



MITSUBISHI HC CAPITAL INC.

Transition Plan toward the Realization of a Carbon-neutral Society

Third Party Opinion (Independent External Review)





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Realization of a Carbon-Neutral
Society

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Executive Summary

1) About Mitsubishi HC Capital

Mitsubishi HC Capital Inc. (hereinafter, "MHC" or the "Company") was established in April 2021 through the merger of Mitsubishi UFJ Lease & Finance Company Limited and Hitachi Capital Corporation. MHC is developing advanced asset businesses in seven segments: Customer Solutions Business, Global Customer Business, Environment & Energy Business, Aviation Business, Logistics Business, Real Estate Business, and Mobility Business.

MHC has set the goal of creating social value by maximizing the potential of asset and has set up "Our Mission as" as a management philosophy in order to contribute to prosperous and sustainable future and has established "Our Vision" as management vision and "Action Principle" to achieve these initiatives. In this context, MHC has made it clear that they will consider the global environment, solve social issues, and work on sustainability.

These are reported and disclosed in MHC's Integrated Report and ESG Databook.

Integrated Report 2024 https://www.mitsubishi-hc-capital.com/pdf/english/investors2/library/various-reports/cr_en_2024.pdf

ESG Databook 2024: https://www.mitsubishi-hc-capital.com/pdf/english/investors2/library/various-reports/esg_en_2024.pdf

2) MHC's Initiatives for Environmental and Social Issues

MHC considers "ESG priority key challenges" as an initiative to address environmental and social issues through its business activities, and has established six materiality issues as Mitsubishi HC Group. One of their materiality issues is "Promote a Decarbonized Society".

In addition to solving the problem of "Promote a Decarbonized Society", MHC has formulated a "Transition Plan toward the Realization of a Carbon-Neutral Society" in a manner consistent with various frameworks that are widely recognized and used in Japan and overseas, as part of its efforts to replace its assets with sustainable and resilient assets.

3) MHC's "Transition Plan toward the Realization of a Carbon-neutral Society"

MHC's "Transition Plan toward the Realization of a Carbon-neutral Society" (hereinafter, the "Transition Plan") is a strategy that includes reduction targets for Scope 1+2 (GHG emissions from MHC's) and Scope 3 (emissions from MHC's Leasing, Installment Sales, Rental, and investment and Lending Portfolios) to achieve carbon neutrality by 2050. In addition, the Transition Plan takes into account governance such as the implementation system and target management, as well as climate change scenario analysis. It incorporates the setting of short-term to medium-term targets, major measures, and management policies required by the various frameworks described below.

4) Third Party Opinion from the Independent External Reviewer

MHC has commissioned DNV Business Assurance Japan K.K. (hereinafter, "DNV"), a third party opinion provider (independent external reviewer) to conduct assessment of the eligibility of MHC's Transition Plan against the frameworks shown below.

- **Climate Transition Finance Handbook** (CTFH, International Capital Market Association)
- **Basic Guidelines on Climate Transition Finance** (CTFBG, Financial Services Agency, Ministry of Economy, Trading and Industry, Ministry of the Environment)
- **TPT Disclosure Framework** (TPT, UK Transition Taskforce)
- **Guidelines for Initiatives Required by GX League Participating Companies (for Financial Institutions)** (GX (Finance), Ministry of Economy, Trading and Industry)

DNV's findings and opinions of the eligibility assessment of MHC's Transition Plan as a third party opinion provider (independent external reviewer) are listed below.

<Carbon Neutrality Transition Plan Eligibility Assessment Results>

Based on the materials and information provided by MHC, DNV has adapted our proprietary evaluation protocol named the "CNTP" (Carbon Neutral Transition Plan) to assess whether MHC's Transition Plan meets both the common and framework-specific disclosure elements referenced in the TPT, CTFH, CTFBG, and GX (finance) frameworks. The CNTP comprises five disclosure elements: four elements centered on the CTFH and CTFBG frameworks, and an additional element unique to the TPT framework, which places particular emphasis on governance.

The CNTP is categorized into five elements, labeled CNTP-1 through CNTP-5. DNV's findings and opinions for each element are described below.

A detailed mapping between the CNTP and each framework is provided in Reference Tables 1 and 2 at the end of this document.

CNTP-1. Climate Transition Strategy & Governance

(Relevant disclosure elements: CTFH-1, CTFBG-1, TPT-1, 4, 5, GX-1, 2)

Climate Transition Strategy:

MHC's Transition Plan defines the scope of the plan as MHC and its major consolidated subsidiaries, covers all Scope 1~3, and is built around the achievement of carbon neutrality (net zero) by 2050 as a long-term goal.

Scope 1+2 (their own greenhouse gas emissions): MHC has set an interim target of reducing greenhouse gas emissions by 55% by 2030 compared to FY2019. Until 2030, the interim target, they have set a path to reduce emissions by 5% each year. DNV confirmed that this is a target that is positioned on a linear interpolation target that will achieve zero emissions by FY2040, meets the level required by the Paris Agreement, has a science based, and is an ambitious target. Specific measures to achieve the interim targets include the electrification of the company's own vehicles (EVs and FCVs) in Japan and overseas, the switch to low-emission commercial vehicles, energy

conservation and electrification of the company's offices, and the switch to renewable energy for the electricity used. Through the assessment, DNV confirmed that the 2030 interim targets are milestones that exceed the long-term goal pathway, and that there are plans to implement with feasible strategies.

