance states, "We will create a workplace environment that motivates each and every employee and in which they can take pride." Based on this philosophy, we are developing a healthcare system comprising self-care, line care overseen by supervisors, and care provided by internal healthcare staff (human resource representatives) that incorporates industrial physicians, public health nurses, outside experts, and other specialized organizations. Through this system, we aim to help all employees improve their health. Specific initiatives on this front include the following.

- Regular health examinations (99.8% of employees underwent examinations in fiscal 2019)
Note: A small number of employees refrained from having examinations in light of the COVID-19 outbreak in March 2020.
- Implemented stress checks (about 95% of employees took these checks in fiscal 2019)
- Health consultation venues for speaking with health insurance unions, industrial physicians, and public health nurses
- Establishment of dedicated hotline for phone and e-mail consultation on health and other concerns available 24-hours a day, free counseling services, and medical facility referrals offered through cooperation with external specialists
- Designation of mid-level employees as healthcare representatives in all workplaces to provide line care while working to prevent and quickly detect health issues among newer and other employees
- Discussions of themes related to health improvement and illness at meetings of the Health Committee and dissemination of information based on these discussions and on lectures by industrial physicians
- Launching of efforts to prevent the spread of COVID-19, including the continuance of business activities while minimizing the number of employees in the office by focusing on working from home as much as possible, staggered work hours, avoidance of unnecessary visits and business trips, and other online solutions

2020 Certified Health & Productivity Management Outstanding Organizations Recognition (Large Enterprise Category)

Mitsubishi UFJ Lease & Finance was certified as a 2020 Health & Productivity Management Outstanding Organization in the large enterprise category. The certification is granted for strategic efforts to maintain employee health from a management perspective, under the METI-created Certified Health & Productivity Management Organization Recognition Program, which aims to give social recognition to outstanding enterprises engaged in health and productivity management efforts. Enterprises are judged in terms of employee health management, improvement, and promotion utilizing 25 criteria, including initiatives to promote work-life balance, and whether industrial physicians and public health nurses are involved with planning and verifying health maintenance and improvement initiatives.



Reduction of Overtime

The Company seeks to minimize health issue risks resulting from fatigue accumulated through excessive work hours and to promote work-life balance. To this end, we encourage employees to take part in a weekly "no overtime day," when employees leave work at 7:00 p.m. We have also set Companywide leave acquisition targets and are promoting systematic leave acquisition to meet these targets. When an employee is judged to be at higher risk of health issues due to the accumulation of fatigue from excessive work hours, we ask this employee to consult with an industrial physician or public health nurse so that we can better keep track of their health condition and they can receive advice.

Supporting the Education of Future Generations

Overseas Scholarship Program

With the aim of supporting the education of future generations at a global level, since 2012, we have operated an Overseas Scholarship Program for students at overseas universities who are studying Japanese language and culture and students who aspire to work in fields related to Japan. In 2014, one of the recipients of this scholarship joined our Indonesian subsidiary, PT. Mitsubishi UFJ Lease & Finance Indonesia and is playing an active role in the company.



Job Shadow Program

Since 2008, we have been conducting a Job Shadow Program, a work experience program for metropolitan high school students, in conjunction with Junior Achievement Japan and the Tokyo Metropolitan Office of Education.

Because the focus of this program is to watch people doing their jobs, each of the high school students is paired with one of our employees and spends half a day shadowing them as they go about their work. This gives the students an understanding of professional attitudes and a realistic sense of the workplace. The participating students later write to us with their impressions. One comment received was that "I realized that work requires a greater sense of responsibility than I imagined."



TOMODACHI Initiative

Since 2012, we have joined with companies of the Mitsubishi UFJ Financial Group to take part in the TOMODACHI Initiative organized by the U.S. government and the U.S.-Japan Council (Japan). As part of this initiative, we are involved in the TOMODACHI MUFG International Exchange Program, which gives Japanese students affected by the Great East Japan Earthquake the chance to interact with American students through cultural exchange activities and homestays. It also provides educational opportunities as a way of motivating students to study or work overseas, and to take part in international exchange activities.





Governance

We are engaged in strengthening corporate governance with an eye on boosting corporate value over the medium to long term.

