



SECOND PARTY OPINION

MITSUBISHI HC CAPITAL INC. SUSTAINABLE FINANCE FRAMEWORK

Prepared by: DNV Business Assurance Japan K.K.

Location: Kobe, Japan

Date: 20 December 2024

Ref. Nr.: PRJN-834720-2024-AST-JPN-01

Table of Contents

Executive Summary	3
I. Introduction	11
II. Scope and Objectives	18
III. Responsibilities of Mitsubishi HC Capital Group and DNV	20
IV. Basis of DNV's Opinion	20
V. Work Undertaken	22
VI. Findings and DNV's Opinion	23
VII. Assessment Conclusion	41
Schedule-1 Sustainable Finance Nominated Projects	43
Schedule-2 Key Performance Indicators (KPIs) and Sustainability Performance Targets (SPTs)	46
Schedule-3 Sustainable Finance Eligibility Assessment Protocol	47
Schedule-4 Sustainability-Linked Finance Framework Eligibility Assessment Protocol	53

Revision history

Revision number	Date of issue	Remarks
0	20 December 2024	Initial

Disclaimer

Our assessment relies on the premise that the data and information provided by Fundraiser 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)

Executive Summary

Mitsubishi HC Capital Inc. (hereinafter, "Mitsubishi HC Capital" or the "Company") was born in April 2021 from the business integration of Mitsubishi UFJ Lease & Finance and Hitachi Capital.

Since the business integration on 1 April 2021, Mitsubishi HC Capital has been building partnerships with numerous stakeholders globally and has considered itself to have the huge potential capability to contribute and solve social issues. Mitsubishi HC Capital 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 it needs to do to achieve "Our Mission" as "Our Vision."

Mitsubishi HC Capital 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. Mitsubishi HC Capital 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.

To accelerate these initiatives, Mitsubishi HC Capital Group (hereinafter, "Mitsubishi HC Capital Group" or the "Group") has developed "Sustainable Finance Framework" (hereinafter, the "Framework").

Furthermore, Mitsubishi HC Capital positions the implementation of Green/Social/Sustainability/Sustainability-Linked Finance as an opportunity to raise funds to solve social issues and promote sustainability initiatives, and to communicate the company's initiatives once again to its stakeholders.

DNV Business Assurance Japan K.K. (hereinafter, "DNV"), as the external reviewer, evaluated the eligibility of the Framework. Specifically, DNV applied the frameworks (principles, guidelines, etc.), centered on the following, to provide an eligibility assessment of the Framework.

Green Finance:

- Green Bond Principles (International Capital Market Association (ICMA), 2021; hereinafter, "GBP")
- Green Bond Guidelines (Ministry of the Environment of Japan, 2022; hereinafter, "GBGL")
- Green Loan Principles (Loan Market Association (LMA) et al., 2023; hereinafter, "GLP")
- Green Loan Guidelines (Ministry of the Environment of Japan, 2022; hereinafter, "GLGL")

Social Finance:

- Social Bond Principles (International Capital Market Association (ICMA), 2023; hereinafter, "SBP")
- Social Bond Guidelines (Financial Services Agency of Japan, 2021; hereinafter, "SBGL")
- Social Loan Principles (Loan Market Association (LMA) et al., 2023; hereinafter, "SLP")

Sustainability Finance:

- Sustainability Bond Guidelines (International Capital Market Association (ICMA), 2021; hereinafter, "SBG")

Sustainability-Linked Finance:

- Sustainability-Linked Bond Principles (International Capital Market Association (ICMA), 2024; hereinafter, "SLBP")
- Sustainability-Linked Bond Guidelines (Ministry of the Environment of Japan, 2022; hereinafter, "SLBGL")
- Sustainability-Linked Loan Principles (Loan Market Association (LMA) et al., 2023; hereinafter, "SLLP")
- Sustainability-Linked Loan Guidelines (Ministry of the Environment of Japan, 2022; hereinafter, "SLLGL")

The eligibility assessment results for each of the common elements presented in the above frameworks are summarised below.

<SF eligibility assessment results>

DNV has confirmed the following through the documents and information provided by Mitsubishi HC Capital. SF-1 to SF-4 below are findings and DNV's opinion on the four common elements of GBP/GLP/SBP/SLP/SBG (*including GBGL/GLGL and SBGL), a Sustainable Finance (SF) with specific use of proceeds (green/social projects) (including GBGL/GLGL and SBGL).

SF-1. Use of Proceeds:

DNV has confirmed that the proceeds from Sustainable Finance meet the representative eligibility criteria in Table-1 as indicated in GBP/GBGL, SBP/SBGL, GLP/GLGL, SLP, and SBG and are planned to be allocated to five nominated green/social projects. See Table-1 and Schedule-1 for an overview of the eligible projects.





SF-2. Process for Project Evaluation and Selection:





DNV has confirmed that the evaluation and selection of the eligible projects in Sustainable Finance are subject to financial assessment by the department in charge and, depending on the amount of the project, the approval by an approver between General Manager and the Board of Directors, and that Treasury Department of Mitsubishi HC Capital or its group companies will be responsible for selecting eligible projects and determining whether approved projects are eligible for the proceeds allocation.

The five nominated eligible projects evaluated and selected through the above process correspond to "Promote a decarbonized society" and "Realize healthy lifestyles that promote positive wellbeing" of the materialities identified by Mitsubishi HC Capital Group, are closely related to the Company's management philosophy and vision, and are consistent with the Company's initiatives to solve social issues and address sustainability.




Table-1 Sustainable Finance Eligibility Criteria

[Green Projects]

Green Bond/Loan Principles Eligible Category and Environmental Objectives	Eligible Projects	Relevant SDGs Items
Renewable Energy (Environmental Objectives: Climate Change Mitigation)	<p>◆ Acquisition and/or refinancing for acquisition of solar power generation facilities, wind power generation facilities and/or storage batteries that contribute to the expansion of renewable energy, acquisition and/or refinancing for acquisition of the assets subject to lease and/or installment sales, and/or new loans, investments and/or refinancing for development, construction (repairs and renovations), acquisition and/or operation & maintenance of the assets.</p> <ul style="list-style-type: none"> Only those projects that can confirm compliance with relevant laws and regulations, such as environmental assessments and the Forest Act in construction and installation of the facility, where applicable. <p>*Including intercompany loans to the subsidiaries involved in the business set forth in the above.</p>	 
Green Buildings (Environmental Objectives: Climate Change Mitigation)	<p>◆ Acquisition and/or refinancing for acquisition of the properties (office buildings, commercial facilities, hotels, warehouses, and/or residences), which are subject to lease and/or installment sales, that have received and/or will receive one of the following green building certifications and/or new loans, investments and/or refinancing for development (repairs and renovations) and/or acquisition of the assets.</p> <ul style="list-style-type: none"> CASBEE: Rank A or above (including CASBEE by local governments) DBJ Green Building Certification 5 Stars or 4 Stars BELS Certification (FY2016 standard): 5 Stars BELS Certification (FY2024 standard): The following levels <ul style="list-style-type: none"> ➤ Non-residential: 6 Levels or 5 Levels ➤ Residential with renewable energy facilities: 6 Levels or 5 Levels ➤ Residential without renewable energy facilities: 4 Levels LEED Certification: Platinum or Gold ZEB Certification: ZEB, Nearly ZEB, ZEH-M, or Nearly ZEH-M Green building certifications administered in each country or region: Top two ranks 	 