Scope 3 (greenhouse gas emissions related to the operation of capital investment of MHC customers): For Scope 3 reductions, they are formulating specific measures and reduction pathways, including the setting of interim targets. Through the assessment, DNV confirmed that the main Scope 3 emissions categories (Category 13 (leased assets) and 15 (investment)) and emission sectors (businesses) have been identified and countermeasures are being implemented. It is expected that MHC will further examine the matters and set interim targets that take into account a just transition and disclose specific measures and reduction pathways to achieve Scope 3 carbon neutrality.

- ※ MHC's Transition Plan does not assume the use of carbon credits in principle, but rather efforts to reduce carbon emissions through its own business activities. However, DNV has confirmed that the remaining emissions as a result of maximum efforts may choose to purchase emission credits as a last resort.
- ※ GX (Finance) requires a target of 2013 as the base year, but since MHC has difficulty appealing to historical data due to mergers and other factors, DNV judges that it is reasonable to set 2019 as the base year, which allows for reliable data appeal.
- ※ Carbon neutrality covers the major emissions categories (Categories 13 and 15), which account for more than 99% of Scope 3 emissions (emissions from other companies related to the activities of their own business, which are classified into 15 categories), and the remaining 1% or less is under consideration separately.

Governance:

The governance of MHC's Transition Plan includes the establishment of the governance structure, a plan to update the Transition Plan, and a Transition Plan that takes into account a just transition and negative impacts.

Governance System: MHC's Transition Plan establishes and operates the governance system of its plan, including MHC's Executive Committee, Board of Directors, and Sustainability Committee, and is evaluated annually or through regular follow-up. MHC has processes for managing overall sustainability, including Transition Plans, for example, it has established a sustainability promotion system, and has established and operates procedures for reporting, instructing, supervising, and collaborating on sustainability-related information, including the roles of each promotion organization.

In addition, DNV confirmed through the assessment that MHC has established and operates an internal process to monitor the progress of each division as an internal process to monitor the achievement status of the Transition Plan and related indicators as KPIs for each department that implements the Transition Plan, and to promote process improvements as necessary.

Updating the Transition Plan: Based on the assumption that the Transition Plan will be a long-term activity, MHC will update the Transition Plan as needed in conjunction with the medium-term management plan, taking into account timely external factors of the management, climate change risks, social conditions, and stakeholder expectations.

Transition Plan that takes into account a just transition and mitigation of negative impacts: In implementing the Transition Plan, MHC prohibits new transactions related to fossil fuel extraction, prohibits new transactions related to the construction and renewal of facilities for thermal power generation powered by coal and oil, in accordance with the company-wide policy on sustainability. They have a process in place to consider and manage the negative environmental and social impacts of the Transition Plan on the value chain, such as careful consideration of deforestation and other activities that have a significant impact on the environment, as well as a just transition if necessary, at each department level that implements the Transition Plan.

CNTP-2. Business Model Environmental Materiality

(Relevant disclosure elements: CTFH-2, CTFBG-2, TPT-2, GX-1)

Environmental Materiality:

MHC has identified materiality in relation to its management mission and vision.

Materiality is organized into six key challenges, focusing on environmental and social issues, and among them, (1) Promote a decarbonized society, (2) Realize the circular economy are identified as materiality centered on environmental aspects.

Materiality is identified through discussions and deliberations by the management of MHC as well as ISO26000, SDGs and external stakeholders. In addition, the scenario analysis, which is the basis of the Transition Plan, is evaluated with reference to the TCFD and takes into account MHC's major Scope 1~3 emission sectors (businesses), which is the basis for (1) Promote a Decarbonized Society.

Table 1 shows the relationship between (1) Promote a Decarbonized Society and the SDGs.

DNV confirmed through the assessment that (1) Promote a Decarbonized Society, which was identified in the materiality, has been evaluated and selected by MHC as a theme that should be prioritized in terms of the environment, and that the Transition Plan is closely related to (1) Promote a Decarbonized Society.

In addition, other materiality* is directly and indirectly related to (1) Promote a Decarbonized Society and a just transition.

Table 1 Materiality (1) Relationship between to “Promote a Decarbonized Society” and the SDGs

Materiality	Why the Group treats as highly material challenges	Related SDGs
Promote a Decarbonized Society	<ul style="list-style-type: none"> - 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 service 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 the business not solving social issues. 	 

* The relationship between other materiality details and the SDGs are on the website and in the integrated report.

Other materiality: (2) Realize the circular economy, (3) Establish resilient social infrastructure, (4) Realize healthy lifestyles that promote positive wellbeing, (5) Create businesses utilizing the latest technologies, (6) Collaborate with partners locally and globally.

Scenario Considerations:

MHC conducts scenario analysis using TCFD as it proceeds with its Transition Plan. In the scenario analysis, transition risk analysis and physical risk analysis are conducted based on the IEA (International Energy Agency) 1.5°C scenario and STEPS scenario (published policy scenario) for the major Scope 1~3 emissions sectors (businesses) mentioned above. The scenario analysis details have been prepared as an internal document. Through the assessment, DNV confirmed that the results of the scenario analysis are consistent with the contents of the Transition Plan, and that to “Promote a Decarbonized Society,” which is a materiality, will be promoted in a rational manner.