Corporate Governance

Basic Policies on Corporate Governance

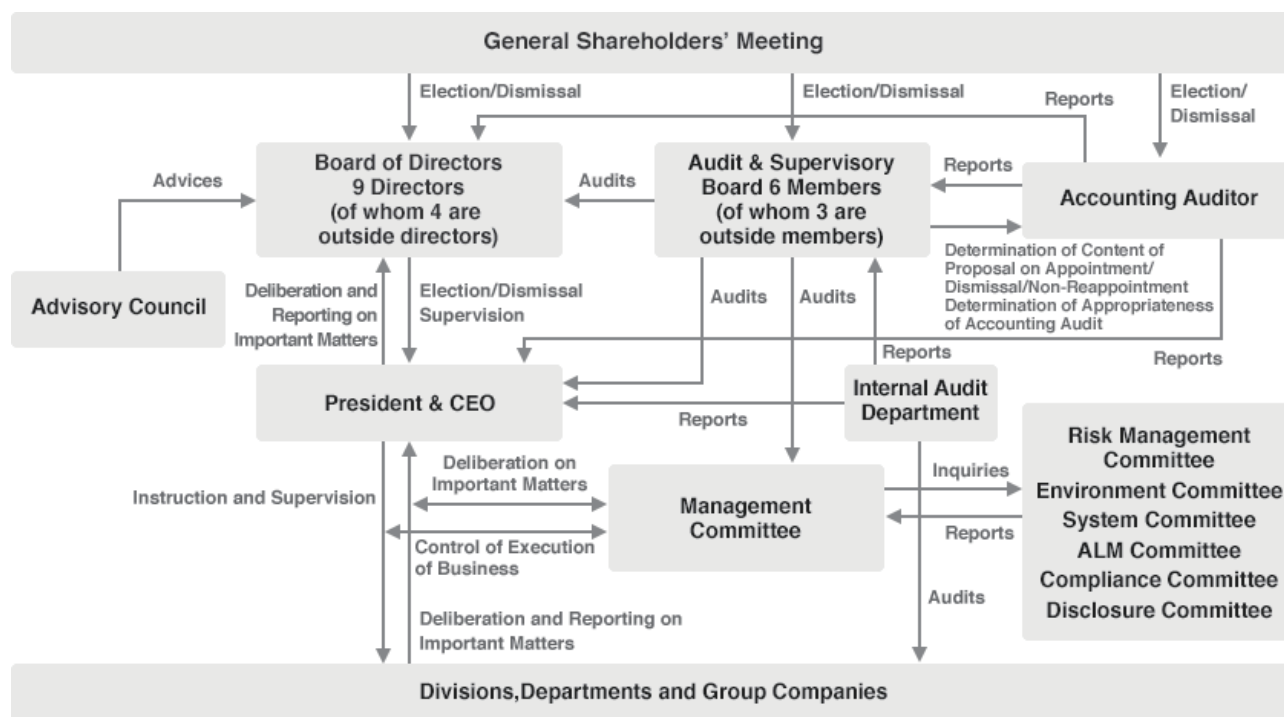
While emphasizing initiatives to achieve sustainable corporate growth and a medium-to-long-term improvement in corporate value, Mitsubishi UFJ Lease & Finance recognizes that it has a social responsibility to ensure transparent and sound management. Respecting the rights and interests of all stakeholders - shareholders and investors, customers, local communities, and employees - we work to meet the trust they place in us, aspiring to contribute to a more prosperous society. To this end, we engage in continuous initiatives to enhance corporate governance by boosting the activity of the Board of Directors, reinforcing the Audit & Supervisory Board and the internal audit system, and improving investor relations (IR) and related functions.

Outside Directors and Outside Auditors

5 out of 11 of our Directors are outside Directors and 4 out of 7 of our Auditors are outside Auditors. We use the knowledge, experience and insight of our outside Directors across various fields to ensure appropriate decision making by the Board of Directors and the effective supervision of management as a whole.

Also, the auditory regime we are building based on the neutrality and objectivity of our outside Auditors is contributing to our efforts to ensure sound management.

Organization of Corporate Governance



General Policy Regarding the Prevention of Money Laundering and Financing of Terrorism

We, Mitsubishi UFJ Lease & Finance Group (hereinafter referred to as "MUL Group") shall endeavor to strengthen the management for the prevention of money laundering and financing of terrorism (hereinafter referred to as "ML/FT").

- MUL Group shall comply with all applicable Laws and Regulations related to the prevention of ML/FT.
- MUL Group shall respond adequately to sanctioned persons designated by the UN Security Council Resolution, OFAC, etc. in accordance with applicable Laws and Regulations.
- MUL Group shall conduct Customer Due Diligence including Customer Identification and Verification in accordance with applicable Laws and Regulations.
- MUL Group shall monitor customer transactions continuously, and shall file any necessary reports to competent Authorities in the event where transactions suspicious of ML/FT are detected.
- MUL Group shall establish and operate training programs continuously for the purpose of maintaining and improving the awareness and competency of employees regarding the prevention of ML/FT.
- MUL Group shall be subject to internal audit to ensure the sound operation of the overall program for the prevention of ML/FT (AML/CFT Program).