	<p>*In the case of investments and loans to special purpose companies, only those specialized in green building related business or those with at least 90% of assets in green building-related ones are eligible.</p> <p>*Facilities equipped with freezer and refrigerator must be designed in an eco-friendly manner, such as using natural refrigerant.</p> <p>*Including intercompany loans to the subsidiaries involved in the business set forth in the above.</p>	
<p>Energy Efficiency</p> <p>(Environmental Objectives: Climate Change Mitigation)</p>	<p>◆ Acquisition and/or refinancing for acquisition of equipment, which is subject to lease and/or installment sales, that is expected to reduce CO₂ emissions, such as LEDs, air conditioners, and/or highly efficient machine tools that meet any of the following conditions and/or new loans, investments and/or refinancing for acquisition of the assets.</p> <ul style="list-style-type: none"> • The installation of a complete set of facilities is expected to improve the energy efficiency of the entire contract by 20% or more if the energy source is solely electricity, and by 30% or more if the energy source includes sources other than electricity. (Energy efficiency is calculated by comparing the performance before and after the upgrade in the case of a renewal, or by comparing the performance of the same equipment prior to one cycle in the case of a new installation). • It can be expected that clear improvements in energy efficiency will be achieved through the installation of equipment that can be confirmed as the best economically available technology, i.e., equipment that meets international green standards and/or is recognized as a top-performing product by nations or industries, etc. <p>*Including intercompany loans to the subsidiaries involved in the business set forth in the above.</p>	 
<p>Clean Transportation</p> <p>(Environmental Objectives: Climate Change Mitigation)</p>	<p>◆ Acquisition and/or refinancing for acquisition of EV, PHV, FCV and/or charging infrastructure, acquisition and/or refinancing for acquisition of the assets subject to lease and/or installment sales, and/or new loans, investments and/or refinancing for acquisition and/or operation & maintenance of the assets.</p> <p>*Including intercompany loans to the subsidiaries involved in the business set forth in the above.</p>	 

[Social Projects]

Social Bond/Loan Principles Eligible Category and Target Populations	Eligible Projects	Relevant SDGs Items
<p>Access to Essential Services</p> <p>(Target Populations: Nursing Care Providers and Medical Service Providers, Patients (the general public))</p>	<ul style="list-style-type: none"> ◆ Nursing reward and medical fee receivable factoring. (financing to nursing care providers and medical institutions for them to meet short-term liquidity) *Only those to nursing care providers and medical institutions generating at least 90% of their revenue from medical practices covered by Japanese public medical insurance are eligible. ◆ Acquisition and/or refinancing for acquisition of medical equipment, which is subject to lease and/or installment sales, that meet any of the following conditions and/or new loans, investments and/or refinancing for development and/or acquisition of the assets. <ul style="list-style-type: none"> • It can be confirmed that the medical equipment will be introduced in hospitals or clinics operated by public hospitals, social medical corporations and social welfare corporations. • It can be confirmed that the medical care provided by the medical equipment will be accessible to low-income populations. <p>*Including intercompany loans to the subsidiaries involved in the business set forth in the above.</p>	  

SF-3. Management of Proceeds:

The net proceeds or equivalent will be managed by Treasury Department of Mitsubishi HC Capital or its group companies using internal management files etc. As long as the balance of the proceeds is outstanding, Mitsubishi HC Capital or its group companies will check once a year to ensure not to exceed the aggregate amount of the eligible projects. In the event that the entire proceeds are not immediately allocated to the eligible projects, or if unallocated proceeds arise due to repayment or any other reasons, the unallocated amount will be identified and held in cash or cash equivalents until the proceeds are allocated to the eligible projects.

SF-4. Reporting:

DNV has confirmed that Mitsubishi HC Capital or its group companies will disclose the amount of the balance of the proceeds, net proceeds allocated to eligible projects by eligible category, net proceeds allocated to the expenses of existing eligible projects, and the balance of the amount equal to the net proceeds that is unallocated as of such date, if any, as long as the balance of the proceeds is outstanding on the Company's or its group companies' website (in the case of loans, the Company or its group companies will report to the lender). The first report is planned to be made available within one year from the execution of Sustainable Finance.

<SLF eligibility assessment results>

SLF-1 to SLF-5 are findings and DNV's opinion on the five elements of SLBP/SLLP and SLBGL/SLLGL for Sustainability-Linked Finance (SLF) with general corporate purpose.

SLF-1. Selection of Key Performance Indicators (KPIs):

The KPI on the environmental aspects set by Mitsubishi HC Capital Group (the reduction rate of GHG emissions in Scope 1 and 2 of Mitsubishi HC Capital Group (consolidated basis)), shown in Table-2, is an important indicator set out as non-financial targets in the "Medium-term Management Plan for FY2023–FY2025 (hereinafter, the "2025 Medium-term Plan")" and facilitates "Promote a decarbonized society" of "Our Vision" and the materiality. The selection of KPI was based on a rational process, and the KPI is clearly defined, is considered as measurable and verifiable, robust and reliable in accordance with SLBP/SLLP.

Mitsubishi HC Capital Group has calculated and obtained third-party assurance for GHG emissions of certain transactions, which are considered to involve GHG emissions trading, such as building leasing transactions, aircraft leasing transactions (Scope 3 Category 13 (Downstream Leased assets)), and real estate transactions (Scope 3 Category 15 (Investments)). Going forward, the Group will consider the reduction of GHG emissions of the entire Group, including supply chains, through formulation of policy for sectors with high GHG emissions and the transaction plan, and other means.