On the other hand, with regard to measures for major emission sectors (businesses) based on scenario analysis and their reflection in business strategies, it is clarified that each target (indicator, target value) set is related to Scope 1~3 reductions from a qualitative perspective. However, since there are some unclear parts of the interim targets of the Transition Plan and the quantitative impact (effect) on the achievement of carbon neutrality in the future, it is expected that more concrete arrangements will be made on how the achievement of each target (indicators and target values) will contribute to the Transition Plan.

CNTP-3. Climate Transition Strategy and Targets to be Science-Based (including targets and pathways)

(Relevant disclosure elements: CTFH-3, CTFBG-3, TPT-3, 4, GX-2, 3)

Strategies, Targets, and pathways to be Science-Based:

MHC's Transition Plan is defined by science-based GHG reduction targets and pathways consistent with the Paris Agreement. Specifically, it is described as Scope 1+2 and Scope 3 in CNTP-1. Both Scope 1+2 and Scope 3, which are targets of the Transition Plan, have been (or will be set) as absolute reductions, and Category 13 and 15 have been evaluated as major emission categories for Scope 3.

Elements that are expected to be addressed in the future include quantitatively setting specific initiatives (strategies) and reduction pathways, including interim targets after 2030 for Scope 1+2 and Scope 3 should include after 2030 as for the mid-term goals, and considering and disclosing the assumptions of strategies when necessary.

In particular, since Scope 3 represents the majority of MHC's GHG Protocol (covering total of Scope 1+2 and Scope 3), MHC is expected to recognize that it is an important target for reductions and actively promote the formulation of future reduction plans.

- ※ Scope 1~3 has been verified by an independent external organization and MHC plans to disclose the progress of the Transition Plan on an annual basis.

Strategic Ambition (TPT-3):

DNV evaluates positively that MHC, as a major leasing company in Japan, regards the realization of a decarbonized society as a materiality, is consistent with the Paris Agreement with domestic and international frameworks, has formulated (or is in the process of formulating) a Transition Plan with science-based, and is conducting various examinations and disclosures to achieve the target.

In particular, DNV highly evaluates that Scope 3 emission sectors include high-emitting sectors such as Aviation and that it is difficult to achieve rapid carbon neutrality from the viewpoint of existing technologies and economic feasibility, the Scope 3 emission plan specifically indicates a plan to proceed in stages based on the medium- to long-term plan (a plan to gradually introduce available technologies and promote the introduction of new technologies) while recognizing issues through the Transition Plan. It is a remarkable initiative.

In addition, in the Transportation (Automobiles and Commercial Vehicles) and Real Estate sectors, which are the main Scope 1+2 emitting sectors, they are actively promoting specific measures and plans such as promoting energy conservation for low-emission commercial vehicles such as EVs and FCVs, and switching to renewable energy through the purchase of certificates. DNV considers that MHC's approach to reducing GHG emissions by identifying individual Scope 1~3 issues and having specific measures and plans is an effective initiative to achieve the target.

In addition, MHC has set KPIs for the introduction of renewable energy that is not directly related to its own GHG emission reduction, and is actively focusing on initiatives that contribute to the reduction of GHG emissions in society as a whole.

In addition, it is DNV's opinion that disclosing its own strategies, targets, and pathways in MHC's Transition Plan will not only contribute to MHC's GHG emissions reductions, but will also have a direct and indirect impact on the reduction of GHG emissions to society as a whole, including sectors, companies, and businesses related to the value chain. From those perspectives, DNV positively regards MHC plays an important role as a financial institution.

- ※ DNV confirmed that MHC has basically planned to reduce GHG emissions using the "total amount" required by the framework, although the reduction effects may be evaluated using "intensity" in appropriate cases at asset and business units.

Engagement (TPT-3, GX-2, 3):

DNV confirmed that MHC is working with stakeholders inside and outside the value chain to identify materiality and reflect it in its Transition Plan.

As examples of specific stakeholder collaborations, they refer to the "Guidance on Calculation of Supply Chain Emissions by Leasing Companies" by the Leasing Business Association, participate in sustainability-related activities in the leasing industry, conduct interviews with major customers (leasing companies, etc.), shareholders, and MHC employees, refer to various ESG-related guidelines, and participate in initiatives.

DNV confirmed through the assessment that MHC is engaged in engagement with the government and local communities, and that the knowledge and information gained through participation in the GX League, opportunities for dialogue with the regions where the project is implemented, and activities to promote understanding of the project are reflected in the Transition Plan.

- ※ Guidance on Supply Chain Emissions Calculation for Leasing Companies [1st Edition] March 2024 by Japan Leasing Association https://www.leasing.or.jp/studies/docs/SDGs20240329_02.pdf (Japanese only) https://www.leasing.or.jp/studies/docs/SDGs20240329_02.pdf

CNTP-4.Implementation Transparency

(Relevant disclosure elements: CTFH-4, CTFBG-4, TPT-2, 4, GX-2)

Investment Plan:

MHC has built a Transition Plan that links the investment plan with the technical initiatives of each business. Specifically, based on the results of the scenario analysis, they disclose investment plans for 2024 to 2030 in each of their major business fields (energy, transportation, and materials and buildings).