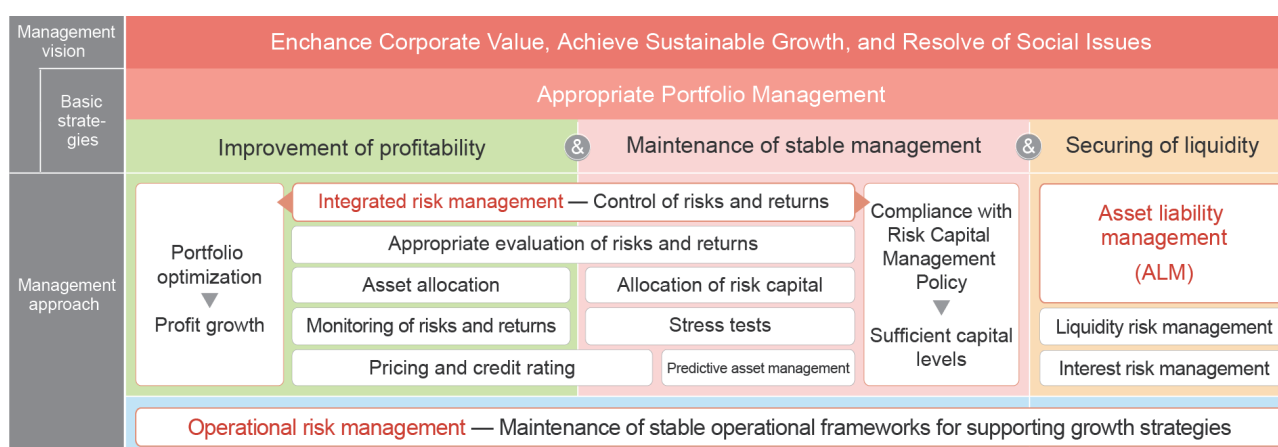
Risk Management

Integrated Risk Management

To realize sustainable growth by maintaining sound management and improving profitability, the Company is conducting business operations that incorporate frameworks to manage integrated risks. Specifically, the Company has in place a structure for distributing risk capital to each risk category based on the Risk Capital Management Policy and after quantifying each risk through risk assessment methods that correspond with the characteristics of each asset and business. This structure also supports rational risk-taking within an acceptable range. In addition to implementing integrated risk management frameworks, the Company promotes the regular monitoring of the status of risk capital use and asset portfolios. This status is reported to the Risk Management Committee and the Management Committee as well as to the Board of Directors, which is responsible for managing this information. This structure facilitates enhanced internal communication in relation to risks as well as more appropriate responses to risks. In addition, the Company conducts stress tests based on multiple scenarios to verify its resistance to risks from a wide variety of perspectives.

Overview of Risk Management Framework

In October 2019, the Mitsubishi UFJ Lease & Finance Group opened the Global Human Resources Development Office within its Human Resources Department in order to speed up cultivation of the human resources needed for global business development. The Group is making efforts centered on this office, in cooperation with related departments, to provide a full set of training programs, which include a new education system for domestic employees, and training for locally hired employees aimed at spreading the Group's corporate philosophy. Moreover, the office serves to enhance HR's ability to support development and exchange among the Group's human resources.



Major Risks and Management Systems

Credit Risk

Nature of Risk	Primary Management Systems
<p>The Mitsubishi UFJ Lease & Finance Group conducts business that extends credit over the medium-to-long term through leases, installment sales, monetary lending, and other forms. Depending on future business trends and the financial landscape, additional provisions of allowance for doubtful receivables could be necessary with increasing non-performing loans due to the deterioration of a company's credit status, which could impact the Group's business results. Moreover, due to the fact that we operate businesses globally, we bear the risk of incurring losses based on the political and economic conditions in the countries and regions where we operate businesses or engage in investments.</p>	<ul style="list-style-type: none"> • The Group makes a comprehensive study in light of the customer's credit standing and country risk as well as factors such as the value of the leased property. • The Group checks the credit standing of customers on an ongoing basis even after entering into business relations. • The Group endeavors to take risk diversification into account in credit management for its portfolio overall so as to not concentrate credit in particular customers, industry sectors, countries, or regions. • The Group engages in periodic monitoring to quantitatively measure the risk of its portfolio.

Responsible Departments: Credit Department, International Credit Department

Asset Risk

Category	Nature of Risk	Primary Management Systems
Global Assets	<p>The Mitsubishi UFJ Lease & Finance Group holds global assets such as aircraft, aircraft engines, ships, containers, and railcars and conducts a business leasing these assets. In addition to the aforementioned credit risk, the Group must bear the risk of price fluctuations of these assets. The Group collects funds through leasing fees received from customers, and from asset sales after a lease expires. In cases where a customer goes bankrupt, the Group will withdraw the asset and lease it to another customer, and sell the asset to recover funds.</p> <p>Fluctuations in the selling price of an asset due to economic trends and market conditions, impairment losses, increased costs associated with property management, or other factors may affect business results.</p>	<ul style="list-style-type: none"> • The Group conducts a comprehensive study that includes items relevant to movable property to be confirmed at the time of transaction, future asset liquidity, and other factors. • The Group checks industry trends as well as the credit standing of customers on an ongoing basis even after entering into business relations. • The Group sets and employs investment criteria to maintain a portfolio that accounts for risk diversification, including target models, regions, and times of expiration. • The Group holds regular predictive management meetings to investigate indications of asset value fluctuations or trends in a target industry. • The Group engages in periodic monitoring to quantitatively measure customers' credit risk and price fluctuations in the value of assets in its portfolio.