Through the review, DNV also shared with Mitsubishi HC Capital the importance of Scope 3 reductions and has confirmed the adequacy of setting Scope 1 and 2 as a KPI, as the initiatives to reduce Scope 1 and 2 may lead to the accumulation of effective knowledge and know-how for planning and achieving realistic targets for Scope 3 reductions in the future, in addition to the priority importance of Scope 1 and 2 reductions at present.

SLF-2. Calibration of Sustainability Performance Targets (SPTs):

The SPT for Mitsubishi HC Capital and the Group shown in Table-2 is based on the TCFD recommendations and the 2025 Medium-term Plan, which set medium- and long-term non-financial targets for the Group's GHG emissions (Scope 1 and 2) of a 55% reduction by FY2030 (base year: FY2019) in the medium-term and net zero by FY2050 in the long-term. DNV has confirmed that achieving the SPT would be a pathway for Mitsubishi HC Capital to achieving its medium- and long-term targets and reducing Scope 3. DNV has also confirmed that the GHG emission reduction targets are ambitious and set to meet the levels required by the Paris Agreement. As the Group has a large number of sites globally, it needs to adapt to the systems and environments of each country, which makes its initiatives more challenging than for companies that have sites only in Japan. In addition, the fact that the majority of the Group's sites are operated as tenants means that its contribution to reducing GHG emissions is likely to be limited, and the Group's contribution to GHG emissions reduction can be judged as an ambitious goal that goes beyond "Business as Usual." Through its review, DNV has confirmed that Mitsubishi HC Capital Group's plans are feasible for achieving the SPT.

SLF-3. Finance Characteristics:

The financial and structural characteristics of the Sustainability-Linked Finance with general corporate purpose based on the Framework will change in line with the achievement of the

SPT. Mitsubishi HC Capital has an internal procedure to ensure that trigger events with specific KPI measurement timing and performance requirements and the extent of their impact are linked to the achievement of targets and changes in financial and structural characteristics each time the finance is implemented. The details including conditions will be disclosed in the bond disclosure documents, the loan agreement documents, etc.

SLF-4. Reporting:

The progress etc. of the SPT against the KPI required by the SLF will be disclosed (reported to the lender in the case of loans) on an annual basis on Mitsubishi HC Capital's or its group companies' website.

SLF-5. Verification:

Mitsubishi HC Capital or the Group will obtain verification from an independent third party on an annual basis with regard to the performance of the KPI until the decision date arrives.

Table-2 Mitsubishi HC Capital Group Sustainability-Linked Finance KPI and SPT

KPI	The reduction rate of GHG emissions in Scope1 and 2 of Mitsubishi HC Capital Group (consolidated basis)							
Description	The KPI is consistent with the key objectives set out in the "Medium-term Management Plan for FY2023–FY2025 (hereinafter, the "2025 Medium-term Plan")," facilitates "Promote a decarbonized society" of "Our Vision" and the materiality, and is a quantifiable, continuously measurable, and externally verifiable indicator.							
SPT	A target for each fiscal year after FY2025 towards a 55% reduction of GHG in Scope 1 and 2 by FY2030 (base year: FY 2019)							
	FY	2019	2025	2026	2027	2028	2029	2030
	SPT	Base year	30%	35%	40%	45%	50%	55%
Description	The SPT is set to meet the levels required by the Paris Agreement and can be judged as an ambitious target, as its future contribution to GHG emissions goes beyond "Business as Usual."							

Based on the Framework and other relevant documents and information provided by Mitsubishi HC Capital, DNV has confirmed that the Framework established by Mitsubishi HC Capital Group meets the relevant frameworks GBP/GBGL, GLP/GLGL, SBP/SBGL, SLP, SBG, SLBP/SLBGL, and SLLP/SLLGL, and is eligible.

I. Introduction

i. About the Fundraiser

Mitsubishi HC Capital Inc. (hereinafter, “Mitsubishi HC Capital” 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,” “Global Business,” “Environment & Energy,” “Aviation,” “Logistics,” “Real Estate,” and “Mobility.”

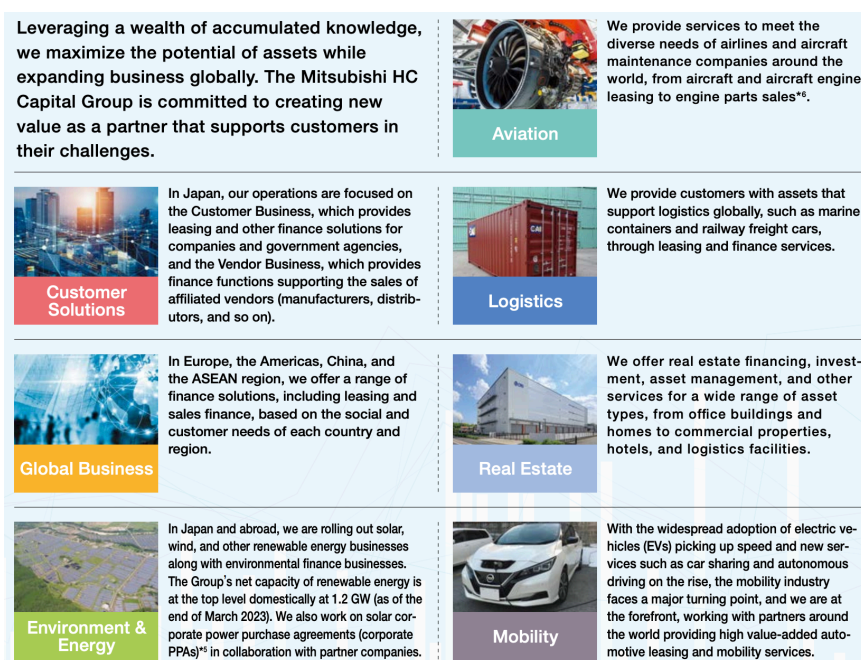


Figure-1: Mitsubishi HC Capital Segment overview

ii. Fundraiser's initiatives to ESG/SDGs

Mitsubishi HC Capital 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. Mitsubishi HC Capital 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.

Mitsubishi HC Capital 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, Mitsubishi HC Capital 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.