DNV confirmed through the assessment that the investment plan meets the standards required by various guidelines, such as that a detailed plan is drawn up and that Capex (capital expenditures) and Opex (operating and operating expenses) are disclosed separately, and that the implementation of the Transition Plan is noteworthy from the perspective of being concrete and transparent.

DNV also confirmed that MHC is gradually decreasing its investment in some fossil fuel-related businesses in accordance with the Formulation of a Company-wide Sustainability Promotion Policy. On the other hand, it is expected to identify activities that need to support early retirement and phase-out, as well as activities to support the transition away from fossil fuels in existing businesses that are expected to continue to use fossil fuels (e.g., aviation businesses), and clarify the policy for efforts to avoid future carbon lock-in with specific timelines and measures.

DNV's opinion is that these investment plans are based on current plans, and that it is important to flexibly review them in accordance with future Transitional Plans and medium-term management plans, and to continue to engage with stakeholders.

Just transition, mitigation of negative impacts (project-level), and lock-in avoidance:

Just Transition: MHC's Transition Plan is not intended to significantly reorganize the existing business model, but rather to promote decarbonization in stages from a quantitative and qualitative perspective at each project (asset and business) level.

DNV confirmed through the assessment that there are few critical factors that require consideration of a just transition in preference to the Transition Plan in order to execute the projects required for the Transition Plan.

As a specific example, for Scope 1+2, we regard Automobiles and Real Estate as a certain portfolio and gradually promote the introduction of EVs, FCVs, low-emission commercial vehicles, and renewable energy, and for Scope 3, they gradually introduce new aircraft. In addition, they also take into account the cost burden on the customer side when proceeding with the migration plan, and provide support so that they can provide the optimal solution.

While these activities are mainly focused on the period up to 2030, it is expected that after 2030, efforts to achieve carbon neutrality will become more severe from a

technical and economic perspective, and there will be cases where a just transition needs to be considered. MHC is expected to ensure that the CNTP-1 "Governance" mentioned earlier functions appropriately, and to consider whether or not it is necessary to consider a just transition associated with the execution of planned assets and businesses, for example, at the timing of the renewal of the Transition Plan.

Mitigating Negative Impacts: DNV confirmed through the assessment that MHC with regard to mitigating negative impacts, they have guidelines, related procedures, and management processes for identifying and assessing negative impacts and risks on the environment and society as part of the company-wide policy on promoting sustainability. We confirmed that the mitigation of negative impacts will be carried out appropriately in the asset and business units of MHC (e.g., the Business Division, Sustainability Division, and Management Division) involved in the business operations of MHC.

Lock-in avoidance: DNV confirmed through the assessment that MHC has identified assets and businesses that continuously use fossil fuels from a technical and economic perspective among its existing businesses (key examples: aviation (leasing), company cars (commercial vehicles), real estate, etc.). Of these, they confirmed that there is a prospect of gradual reductions in company cars (commercial vehicles) and real estate through the use of EVs and FCVs, green buildings, and the introduction of renewable energy.

On the other hand, MHC recognizes that it will be difficult to transition to carbon neutrality in the future only by introducing new fuel-efficient aircraft and engines that are currently planned. In other words, in the future, in addition to what is currently planned, it will be necessary to implement various methods such as the introduction of SAF, electrification, decarbonization of power by using hydrogen fuel, etc., and energy conservation by optimizing operation and navigation.

These are not included in the specific migration plan at this time, but it is expected that they will be included in the migration plan in a timely manner, while assessing the predictability of the technical and economic aspects.

- ※ MHC's Transition Plan does not currently include additional land use and change, bioenergy, carbon removal technologies, and the use of carbon credits to achieve the target (TPT-4).

CNTP-5.Governance (roles and responsibilities of management, organizational culture and competence)

(Relevant disclosure elements: TPT-5, GX-1)

Roles and Responsibilities of Management:

DNV confirmed through the assessment, including interviews with executives, that the processes involved in the Transition Plan were documented, articulated, and properly implemented.

TPT-5 seeks the ability and competence to supervise and manage the Transition Plan at the individual level of the Board of Directors or Management, with a view to fulfilling the roles and responsibilities related to the Transition Plan. MHC is working to secure capabilities and competencies through training and other means, and it is expected that the Board of Directors or Management will clarify the capabilities and competencies required for the implementation of the Transition Plan at the individual level, and build a system that will enable effective governance to function.

In addition, within this mechanism, it is expected to consider the incorporation of incentives and remuneration according to the progress of the Transition Plan (if so, clarify specific evaluation criteria and operational methods) and disclose the results.

With regard to the external disclosure of the progress of the Transition Plan, MHC has received external assurance for Scope 1~3, which are key indicators. In addition, the Transition Plan itself has been reviewed by DNV for eligibility for each of the domestic and international frameworks listed in section 4) in this report (Executive Summary).

Culture and Competence of the Organization (education, training):

TPT-5 requires that efforts to enhance organizational culture and employee competence, and discloses its plans to promote the Transition Plan for the entire organization, not just management.

DNV confirmed through the assessment that MHC is implementing initiatives to encourage employee participation in environmental and social activities (fostering organizational culture) and developing human resources necessary to promote sustainability (improving competence) through various external activities (domestic and overseas) and internal training.