Category	Nature of Risk	Primary Management Systems
Real Estate	<p>The Mitsubishi UFJ Lease & Finance Group engages in the investing, lending, and leasing of offices, residences, commercial facilities, logistics facilities, hotels, and other commercial real estate. These assets are subject to risks related to income and price fluctuations. In addition to collecting rental fees from tenants, the Group collects funds from selling assets when appropriate. Income from rent and asset sales may fluctuate according to market conditions, which may affect business results.</p>	<ul style="list-style-type: none"> • The Group makes a comprehensive judgment after carefully assessing future asset value and liquidity. • The Group conducts ongoing checks of the operational status of its assets and both price and industry trends even after transactions are made. • The Group holds regular predictive management meetings to investigate indications of asset value fluctuations or industry trends. • The Group engages in periodic monitoring to quantitatively measure price fluctuations in the value of assets in its portfolio.

Responsible Departments: Risk Management Department, Asset Management Department, Each Business Division

Investment Risk

Nature of Risk	Primary Management Systems
<p>The Mitsubishi UFJ Lease & Finance Group is engaged in investment activities that include investment, lending, and financing for projects in a variety of businesses. These investment activities are subject to numerous risks, including changes in the business environment, profits that do not meet expectations, low possibility of recouping investment amounts, a drop in the stock price of an investee below a certain level, that said stock price drop will stay low because of changing economic or financial conditions, that some or all of an investment may be lost, or that extra funding may be required. Other risks include the possibility that the Group will be unable to withdraw from or reorganize a business within the ideal time frame or via optimal methods, or that a lack of appropriate information from the investee could lead to unprofitability. These risks and others could affect business results.</p>	<ul style="list-style-type: none"> • The Group holds investment council meetings according to the investment amount of and risks related to individual projects. • The Group makes a comprehensive judgment after carefully assessing the future value of the investment and its liquidity. • The Group conducts ongoing checks of the operational status of its assets and industry trends even after transactions are made. • The Group engages in periodic monitoring to quantitatively measure risks pertaining to fluctuations in the value of investments in its portfolio.

Responsible Departments: Investment Management Department, Each Business Division

Market Risk

Category	Nature of Risk	Primary Management Systems
Interest Rate Fluctuations	The fees for leases and installment sales conducted by the Mitsubishi UFJ Lease & Finance Group are set based on the purchase price for the transacted property and the market interest rates at the time of finalizing a contract and do not fluctuate during the contract term as a general rule. Acquisition funds for the leased property, on the other hand, are procured via a balance of fixed interest rates and variable interest rates, and the cost of capital is affected by fluctuations in the market interest rate. Should the market interest rate rise precipitously, it could impact the Group's business results and financial position.	<ul style="list-style-type: none"> • The Group takes part in asset liability management (ALM) to keep constant watch for any imbalances in the form of interest rates or exchange rates for asset management and for procurement of funds. • The Group manages interest rate fluctuation risks through appropriate hedge operations while taking interest rate movements and other factors into account. • As a general rule, the Group raises funds in the currency matching that of an operating asset to mitigate risk of foreign exchange rate fluctuations and works to minimize valuation gains and losses from foreign exchange.
Exchange Rate Fluctuations	The Mitsubishi UFJ Lease & Finance Group actively conducts business outside Japan, and assets in foreign currencies are increasing. In principle, overseas consolidated subsidiaries raise funds in the same currency as their assets. Since these companies record their financial statements in their local currency, fluctuations in exchange rates may affect business results when converted to Japanese yen.	<ul style="list-style-type: none"> • The Group engages in periodic monitoring to quantitatively measure to what extent and the likelihood that its portfolio may incur a loss over a certain period of time. • The ALM Committee meets quarterly or as necessary.