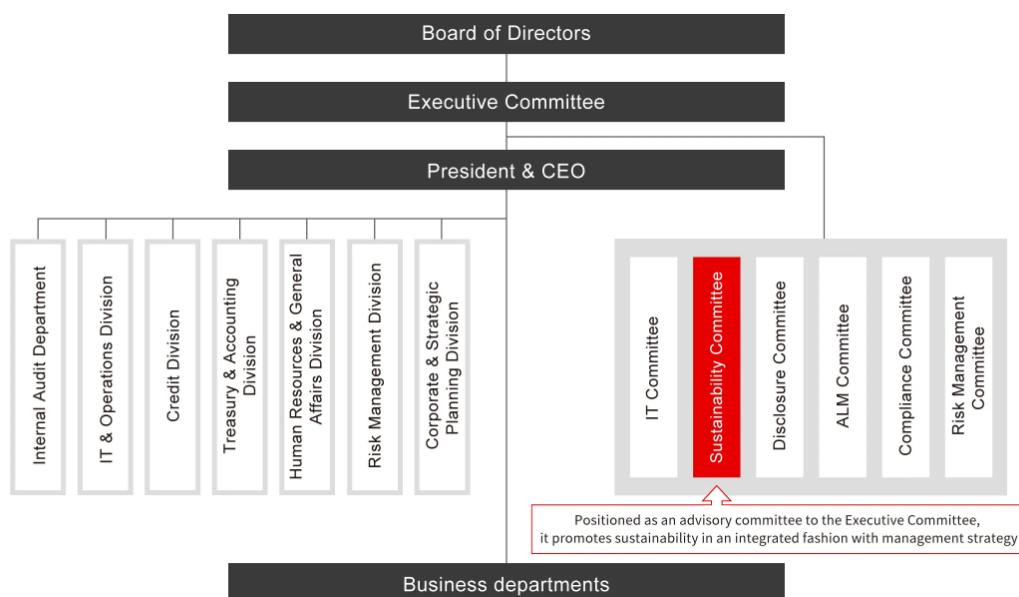


Figure-2 Sustainability promotion structure

iii. Fundraiser's initiatives to environmental and social issues

Since the business integration on 1 April 2021, Mitsubishi HC Capital has been building partnerships with numerous stakeholders globally and has considered itself to have the huge potential capability to contribute and solve social issues.

Mitsubishi HC Capital 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.

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



Figure-3 How Materiality Relates to "Our Mission" and "Our Vision"

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.

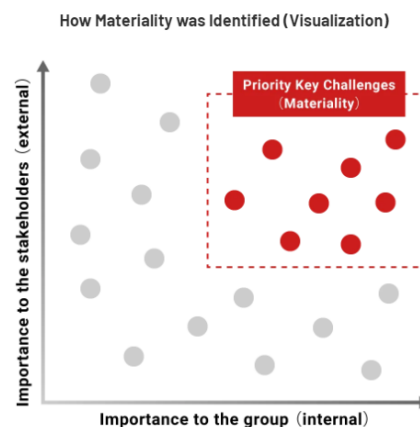












Table-3 Materiality of Mitsubishi HC Capital Group

Materiality	Why the Group Treats as Highly Material Challenges	How related to SDGs
①Promote 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 services and solutions, such as renewable energy investment and EV promotion. - It is quite a few impact on but is significant for the Group to distinct its business from the business not solving social issues. 	
②Realize 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. 	
③Establish 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. 	
④Realize healthy lifestyles that promote positive wellbeing	<ul style="list-style-type: none"> - It is vital for its stakeholders that the Group recognizes the importance of health, safety, mental and physical wellbeing for realizing the prosperous future. Valuable human resources are key. - Personal development and attraction and retention of talent is significant for the Group members. 	
⑤Create businesses utilizing the latest technologies	<ul style="list-style-type: none"> - Both financing for the purpose of the digital transformation of customers and providing solution by internal and external digital technologies urge to develop new business models. - Including establishing supply chain with utilizing with new alternative energies, the Group identifies material one as the opportunity. 	
⑥Collaborate 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, Mitsubishi HC Capital 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 Mitsubishi HC Capital Participation in external initiatives

External initiatives	Initiatives of Mitsubishi HC Capital
<p>Endorsement of the TCFD</p> 	<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>
<p>Signing the UN Global Compact</p> 	<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>
<p>Signing the Principles for Financial Action for the 21st Century</p> 	<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>
<p>Participation in the GX League</p> 	<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>

iv. About the "Sustainable Finance Framework"

Mitsubishi HC Capital Group has developed a Sustainable Finance Framework to accelerate its initiatives to realize "Our Mission," which is its long-term goal. The Framework is designed to be aligned with the following Principles and Guidelines via key pillars (i.e., When specifying the use of proceeds; Use of Proceeds (Table-5) / Process for Project Evaluation and Selection / Management of Proceeds / Reporting. When not specifying the use of proceeds; Selection of KPIs / Calibration of SPTs / Bond/Loan Characteristics / Reporting / Verification).

Mitsubishi HC Capital believes that efforts toward sustainability—among them, protecting the global environment, respecting human rights, and embracing diversity—are an essential responsibility to society that corporation 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.

Mitsubishi HC Capital will raise funds via Sustainable Finance to fund its initiatives tackling various issues and promoting sustainability, which enables the Company to demonstrate its continuous effort in this area to its stakeholders. In addition, Mitsubishi HC Capital has provided the Group's GHG emissions reduction results (Scope 1 and 2) and reduction targets (Scope 1 and 2) for the past three years (Table-6 and Table-7), and has calculated and obtained third-party assurance for GHG emissions of certain transactions including Scope 3. Going forward, Mitsubishi HC Capital will consider the reduction of GHG emissions of the entire Group, including supply chains, through formulation of policy for sectors with high GHG emissions and the transaction plan, and other means.

The funds to be raised under the Framework will be allocated to projects that fall into one or both of the green/social project categories (business categories) set out below and that meet the eligibility criteria set by Mitsubishi HC Capital Group, if they are implemented as sustainable finance with specific use of proceeds.

Table-5: Use of proceeds from sustainable finance
(green/social projects)

[Green Projects]

Green Bond/Loan Principles Eligible Category and Environmental Objectives
Renewable Energy (Environmental Objectives: Climate Change Mitigation)
Green Buildings (Environmental Objectives: Climate Change Mitigation)
Energy Efficiency (Environmental Objectives: Climate Change Mitigation)
Clean Transportation (Environmental Objectives: Climate Change Mitigation)

[Social Projects]

Social Bond/Loan Principles Eligible Category and Target Populations
Access to Essential Services (Target Populations: Nursing Care Providers and Medical Service Providers, Patients (the general public))

Table-6: Mitsubishi HC Capital Group's GHG emissions (Scope 1 and 2)

Item	FY2019	FY2021	FY2022	FY2023
Scope 1 and 2 GHG Emissions of the Group on a Consolidated Basis (market basis) (t-CO ₂ e)	11,292	10,055	7,757	6,574
Scope 1 and 2 GHG Emissions Reduction Target (market basis) (%) (Base year: FY2019)	Base year	11.0	31.3	41.8

Table-7: Mitsubishi HC Capital Group's targets for the reduction of GHG emissions
(Scope 1 and 2)

Item	Short Term (Every Year)	Medium Term (to FY2030)	Long Term (to FY2050)
GHG emissions (Scope 1 and 2)	—	-55% compared to FY2019	Net zero
Energy usage in Japan	-1% compared to the prior fiscal year	—	—

Name of Issuer: Mitsubishi HC Capital Group

Name of Framework: Sustainable Finance Framework

Name of External Reviewer: DNV Business Assurance Japan K.K.