Although these activities are considered to meet TPT-5 to a certain extent, it is expected that a mechanism will be introduced to evaluate the results of the activities from the perspective of understanding how the results of the above activities were effective in improving the organizational culture and the competence of employees, including management, and using them to update plans.

Findings and DNV's Opinion

DNV confirmed that MHC's CNTP meets key elements of the key criteria required by the referenced frameworks and is implemented with transparency and credibility, based on relevant documents and information provided by MHC and an assessment of MHC (including interviews with management).

DNV evaluated that MHC's initiatives to the Transition Plan is regarded as a pioneering financial institution and a good practice that sets other benchmarks.

From the perspective of further improving the transparency and credibility of the Transition Plan, MHC is expected to continue to consider the following recommendations (items that are expected to be considered and disclosed) required in the frameworks to be referenced, and to update and disclose the Transition Plan.

No.	Recommendations (Matters that are Expected to be Reconsidered and Disclosed)	Main Requirement
01	Establishment and disclosure of Scope 3 medium-term targets and reduction plans (concrete reduction methods and pathways)	CNTP-1
02	Sorting out and disclosing the relationship between the 2030 target indicators set by major businesses and GHG reduction plans	CNTP-3
03	Transition Plan and Disclosure for 2030 and Beyond (Scope-by-Scope Reduction Pathways, Asset/Business Unit Measures)	CNTP-3
04	Management will be actively involved in the implementation of the Transition Plan, fulfil their roles and responsibilities, and disclose their responses.	CNTP-5
05	Formulate measures to improve the understanding and competence of the entire organization regarding the Transition Plan, and disclose the Plan and its status	CNTP-5

Reference Table-1 : Items of Reference Standards (Framework)

CTFH Climate Transition Finance Handbook	TPT Transition Plan Taskforce	GX (Finance) Guidance on initiatives required of companies participating in the GX League (for financial institutions)
CTFH-1: MHC's Climate Transition Strategy and Governance CTFH-2: Business Model Environmental Materiality CTFH-3: Climate Transition Strategies and Targets to be Science-Based CTFH-4: Implementation Transparency	TPT-1: Foundations TPT-2: Implementation strategy TPT-3: Engagement Strategy TPT-4: Metrics & Targets TPT-5: Governance	GX-1: Initiatives to Reduce Emissions GX-2: Initiatives for Carbon Neutrality in the Supply Chain GX-3: Initiatives in the market through products and services
CTFBG Basic Guidelines on Climate Transition Finance	* Since the CTFBG (2021 version) is based on the CTFH2020 version (the latest CTFH has some additional disclosure elements and different disclosure levels in the 2023 version), we also considered additional items for CTFH in the evaluation. * Each item of each reference standard (framework) may fall under more than one CNTP. CNTP-1~5 shown in Reference Table 2 below classifies and arranges all items so that they are covered (the table below provides an overview of the relevance of where representative items are classified, and there are some parts where all individual items are not described in detail).	
CTFBG-1: Fundraiser's Climate Transition Strategy and Governance CTFBG-2: Business Model Environmental Materiality CTFBG-3: Climate Transition Strategies and Targets to be Science-Based including goals and pathways CTFBG-4: Implementation Transparency		

Reference Table-2 : Relationship between DNV Evaluation Protocol (CNTP) and Reference Standards (Framework)

DNV Evaluation Protocol	Reference Standards (Framework)			
	CTFH	CTFBG	TPT	GX (Finance)
CNTP-1	CTFH-1	CTFBG-1	TPT-1 TPT-4 TPT-5	GX-1 GX-2
CNTP-2	CTFH-2	CTFBG-2	TPT-2	GX-1
CNTP-3	CTFH-3	CTFBG-3	TPT-3 TPT-4	GX-2 GX-3
CNTP-4	CTFH-4	CTFBG-4	TPT-2 TPT-4	GX-2 GX-3
CNTP-5	(CTFH-1)	(CTFBG-1)	TPT-3 TPT-5	GX-1

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Disclaimer

Our assessment relies on the premise that the data and information provided by Issuer to us as part of our review procedures have been provided in good faith. Because of the selected nature (sampling) and other inherent limitation of both procedures and systems of internal control, there remains the unavoidable risk that errors or irregularities, possibly significant, may not have been detected. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied as per scope of work. DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Statement.

Statement of Competence and Independence

DNV applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17021:2011 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We have complied with the DNV Code of Conduct¹ during the assessment and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. DNV was not involved in the preparation of statements or data included in the Framework except for this Statement. DNV maintains complete impartiality toward stakeholders interviewed during the assessment process.

¹ DNV Code of Conduct is available from DNV website (www.DNV.com)

I. Introduction

i. About Mitsubishi HC Capital

Mitsubishi HC Capital Inc. (hereinafter, "MHC" or the "Company") was born in April 2021 from the business integration of Mitsubishi UFJ Lease & Finance and Hitachi Capital. Mitsubishi HC Capital is developing advanced asset businesses in seven segments: "Customer Solutions Business," "Global Customers Business," "Environment & Energy Business," "Aviation Business," "Logistics Business," "Real Estate Business," and "Mobility Business."