Responsible Department:Treasury Department

Liquidity Risk

Nature of Risk	Primary Management Systems
<p>The Mitsubishi UFJ Lease & Finance Group procures large amounts of funds when conducting business such as monetary lending and the acquisition and installment sales of properties for leasing. Should financial institutions and investors become more risk averse as a result of a free fall in economic and financial conditions or a decline in the Group's creditworthiness, the Group may experience difficulty in procuring funds, which could impact its business results.</p>	<ul style="list-style-type: none"> • The Group tries to ensure the liquidity of funds through efforts to diversify by procuring funds via corporate bonds, commercial papers, and liquidation of lease receivables, in addition to borrowing from financial institutions. • The Group ensures the liquidity of funds by implementing measures to supplement liquidity during emergencies, which includes the acquisition of commitment lines. • The Group manages the liquidity of its funds in stages and confirms their liquid status to ensure that required funds can be secured even amid poor procurement conditions.

Responsible Department:Treasury Department

Risk Related to Expansion of Operating Base, Strategic Partnerships, and M&As, etc.

Nature of Risk	Primary Management Systems
<p>In pursuit of continuous growth through expansion of its operating base, the Mitsubishi UFJ Lease & Finance Group engages in strategic partnerships with outside entities and tries to diversify and expand business through M&As, in addition to expanding business on its own, and conducts these activities both domestically and overseas. However, changes in domestic or global economic and financial conditions, intensification of competition, changes in the business environment or strategy of partners, revision of relevant legislation or other systems, and other factors could cause a failure to achieve expected results or necessitate the recording of additional expenses. Such a situation could impact the Group's business results.</p>	<ul style="list-style-type: none"> • The Group considers the investment amount of each individual project and the degree of risk, and applicable departments conduct an examination in this regard. In addition, outside experts are appointed as well so as to make a comprehensive judgment on the future impact of an investment from a wide perspective. • After execution of an M&A project, the rules and regulations of the Group are applied and a system for appropriate operations is established. • The Group sets up a system to monitor business plans and performance in order to take necessary actions in a timely manner.

Responsible Department: Each Related Department

Operational Risk

Category	Nature of Risk	Primary Management Systems
Damage from Earthquakes, Wind, Floods, Disease, Terrorism, etc.	Business activities of the Mitsubishi UFJ Lease & Finance Group could be hindered by wind and flood damage, earthquakes, or other natural disasters as well as infectious diseases, terrorism, outbreaks of disease, or other unpredictable circumstances. Furthermore, it could take a long time for business activities to recover or considerable expenditure could be needed to restore systems and other facilities. Such a situation could impact the Group's business results.	<ul style="list-style-type: none"> • The Group maintains a plan to establish a response headquarters in case of a crisis. • The Group has formulated a business continuity plan (BCP). • The Group has taken resiliency measures for key systems. • The Group has established infrastructure to support teleworking for business continuity. • The Group will limit work to essential duties and employ alternating shifts.
Information Systems	The Mitsubishi UFJ Lease & Finance Group uses a variety of information systems to conduct account processing, management of various contracts, customer management, asset management of leased properties, and other operations. Improper maintenance of systems or inadequacies in the development thereof could result in a system suspension or failure, which could in turn cause operating and sales activities to come to a halt or cause economic losses, thereby affecting business results.	<ul style="list-style-type: none"> • The Group has installed and operates a robust maintenance management system used with cooperating companies. • The Group promptly coordinates information and initiates a response when system failure occurs. • The Group has built a series of response systems, which include formulating and implementing measures to prevent recurrence. • The Group has its own Group-based IT control system.

Category	Nature of Risk	Primary Management Systems
Cyber Security, Information Security	The Mitsubishi UFJ Lease & Finance Group uses a variety of information systems to conduct account processing, management of various contracts, customer management, asset management of leased properties, and other operations. These systems are susceptible to cyberattacks and similar risks. Unauthorized access to these systems from outside, penetration by computer viruses, human error, fraud, or other illegal activity could cause a system suspension or failure, financial damage, and leakage or unauthorized use of confidential information. Such a situation could cause operating and sales activities to come to a halt, economic losses, as well as a fall in social confidence caused by leakage of important information to external parties, and therefore impact the Group's business results.	<ul style="list-style-type: none"> • The Group has established the MUL Computer Security Incident Response Team (MUL-CSIRT). • The Group employs management systems that update software to the latest version, detects cyberattacks from the outside, and prevents problems before they can occur. • The Group implements incident training in cooperation with internal and external parties. • The Group continuously implements in-house training for all employees related to target e-mail attacks and information security.
Compliance	The Mitsubishi UFJ Lease & Finance Group's operations are subject to a range of relevant legislation in and outside Japan. Should there be a failure of compliance with legislation, social norms, or Company rules, it could impact the Group's business results by causing restriction on or interruption of operations, claims for damages from customers or others, and a fall in social confidence.	<ul style="list-style-type: none"> • The Group provides ongoing compliance-related training. • The Group employs preventive measures to combat money laundering, terrorist financing, and fraud.