Date of Report: 20 December 2024

II. Scope and Objectives

Mitsubishi HC Capital and the Group have commissioned DNV to conduct an eligibility assessment of the Framework. The objective of the sustainable finance eligibility assessment of DNV is to confirm that Mitsubishi HC Capital and the Group meet the criteria such as GBP/GBGL, GLP/GLGL, SBP/SBGL, SLP, SBG, SLBP/SLBGL, and SLLP/SLLGL, which will be described later, and to provide a second 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 second party opinion for Mitsubishi HC Capital and the Group.

In this paper, no assurance is provided regarding the financial performance of the sustainable finance to be implemented in the future based on the Framework, the value of any investment, or the long-term environmental benefits of the transaction.

Sustainable finance with specific use of proceeds (including green, social, and sustainability)

*Items listed around GBP, SBP, etc. may be replaced with loan-specific items as appropriate.

(1) Scope of review

The review assessed the following elements and confirmed their alignment with the four core elements in GBP/GBGL, GLP/GLGL, SBP/SBGL, SLP, and SBG.

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

(2) Role(s) of review provider (with specific use of proceeds)

- | | |
|---|--|
| <input checked="" type="checkbox"/> Second Party Opinion | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Sustainable finance with general corporate purpose

*Items listed around SLBP may be replaced with loan-specific items as appropriate.

(1) Bond/loan structure at the time of finance implementation

- | | |
|---|---|
| <input checked="" type="checkbox"/> Stepping up/down of structure | <input checked="" type="checkbox"/> Change in reimbursement structure |
|---|---|

*Any of the above or other is set individually based on the fundraiser's internal processes at the time of finance implementation.

(2) Scope of review

The review assessed the following elements and confirmed their alignment with the five core elements in SLF.

- | | |
|---|---|
| <input checked="" type="checkbox"/> Evaluate all the following elements (entire review) | <input type="checkbox"/> Evaluate only some elements (partial review) |
|---|---|

- | | |
|--|--|
| <input checked="" type="checkbox"/> Selection of KPIs | <input checked="" type="checkbox"/> Bond Characteristics |
| <input checked="" type="checkbox"/> Calibration of SPTs | <input checked="" type="checkbox"/> Reporting |
| <input checked="" type="checkbox"/> Verification | |
| <input checked="" type="checkbox"/> In addition, check alignment with SLBP | |

(3) Role(s) of review provider

- | | |
|--|--|
| <input checked="" type="checkbox"/> Second Party Opinion | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |

Standards to be applied

No.	Standards/Guidelines	Scheme owner
1.	Green Bond Principles (GBP) ^{*1}	International Capital Market Association (ICMA), 2021
2.	Green Bond Guidelines (GBGL) ^{*1}	Ministry of the Environment of Japan, 2022
3.	Green Loan Principles (GLP) ^{*1}	Loan Market Association (LMA) et al., 2023
4.	Green Loan Guidelines (GLGL) ^{*1}	Ministry of the Environment of Japan, 2022
5.	Social Bond Principles (SBP)	International Capital Market Association (ICMA), 2023
6.	Social Bond Guidelines (SBGL)	Financial Services Agency of Japan, 2021
7.	Social Loan Principles (SLP)	Loan Market Association (LMA) et al., 2023
8.	Sustainability Bond Guidelines 2021 (SBG)	International Capital Market Association (ICMA), 2021
9.	Sustainability-Linked Bond Principles (SLBP)	International Capital Market Association (ICMA), 2024
10.	Sustainability-Linked Bond Guidelines (SLBGL)	Ministry of the Environment of Japan, 2022
11.	Sustainability-Linked Loan Principles (SLLP)	Loan Market Association (LMA) et al., 2023
12.	Sustainability-Linked Loan Guidelines (SLLGL)	Ministry of the Environment of Japan, 2022

^{*1} Green projects were evaluated using the Climate Bonds Initiative's Climate Bonds Standard, which are technical criteria that can be referenced.

III. Responsibilities of Mitsubishi HC Capital Group and DNV

Mitsubishi HC Capital Group 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 Mitsubishi HC Capital Group and other interested stakeholders in the Sustainable Finance 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 Mitsubishi HC Capital Group. DNV is not responsible for any aspect of the projects or 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 Mitsubishi HC Capital Group 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 Mitsubishi HC Capital and the Group, DNV has adapted our sustainable finance assessment methodology, which incorporates the requirements of GBP/GBGL, GLP/GLGL, SBP/SBGL, SLP, SBG, SLBP/SLBGL, and SLLP/SLLGL, to create Mitsubishi HC Capital specific Sustainable Finance Eligibility Assessment Protocol (hereinafter, "DNV's Protocol"). Please refer to Schedule-3 and Schedule-4. The Protocol is applicable to sustainable finance based on GBP/GBGL, GLP/GLGL, SBP/SBGL, SLP, SBG, SLBP/SLBGL, SLLP/SLLGL, etc.

DNV, as an independent external reviewer, provides second party opinion according to the Protocol.

Our Protocol includes a set of suitable criteria that can be used to underpin DNV's opinion. The overarching principle behind the criteria is that a Green/Social/Sustainability/Sustainability-Linked Finance should:

"enable capital-raising and investment for new and existing projects with environmental and social benefits"

"be important through KPIs and SPTs, quantitative, pre-determined, ambitious, regularly monitored, and encourage the achievement of ESG of the fundraiser that can be externally validated"

As per our Protocol, the criteria against this Green/Social/Sustainability-Linked Finance to be reviewed is grouped into the following elements, represented by GBP/GBGL, GLP/GLGL, SBP/SBGL, SLP, SBG, SLBP/SLBGL, and SLLP/SLLGL.

(1) Four common elements of GBP/GBGL, GLP/GLGL, SBP/SBGL, SLP, and SBG

Principle One: Use of Proceeds

The Use of Proceeds criteria are guided by the requirement that a fundraiser of a sustainable finance (green/social/sustainability) must use the proceeds to eligible activities. The eligible activities should produce clear environmental and social benefits.