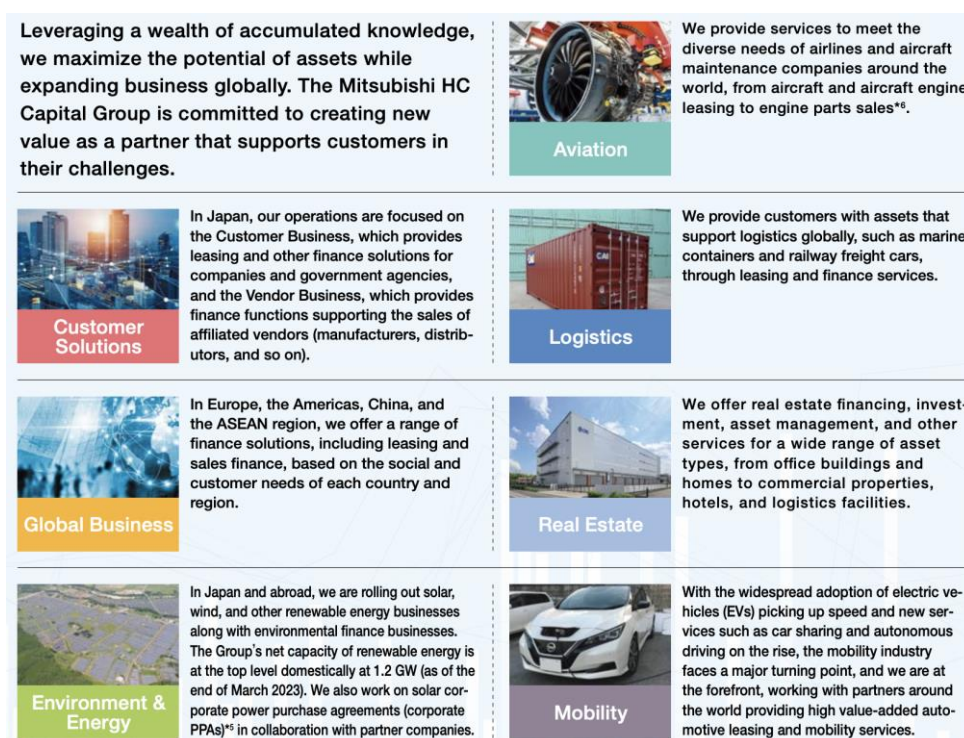


Figure 1: MHC Segment Overview (as of March 2025)

ii. MHC's ESG/SDGs Initiatives

MHC sets "Our 10-year Vision" as "Together we innovate, challenge and explore the frontiers of the future," to realize "Our Mission," which is its long-term goal. MHC addresses social issues that can be solved only by the Company through approaches such as SX (sustainability transformation) and DX (digital transformation) with its customers and partners, anticipating the changes in the society and business environment including changing global industry structures, accelerating digitalization, and the increasing importance of sustainability.



Figure 2: MHC's Medium-Term Management Direction

MHC sets "Our 10-year Vision" as "Together we innovate, challenge and explore the frontiers of the future," to realize "Our Mission," which is its long-term goal. MHC addresses social issues that can be solved only by the Company through approaches such as SX (sustainability transformation) and DX (digital transformation) with its customers and partners, anticipating the changes in the society and business environment including changing global industry structures, accelerating digitalization, and the increasing importance of sustainability.

MHC believes that efforts toward sustainability—among them, protecting the global environment, respecting human rights, and embracing diversity—are an essential responsibility to society that corporations should fulfil. To continue to survive, corporations must pursue long-term growth while gaining the trust of their stakeholders by engaging in business activities that seek to resolve environmental, social, and economic issues. With this fundamental understanding, and to lead and promote sustainability-based management, MHC has established a "Sustainability Committee" to better contribute to the realization of a sustainable and prosperous future. The Sustainability Committee is positioned as an advisory body to the Executive Committee, and aims to lead and promote sustainability efforts in a way that is unified with the management strategies.

The Sustainability Committee is chaired by the Head of Corporate & Strategic Planning Division, and its members comprise Executive Officers in charge of business departments and the corporate center, including the President & CEO. The committee implements a wide range of activities including checking the progress of activities and the level of achievement of targets in non-financial sectors, deliberating over new activities, and discussing non-financial indicators and reports the results to the Executive Committee and the Board of Directors.