Category	Nature of Risk	Primary Management Systems
System Changes and Revisions	If the Mitsubishi UFJ Lease & Finance Group is unable to respond to changes or revisions to various legislation, taxation, accounting, and other systems in Japan or overseas, the Group may be subject to penalties for noncompliance, products may be discontinued, operations may be subject to restrictions, and sales may decrease as a result. If these situations occur, the Group's business results may be affected.	<ul style="list-style-type: none"> • The Group maintains constant monitoring of relevant systems for changes or revisions. • Group monitoring is supported by making active use of outside experts. • The Group works to gather information in advance on changes and revisions to relevant systems and enacts measures in response.
Operations	The Mitsubishi UFJ Lease & Finance Group conducts business transactions over which administration may be affected by human error, fraud, or similar activities, which could result in the halt of operations and sales or cause a loss of confidence with customers, either of which could affect the Group's business results.	<ul style="list-style-type: none"> • The Group sets administrative rules for each transaction and duties are performed in accordance with those rules. • The Group revises rules as necessary. • The Group has constructed a system for when an incident occurs that involves reporting the incident and formulating a response in a prompt manner, and identifying the cause and putting measures in place to prevent recurrence.

Responsible Departments: Risk Management Department, General Affairs Department, Information Systems Department, Legal & Compliance Department, Corporate Communications Department

Risk Management System

Subjects We have put in place a set of risk management rules, disaster response rules, and response manuals as a precaution to minimize the impact on operations of natural disasters, manmade disasters, accidents, or other events. Having learned lessons from the Great East Japan Earthquake, we have additionally put in place a practical business continuity plan (BCP*1) and carry out related drills regularly.

*1 BCP: Business Continuity Planning

Strict Compliance

To ensure that all employees, including those of Group companies, are aware of and share in our common set of values and our ethical approach to basic compliance, we issue to all employees a copy of the Compliance Manual, which contains the Mitsubishi UFJ Lease & Finance Group Code of Ethics and Code of Behavior.



Code of Ethics

The Mitsubishi UFJ Lease & Finance Group Code of Ethics establishes fundamental values and ethics to be embraced by all members of the Group, and shall serve as basic guidelines for the Group's directors and employees.

1. Establishing Trust

In recognition of the importance of the Group's social responsibilities and mission, we will ensure strict information security, while winning the unwavering trust of society through sound and appropriate business operations, including timely and fair disclosure of corporate information.

2. Taking a Customer-first Approach

We will work tirelessly to satisfy customers and earn their support by taking a customer-first approach and effectively communicating with them to offer products and services that best meet their needs.

3. Strict Compliance With Laws and Regulations

We will strictly comply with all laws, regulations and rules to implement fair and sincere corporate activities that do not fall short of social norms. We will also respect international rules and norms as a group of companies with a global presence.