Principle Two: Process for Project Evaluation and Selection

The Process for Project Evaluation and Selection criteria are guided by the requirements that a fundraiser of a sustainable finance should outline the process it follows when determining eligibility of an investment using sustainable finance proceeds, and outline any impact objectives it will consider.

Principle Three: Management of Proceeds

The Management of Proceeds criteria are guided by the requirements that a sustainable finance should be tracked within the fundraising organization, that separate portfolios should be created when necessary and that a declaration of how unallocated proceeds will be handled should be made.

Principle Four: Reporting

The Reporting criteria are guided by the recommendation that at least Sustainability Reporting to the bond investors and loan lenders should be made of the use of proceeds and that quantitative and/or qualitative performance indicators should be used, where feasible.

(2) Five elements of SLBP/SLBGL and SLLP/SLLGL^{*1}

Principle One: Selection of Key Performance Indicators (KPIs)

The fundraiser of a sustainability-linked finance should clearly communicate its overall sustainability objectives, as set out in its sustainability strategy, and how these relate to its proposed SPTs to investors or lenders. The KPI should be reliable, material to the fundraiser's core sustainability and business strategies, address relevant ESG challenges of the industry sector, and be under management control.

Principle Two: Calibration of Sustainability Performance Targets (SPTs)

The SPTs should be ambitious, meaningful, and realistic. The target setting should be done in good faith and based on a sustainability improvement in relation to a predetermined performance target benchmark.

Principle Three: Finance Characteristics

The finance will need to include a financial and/or structural impact depending on whether the selected KPIs reach (or not) the predefined SPTs. The finance documentation needs to require the definitions of the KPI(s) and SPT(s) and the potential variation of the financial and/or structural characteristics of the sustainability-linked finance. Any fallback mechanisms in case the SPTs cannot be calculated or observed in a satisfactory manner, should be explained.

Principle Four: Reporting

The fundraiser should publish and keep readily available and easily accessible up to date information on the performance of the selected KPI(s), as well as a verification assurance report (see Principle Five) outlining the performance against the SPTs and the related impact and timing of such impact on the finance's financial and/or structural characteristics, with such information to be provided to those institutions participating in the finance or to investors or lenders participating in the finance at least once per annum.

Principle Five: Verification

The fundraiser should have its performance against its SPTs independently verified by a qualified external reviewer with relevant expertise, at least once per annum. The verification of the performance against the SPTs should be made publicly available.

V. Work Undertaken

Our work constituted a comprehensive review of the available information, based on the understanding that this information was provided to us by the fundraiser in good faith. In the pre-fundraising verification, we have not performed an audit or other tests to check the veracity of the information provided to us. The work undertaken to form our opinion included:

Pre-fundraising assessment (Sustainable Finance Framework)

- With regard to the above, Schedule-3, and Schedule-4, which contribute to this assessment, the development of the fundraiser-specific assessment protocol for application to sustainable finance;
- Assessment of the evidence documentation provided by the fundraiser in relation to this Sustainable Finance, supplemented by a comprehensive desktop research. These checks refer to the latest best practices and standard methodology;
- Discussions with the fundraiser and review of relevant documentation;
- Documentation of findings against each element of the criteria.

VI. Findings and DNV's Opinion

DNV's findings and opinion are as described in (1) to (3) below.

From the SF-1 to SF-4 below in (1) are the findings and opinions of DNV against the four common elements of GBP/GBGL, GLP/GLGL, SBP/SBGL, SLP, and SBG.

Please see Schedule-3 for details.

From the SLF-1 to SLF-5 below in (2) are the findings and opinions of DNV against the requirement of SLBP/SLBGL and SLLP/SLLGL.

Please see Schedule-4 for details.



(1) Findings and opinions of DNV against the four common elements of GBP/GBGL, SBP/SBGL, GLP/GLGL, SLP, and SBG





SF-1. Use of Proceeds



DNV has confirmed that the proceeds from sustainable finance are planned to be allocated to the five nominated green/social projects that meet the representative eligibility criteria in Table-1, as shown in GBP/GBGL, SBP/SBGL, GLP/GLGL, SLP, and SBG. The nominated projects contributing to the environment and society included in the Framework are classified under the eligibility criteria in Table-1 and the net proceeds will be allocated to one or more of the nominated projects that have been evaluated as eligible.

Table-1 (reposted) Sustainable Finance Eligibility Criteria




[Green Projects]

Green Bond/Loan Principles Eligible Category and Environmental Objectives	Eligible Projects	Relevant SDGs Items
Renewable Energy (Environmental Objectives: Climate Change Mitigation)	<p>◆ Acquisition and/or refinancing for acquisition of solar power generation facilities, wind power generation facilities and/or storage batteries that contribute to the expansion of renewable energy, acquisition and/or refinancing for acquisition of the assets subject to lease and/or installment sales, and/or new loans, investments and/or refinancing for development, construction (repairs and renovations), acquisition and/or operation & maintenance of the assets.</p> <ul style="list-style-type: none"> Only those projects that can confirm compliance with relevant laws and regulations, such as environmental assessments and the Forest Act in construction and installation of the facility, where applicable. <p>*Including intercompany loans to the subsidiaries involved in the business set forth in the above.</p>	 

<p>Green Buildings</p> <p>(Environmental Objectives: Climate Change Mitigation)</p>	<p>◆ Acquisition and/or refinancing for acquisition of the properties (office buildings, commercial facilities, hotels, warehouses, and/or residences), which are subject to lease and/or installment sales, that have received and/or will receive one of the following green building certifications and/or new loans, investments and/or refinancing for development (repairs and renovations) and/or acquisition of the assets.</p> <ul style="list-style-type: none"> • CASBEE: Rank A or above (including CASBEE by local governments) • DBJ Green Building Certification 5 Stars or 4 Stars • BELS Certification (FY2016 standard): 5 Stars • BELS Certification (FY2024 standard): The following levels <ul style="list-style-type: none"> ➢ Non-residential: 6 Levels or 5 Levels ➢ Residential with renewable energy facilities: 6 Levels or 5 Levels ➢ Residential without renewable energy facilities: 4 Levels • LEED Certification: Platinum or Gold • ZEB Certification: ZEB, Nearly ZEB, ZEH-M, or Nearly ZEH-M • Green building certifications administered in each country or region: Top two ranks <p>*In the case of investments and loans to special purpose companies, only those specialized in green building related business or those with at least 90% of assets in green building-related ones are eligible.</p> <p>*Facilities equipped with freezer and refrigerator must be designed in an eco-friendly manner, such as using natural refrigerant.</p> <p>*Including intercompany loans to the subsidiaries involved in the business set forth in the above.</p>	 
<p>Energy Efficiency</p> <p>(Environmental Objectives: Climate Change Mitigation)</p>	<p>◆ Acquisition and/or refinancing for acquisition of equipment, which is subject to lease and/or installment sales, that is expected to reduce CO₂ emissions, such as LEDs, air conditioners, and/or highly efficient machine tools that meet any of the following conditions and/or new loans, investments and/or refinancing for acquisition of the assets.</p> <ul style="list-style-type: none"> • The installation of a complete set of facilities is expected to improve the energy efficiency of the entire contract by 20% or more if the energy source is solely electricity, and by 30% or more if the energy source includes sources other than electricity. (Energy efficiency is calculated by comparing the performance before and 	 