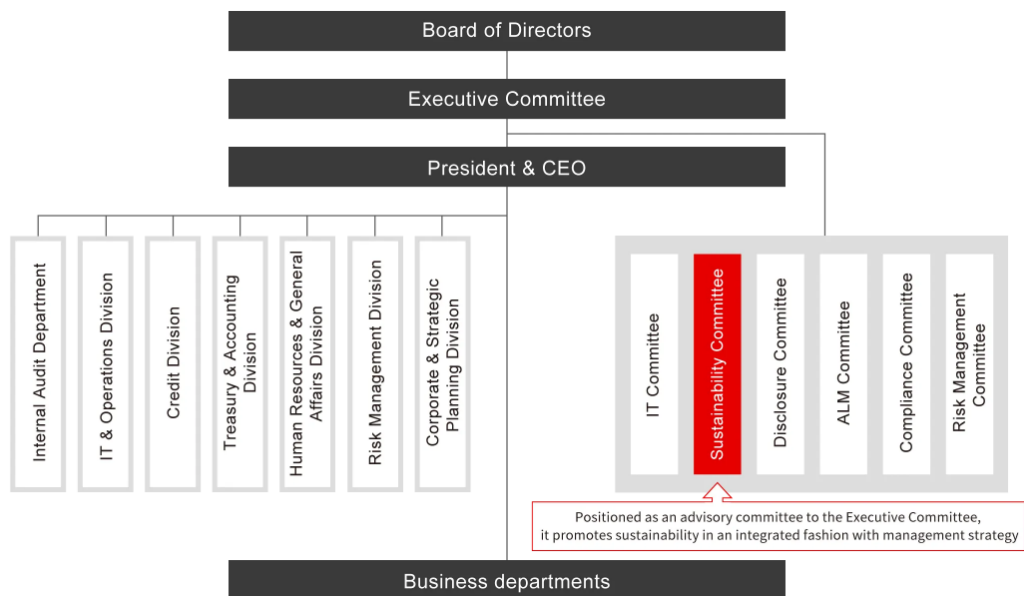


Figure 3 Sustainability Promotion structure

iii. MHC's Initiatives for Environmental and Social Issues

Since the business integration on 1 April 2021, MHC has been building partnerships with numerous stakeholders globally and has considered itself to have the huge potential capability to contribute and solve social issues. MHC established "Our Mission" to create social value with customers and partner companies and to contribute the prosperous and sustainable future as its ideal image, and defined what the Group needs to do to achieve "Our Mission" as "Our Vision." The "Basic Sustainability Policy" consists of and integrates "Our Mission," "Our Vision," and the materiality identified in December 2021.



Figure-4 How Materiality Relates to "Our Mission" and "Our Vision"

In addition, Mitsubishi HC Capital Group has implemented the following process to identify materialities (Table-3) and their relationship to the SDGs.

Identified internal ESG priority key challenges

The Company 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, the Company 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.

Identified ESG priority key challenges for external stakeholders

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

Management held discussions and made decisions

By reviewing how the priority key challenges relate to Our Mission, Our Vision, and SDGs, the Company 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.

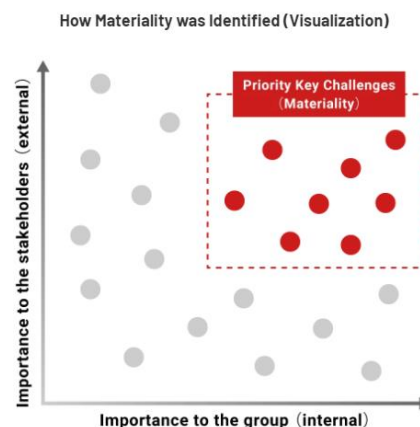


















Table-3 Materiality of Mitsubishi HC Capital Group

Materiality	Why the Group treats as highly material challenges	How related to SDGs*
(1) Promote a Decarbonized Society	<ul style="list-style-type: none"> - 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 service 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 the business not solving social issues. 	 
(2) Realize the Circular Economy	<ul style="list-style-type: none"> - The Group aims to contribute to creating a circular economy by reducing waste, not only in 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. 	   
(3) Establish Resilient Social Infrastructure	<ul style="list-style-type: none"> - 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 the system and providing services for supporting the collaboration of various companies. 	 
(4) Realize Healthy Lifestyles that Promote Positive Wellbeing	<ul style="list-style-type: none"> - The creation and provision of services related to the health and preservation of the health and safety, security, and cultural lives of the many stakeholders surrounding the company is of great importance for the realization of a prosperous future. - Human resources are the source of value and trust in corporate activities, and improving employee motivation and acquiring excellent human resources are also of great significance. 	  
(5) Create Businesses Utilizing the Latest Technologies	<ul style="list-style-type: none"> - Both financing for the purpose of digital transformation of customers and providing solution by internal and external digital technologies urge to develop new business models. - Including establishing supply chain with utilizing with new alternative energies, the Group identifies material one as the opportunity. 	 
(6) Collaborate with Partners Locally and Globally	<ul style="list-style-type: none"> - 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. 	 

In addition, MHC Group participates in various external initiatives as shown in Table-4, and is actively working to resolve various social issues identified as materiality.

Table-4 MHC Group's Participation in external initiatives

External initiatives	Initiatives of Mitsubishi HC Capital
Support for the TCFD 	<p>Mitsubishi HC Capital Group expressed its support for the recommendation of the "Task Force on Climate-related Financial Disclosures (TCFD)" in October 2021.</p> <p>The endorsement of the TCFD's recommendations has led the Company to further promote business activities that contribute to decarbonization, as well as to enhance its disclosure of climate change-related risks and opportunities.</p>
Signatory to the UN Global Compact 	<p>The United Nations Global Compact (UNGC) is the world's largest sustainability initiative, in which the UN and the private sector (companies and organizations) join hands to build a healthy global society. Signed companies and organizations are required to endorse the 10 principles in the four areas of human rights, labor, environment, and anti-corruption, and to continue working towards their implementation.</p> <p>By adhering to the 10 principles in the four areas advocated by the UNGC and promoting sustainability initiatives, the Group is contributing to the realization of a sustainable society.</p>
Signing the Principles for Financial Action for the 21st Century 	<p>The Group has been a signatory for the "Principles for Financial Action for the 21st Century" since they were first formulated in November 2011 based on the proactive initiatives of financial institutions. The Principles for Financial Action for the 21st Century comprise seven items, including best efforts in financial action towards a sustainable society, and business-specific guidelines for putting these principles into practice. The Group will continue to actively implement environmentally and socially friendly initiatives in accordance with these Principles.</p>
Participation in the GX League 	<p>The Group participates in the GX League, established by Japan's Ministry of Economy, Trade and Industry, which aims at transforming economic and social systems towards the realization of carbon neutrality.</p>

II. Scope and Objectives

MHC has commissioned DNV to conduct an assessment (Independent external review) of the Transition Plan (“transition plan toward the realization of a carbon-neutral society”) to provide third party opinion. The objectives of the Transition Plan assessment is to conduct an assessment to confirm that MHC meets the criteria described below and to provide a third party opinion on the eligibility.