4. Respect for Human Rights and the Environment

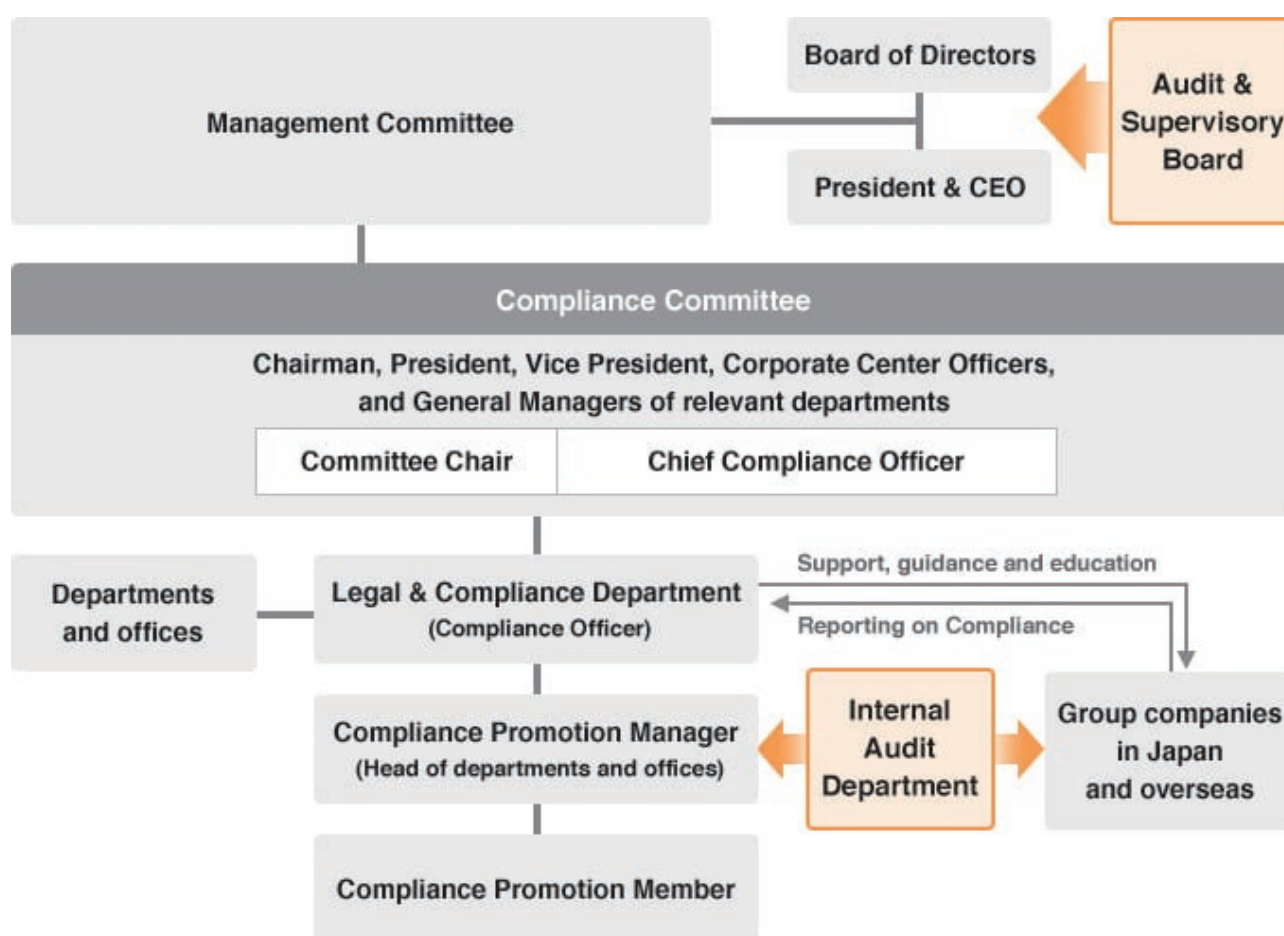
We will respect one another's character and individuality as we seek to remain in harmony with society, with an emphasis on protecting the common legacy of humankind that is Earth's natural environment.

5. Confront Anti-social Forces

We will resolutely stand up to anti-social forces that threaten to disrupt the order and safety of our community.

Compliance Promotion System

Our company's compliance system is supervised by the Chief Compliance Officer (CCO), who is responsible for building and operating a company-wide compliance system. Under the leadership of the CCO, the Legal & Compliance Department plans and manages internal systems, and provides guidance and supervision for divisions and Group companies, as well as guidance on correction of non-compliance activities. In the event that a compliance violation is brought to light through a hotline or other means, the Legal & Compliance Department shall act as the secretariat and take action according to the basic policy to ensure prompt reporting to the management team, fulfillment of corporate social responsibility, and prevention of secondary damage and recurrence. Depending on the nature of the compliance violation, a third-party organization may be involved in investigation. We shall strive to investigate the cause, consider and implement measures to prevent recurrence, and re-educate employees to further raise compliance awareness.



Raising Compliance Awareness among Employees

As part of the internal compliance education program, our company holds regular training sessions for officers and employees, including those of Group companies in Japan and overseas, and conducts self-checks twice a year through e-learning.

Training sessions by job class are held for new employees, newly appointed managers, Compliance Promotion Members, and others to acquire knowledge necessary for their respective duties. At Group companies, employee training is conducted based on the characteristics of the industry to which each company belongs, and overseas laws and customs.

Self-checks cover a wide range of topics including code of conduct related to anti-corruption in general and laws and regulations related to financial operations (Money Lending Business Act, Financial Instruments and Exchange Act, insider trading regulations, response to anti-social forces, measures against money laundering/financing of terrorism, etc.). The results of self-checks are reflected in subsequent in-house training and education to strengthen the compliance system and anti-corruption.

Internal Reporting System

Mitsubishi UFJ Lease & Finance Group has set up a Compliance Hotline System as an whistle-blowing system for officers, employees, etc. to report and consult about illegal acts, etc. (any act of violation of laws and regulations, internal rules, Code of Ethics, or acts deemed likely to be such by officers, employees, etc.), including corruption.

Under the Compliance Hotline System, there are (1) the General Manager of Legal & Compliance Department, or a person designated in advance by the General Manager of the Legal & Compliance Department, (2) an Audit & Supervisory Board Member, (3) an Outside lawyer, and (4) an External Consultation Desk. These serve as contact points for officers and employees to report and have consultations with a sense of assurance. Anonymous reports and consultations are also received by the External Consultation Desk.

Reports and consultations from our business partners and other external stakeholders are received at the "Contact Us" section of our corporate website.

[Matters subject to consultation and reporting]

These refer to any acts engaged in by officers, employees, and others in violation of laws, regulations, internal rules, and the Code of Ethics, or acts suspected of being a violation thereof.