	<p>after the upgrade in the case of a renewal, or by comparing the performance of the same equipment prior to one cycle in the case of a new installation).</p> <ul style="list-style-type: none"> It can be expected that clear improvements in energy efficiency will be achieved through the installation of equipment that can be confirmed as the best economically available technology, i.e., equipment that meets international green standards and/or is recognized as a top-performing product by nations or industries, etc. <p>*Including intercompany loans to the subsidiaries involved in the business set forth in the above.</p>	
<p>Clean Transportation</p> <p>(Environmental Objectives: Climate Change Mitigation)</p>	<p>◆ Acquisition and/or refinancing for acquisition of EV, PHV, FCV and/or charging infrastructure, acquisition and/or refinancing for acquisition of the assets subject to lease and/or installment sales, and/or new loans, investments and/or refinancing for acquisition and/or operation & maintenance of the assets.</p> <p>*Including intercompany loans to the subsidiaries involved in the business set forth in the above.</p>	 

[Social Projects]

Social Bond/Loan Principles Eligible Category and Target Populations	Eligible Projects	Relevant SDGs Items
Access to Essential Services (Target Populations: Nursing Care Providers and Medical Service Providers, Patients (the general public))	<ul style="list-style-type: none"> ◆ Nursing reward and medical fee receivable factoring. (financing to nursing care providers and medical institutions for them to meet short-term liquidity) *Only those to nursing care providers and medical institutions generating at least 90% of their revenue from medical practices covered by Japanese public medical insurance are eligible. ◆ Acquisition and/or refinancing for acquisition of medical equipment, which is subject to lease and/or installment sales, that meet any of the following conditions and/or new loans, investments and/or refinancing for development and/or acquisition of the assets. <ul style="list-style-type: none"> • It can be confirmed that the medical equipment will be introduced in hospitals or clinics operated by public hospitals, social medical corporations and social welfare corporations. • It can be confirmed that the medical care provided by the medical equipment will be accessible to low-income populations. <p>*Including intercompany loans to the subsidiaries involved in the business set forth in the above.</p>	  

DNV has confirmed that Mitsubishi HC Capital and the Group plan to allocate all of the net proceeds, excluding expenses, of all proceeds from sustainable finance to existing green/social eligible projects and/or new expenditures (including investments and loans to special purpose companies) that are consistent with Mitsubishi HC Capital Group's initiatives to solving social issues and sustainability.

These are representative projects that result in significant GHG emission reductions, exemplified by GBP/GBGL, GLP/GLGL, etc., and are consistent with the Paris Agreement and contribute to achieving its goals. These projects are evaluated as meeting the criteria required for green projects and delivering clear environmental benefits. In addition, the projects exemplified by SBP/SBGL, SLP, SBG, etc. have been assessed as meeting the requirements as social projects and as delivering clear social benefits. These are expected to contribute to the SDGs. These processes are consistent with SF-1.

Use of proceeds classified under GBP

- | | |
|--|---|
| <input checked="" type="checkbox"/> Renewable energy | <input checked="" type="checkbox"/> Energy efficiency (energy savings) |
| <input type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of biological natural resources and land use |
| <input type="checkbox"/> Conservation of terrestrial and aquatic biodiversity | <input checked="" type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water resources and wastewater management | <input type="checkbox"/> Adaptation to climate change |
| <input type="checkbox"/> Highly eco-efficient products, environmentally adapted products, environmentally friendly production technologies and processes | <input checked="" type="checkbox"/> Green buildings with locally, nationally, or internationally recognized standards or certifications |
| <input checked="" type="checkbox"/> Other (<i>please specify</i>): Including investments and loans to special purpose companies | |
| <input type="checkbox"/> Fields that are yet to be determined at the time of bond issuance, but are expected to fit into the GBP classification or other eligibility areas not currently listed in the GBP | |

Use of proceeds classified under SBP

- | | |
|--|---|
| <input type="checkbox"/> Affordable basic infrastructure facilities | <input checked="" type="checkbox"/> Access to essential services |
| <input type="checkbox"/> Affordable housing | <input type="checkbox"/> Employment creation (SME financing and microfinance) |
| <input type="checkbox"/> Food security | <input type="checkbox"/> Socio-economic upliftment and empowerment |
| <input type="checkbox"/> Fields considered to fit the SBP classification or not listed in SBP but eligible | <input type="checkbox"/> Other (<i>please specify</i>): |

SF-2. Process for Project Evaluation and Selection

Through the review, DNV has confirmed that the projects in Sustainable Finance selected based on "Our Vision," the materiality, etc. and are subject to financial assessment by the department in charge and, depending on the amount of the project, the approval by an approver between General Manager and the Board of Directors, and that Treasury Department of Mitsubishi HC Capital or its group companies will be responsible for selecting eligible projects and determining whether approved projects are eligible for the proceeds allocation. DNV has also confirmed that Mitsubishi HC Capital is planning to consider establishing a management and operational process to assess the eligibility of projects, even in cases where there are no preceding projects.

The following exclusion criteria have been established for project selection. As part of its compliance activities, Mitsubishi HC Capital Group ensures that all officers and employees comply with all laws and regulations, including those related to the environment, and conducts regular compliance checks.

<Exclusion criteria>

- Unfair transactions that do not comply with relevant laws and regulations of the jurisdiction.
- Inappropriate relationship such as bribery, corruption, blackmail, embezzlement, etc.
- Transactions that can cause social problems such as human rights and the environment.
- Property development for the tenants who are primarily engaged in the business related to fossil fuels, weapons, and tobacco.