DNV, as an independent external reviewer, has identified no real or perceived conflict of interest associated with the delivery of this third party opinion for MHC.

(1) Standards/Guidelines to be Applied

No.	Standards/Guidelines	Scheme owner
1.	Climate Transition Finance Handbook	CTFH, International Capital Markets Association
2.	Basic Guidelines on Climate Transition Finance	CTFBG, Financial Services Agency, Ministry of Economy, Trade and Industry, Ministry of the Environment
3.	The TPT Disclosure Framework	TPT, UK Transition Plan Taskforce
4.	Guidelines for Initiatives Required by GX League Participating Companies (for Financial Institutions)	GX (Finance), Ministry of Economy, Trade and Industry



III. Responsibilities of MHC and DNV

MHC provided the information and data used by DNV during delivery of this review. Our statements represent an independent opinion and is intended to inform MHC and other interested stakeholders on whether established standards have been met, based on the information provided to us.

In our work, we have relied on the information and the facts presented to us by MHC. DNV is not responsible for any aspect of the projects or assets referenced to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV shall not be held liable if any of the information or data provided by MHC management and used as a basis for this assessment were not correct or complete.

IV. Basis of DNV's opinion

To provide as much flexibility as possible for MHC, DNV has adapted our evaluation methodology for Transition Plans, which incorporates the requirements of the Reference Standards to create MHC specific Assessment Protocol (hereinafter, the "Protocol.")

This Protocol is classified as CNTP1~5 (Carbon Neutral Transition Plan), and in order to evaluate the fulfillment of the elements common to TPT, CTFH, CTFBG, GX (finance) and individual disclosure elements referred to by this Protocol, four disclosure elements centered on CTFH and CTFBG; It is classified and organized into five disclosure elements, including TPT-specific disclosure elements with a particular emphasis on governance.

DNV's findings for CNTP1~5 as a whole are shown in Section V, and the results of the findings of each disclosure element are shown in the Executive Summary.

V. Findings and DNV's Opinions

DNV's findings and opinions are listed below:

DNV confirmed that MHC's carbon neutrality Transition Plan meets key elements of the key criteria required by the referenced frameworks and is implemented with transparency and credibility, based on relevant documents and information provided by MHC and an assessment of MHC (including interviews with management).

The results of the work undertaken for each element are described in CNTP-1~CNTP-5 in the Executive Summary.

It is DNV's opinion that MHC's initiatives to the Transition Plan disclosure is pioneering as financial institution and to be a benchmarks as a good practice

From the perspective of further improving the transparency and credibility of the Transition Plan, MHC is expected to continue to take account the following recommendations (items that are expected to be considered and disclosed) required in the frameworks to be referenced, and to update and disclose the Transition Plan.

No.	Recommendations (Matters that are Expected to be Reconsidered and Disclosed)	Main Requirement
01	Establishment and disclosure of Scope 3 medium-term targets and reduction plans (specific reduction methods and pathways)	CNTP-1
02	Sorting out and disclosing the relationship between the 2030 target indicators set by major businesses and GHG reduction plans	CNTP-3
03	Transition Plan and Disclosure for 2030 and Beyond (Scope-by-Scope Reduction Pathways, Asset/Business Unit Measures)	CNTP-3
04	Management will be actively involved in the implementation of the Transition Plan, fulfill their roles and responsibilities, and disclose their responses.	CNTP-5
05	Formulate measures to improve the understanding and competence of the entire organization regarding the Transition Plan, and disclose the Plan and its status	CNTP-5

About DNV

Driven by our purpose of safeguarding life, property and the environment, DNV enables organisations to advance the safety and sustainability of their business. Combining leading technical and operational expertise, risk methodology and in-depth industry knowledge, we empower our customers' decisions and actions with trust and confidence. We continuously invest in research and collaborative innovation to provide customers and society with operational and technological foresight.

With our origins stretching back to 1864, our reach today is global. Operating in more than 100 countries, our 16,000 professionals are dedicated to helping customers make the world safer, smarter and greener.

Disclaimer

Responsibilities of the Management of the Issuer and the Report Opinion Providers, DNV: The management of Issuer has provided the information and data used by DNV during the delivery of this review. Our statement represents an independent opinion and is intended to inform the Issuer management and other interested stakeholders in the Bond as to whether the established criteria have been met, based on the information provided to us. In our work we have relied on the information and the facts presented to us by the Issuer. DNV is not responsible for any aspect of the nominated assets referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV shall not be held liable if any of the information or data provided by the Issuer's management and used as a basis for this assessment were not correct or complete