- Acts affecting the protection of customers' interests
- Acts impacting the protection of the environment
- Acts affecting fair competition such as a violation of the Anti-Monopoly Act
- Acts related to provision of illegal benefits, including bribes, to government officials and the like in Japan and overseas
- Other inappropriate acts of violating laws and regulations and social justice

Officers, employees, and others who report or consult shall never be treated disadvantageously for the reason of reporting and consulting.

Basic Policy on Antisocial Forces

The Mitsubishi UFJ Lease & Finance Group has established the following basic policies on antisocial forces and shall endeavor to secure the appropriateness and safety of its operations by ensuring that all officers and employees comply with these policies.

1.Organizational action

Action against antisocial forces shall be taken as an organization led by the management team pursuant to our Code of Ethics and the provisions of internal regulations. We shall also ensure the safety of employees who respond to antisocial forces.

2.Coordination with external expert organizations

We shall strive to develop close relationships at all times with external expert organizations such as the police, the National Center for the Elimination of Boryokudan, and lawyers.

3.Blocking of all relations including transactions

We shall block all relations with antisocial forces, including business relations.

4.Legal action in civil and criminal cases

We shall reject any unreasonable demands made by antisocial forces and take legal action in both civil and criminal cases as necessary.

5.Prohibition of illegal transactions and funding

We shall never engage in illegal transactions with antisocial forces.

We shall never finance antisocial forces.

Basic Anti-corruption Policy

Mitsubishi UFJ Lease & Finance Group ("MUL Group") ensures compliance with anti-bribery laws and regulations applicable to countries and jurisdictions in which MUL Group performs its business, including the Penal Code, the National Public Service Ethics Act, and the Unfair Competition Prevention Act of Japan, the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act, and the Chinese Commercial Bribery Regulations, and prohibits provision and receipt of bribery payments that give rise to public suspicion or distrust.

In addition, all officers and employees of MUL Group shall:

1. not engage in corruption of any form, including money laundering, embezzlement, and obstruction of justice;
2. fully understand applicable laws and regulations, and shall not provide any entertainment or gift that gives rise to public suspicion or distrust, or provide money or any other benefit to make an improper advantage, to any national or foreign public official or any person similar thereto;
3. not provide or receive any entertainment or gift from business partners or the like, which deviates from common sense or fair business practice; and
4. not make any request to receive personal benefits from business partners or the like by utilizing their position/authority at their company.

Further, in order to prevent bribery in relation to businesses in which MUL Group is involved and to ensure fair business performance, MUL Group kindly asks its business partners also comply with anti-bribery laws and regulations, and asks for their understanding and cooperation with MUL Group's Basic Anti-corruption Policy.

Policy for Security Export Control

From the viewpoint of maintaining international peace and security, security export control is intended to regulate and control trade with regard to not only weapons but also catch-all goods and technologies, in view of concerns that they may be used for the development of weapons of mass destruction (WMD) and the activities of concern by terrorists. We, Mitsubishi UFJ Lease Group, in reinforcing our overseas business base and enhancing functions in our overseas business, hereby set forth this Policy for Security Export Control and shall comply with relevant law and ordinances, so that we will endeavor to maintain international peace and security.

1. We comply with applicable laws and regulations relevant to export control in the countries and regions in which we operate our business. We set forth procedures for confirmation and control necessary for that purpose, and practice them.
2. We set forth confirmation procedures on final end-use and end-users, and practice them. We will not engage in any transaction with regard to goods and technologies which are concerned with or to be used for military purposes or the expansion of WMDs.
3. We have established a control system necessary for export control, including auditing, internal education, and documentation management, etc.
4. We guide and assist our group companies so that appropriate procedures will be taken in our group companies.

Internal control / Information Security

Initiatives on Internal Control

To ensure the appropriate conduct of operations, Mitsubishi UFJ Lease & Finance works to continuously enhance and strengthen the internal control system. Each year, we review and expand the range of operations covered by the system. The relevant corporate departments, branches, and domestic and overseas Group companies report on the implementation status of internal control to the Accounting Department. Following an audit by the Internal Audit Department, this department presents an internal control implementation plan a report evaluating the effectiveness of internal control to the Disclosure Committee on a quarterly basis. These documents are also submitted to the accounting auditor. Additionally, employees receive a copy of the Internal Controls Handbook to ensure full compliance with the standards of behavior under the internal control system.

Action on Information Security

In the area of information management, we have put in place a set of information security management rules and produce a range of manuals. Together, these regulate areas including the use, management, and disposal of information, creating a strict security system. We also recognize that it is our social responsibility to handle customers' personal information appropriately, and we have established a personal information protection policy as part of measures to ensure stringent control.

We also hold regular information security audits and carry out awareness checks on all corporate officers and employees.