Mitsubishi HC Capital believes that, to continue to survive, corporations must engage in business activities that seek to resolve environmental, social, and economic issues. With this fundamental understanding, Mitsubishi HC Capital has established a "Sustainability Committee."

DNV has confirmed that the Sustainability Committee is chaired by the Head of Corporate & Strategic Planning Division, and its members comprise Executive Officers and the corporate center, and 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.

Evaluation and Selection

- | | |
|---|--|
| <p><input checked="" type="checkbox"/> Aligns with the achievement of the fundraiser's environmental/social contribution objectives</p> | <p><input checked="" type="checkbox"/> Projects have been evaluated and selected through a documented process that demonstrates that they meet the defined eligibility categories.</p> |
|---|--|

- | | |
|---|---|
| <input checked="" type="checkbox"/> Projects are eligible as a use of proceeds from green/social/sustainable finance and are transparent. | <input checked="" type="checkbox"/> Projects have been evaluated and selected through a documented process that identifies and manages potential ESG risks associated with project execution. |
| <input checked="" type="checkbox"/> Project evaluation and selection is based on the gist of published criteria. | <input type="checkbox"/> Other (<i>please specify</i>): |

Information on responsibility and accountability

- | | |
|---|--|
| <input checked="" type="checkbox"/> Evaluation/selection criteria based on advice or verification by an external body | <input checked="" type="checkbox"/> Evaluation within the organization |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

SF-3. Management of Proceeds

DNV has confirmed how Mitsubishi HC Capital and the Group will track and manage the proceeds from the implementation of sustainable finance to redemption or repayment.

The net proceeds or equivalent from the implementation of green/social/sustainable finance will be managed by Treasury Department of Mitsubishi HC Capital or its group companies using internal management files etc. As long as the balance of the proceeds is outstanding, Mitsubishi HC Capital or its group companies will check once a year to ensure not to exceed the aggregate amount of the eligible projects.

In the event that the entire proceeds from the implementation of green/social/sustainable finance are not immediately allocated to the eligible projects, or if unallocated proceeds arise due to repayment or any other reasons, the unallocated amount will be identified and held in cash or cash equivalents until the proceeds are allocated to the eligible projects.

In the case of refinancing, the proceeds must only be used for existing loans or, in the case of existing projects, for expenditure carried out within 36 months retrospectively from the date of the implementation of the relevant green/social/sustainable finance. In the event that the proceeds are recovered due to repayment or other reasons, the proceeds will be allocated to another eligible project.

Tracking and managing the proceeds:

- ☒ Some or all of the proceeds from green/social/sustainable finance that are planned to be allocated are systematically differentiated or tracked by the fundraiser.
- ☐ The type of temporary investment and schedule of unallocated proceeds have been disclosed.
- ☒ Other (*please specify*): Unallocated proceeds are managed in cash or cash equivalents.

Additional disclosure:

- | | |
|--|--|
| <input type="checkbox"/> Allocated to new investments only | <input checked="" type="checkbox"/> Allocated to both existing and new investments |
| <input checked="" type="checkbox"/> Allocated to individual (project) expenditures | <input type="checkbox"/> Allocated to portfolio expenditures |
| <input type="checkbox"/> Disclose portfolio of unallocated proceeds | <input type="checkbox"/> Other (<i>please specify</i>): |

SF-4. Reporting

DNV has confirmed that Mitsubishi HC Capital and the Group will carry out sustainable finance reporting (annual reporting) on the Company's or the group company's website and disclose (or report to the lender in the case of loans) the allocation status of proceeds as long as the balance of the proceeds from the execution of Green/Social/Sustainability Finance is outstanding.

With regard to the environmental and social benefits, DNV has confirmed that Mitsubishi HC Capital and the Group will report on each of the following indicators until the full redemption or repayment of the proceeds. These reports will be published on the website. In the event of any significant events, such as major changes in plans or performance after the proceeds are fully allocated, it will be disclosed (or reported to the lender in the case of loans) on the Company's or the group company's website in a timely manner.

<Allocation status>

- ◆ Allocated and unallocated amounts
- ◆ Allocated amount to expenditure on existing projects

<Environmental benefits>

[Green Projects]

Green Bond/Loan Principles Eligible Category	Examples of Reporting Metrics
Renewable Energy	<ul style="list-style-type: none"> • Overview of eligible projects • Annual volume of CO₂ emissions avoided (estimation based on output standards) • Annual power generation produced (estimation based on output standards) • Storage battery capacity (theoretical value)
Green Buildings	<ul style="list-style-type: none"> • Acquisition status of green building certification • Balance by green building certification / asset type • In the case freezer or refrigerator installed assets, outline of such equipment (refrigerant, etc.)
Energy Efficiency	<ul style="list-style-type: none"> • Number of eligible projects executed (annual basis) • Cumulative amount of eligible projects (annual basis) • Annual volume of CO₂ emissions avoided (estimation based on output standards)
Clean Transportation	<ul style="list-style-type: none"> • Number of EVs, PHVs, FCVs or charging infrastructures installed • Annual volume of CO₂ emissions avoided (estimation based on output standards)

<Social benefits>

[Social Projects]

Social Bond/Loan Principles Eligible Category	Examples of Reporting Metrics
Access to Essential Services	<p>Nursing reward and medical fee receivable factoring</p> <ul style="list-style-type: none"> • Number of eligible projects executed (annual basis) • Cumulative amount of eligible projects (annual basis) <p>Medical equipment leasing and installment sales</p> <ul style="list-style-type: none"> • Number of eligible projects executed (annual basis) • Cumulative amount of eligible projects (annual basis)

Reporting items on the allocation status of proceeds:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Project by project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> On a relevant individual bond basis | <input type="checkbox"/> Other (<i>please specify</i>): |

Information to be reported:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Allocated amount of proceeds | <input type="checkbox"/> Percentage of allocated amount by green bonds out of the total investment amount |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Frequency:

- | | |
|---|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Impact reporting (environmental and social benefits):

- | | |
|--|---|
| <input checked="" type="checkbox"/> Project by project | <input type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> On a relevant individual bond basis | <input type="checkbox"/> Other (<i>please specify</i>): |

Frequency:

- | | |
|---|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Information to be reported (expected or ex-post):

- | | |
|---|--|
| <input checked="" type="checkbox"/> GHG emissions/savings | <input type="checkbox"/> Energy savings |
| <input type="checkbox"/> Number of people who continue to use the product | <input type="checkbox"/> Other ESG assessment items (<i>please specify</i>): |

Means of disclosure:

- | | |
|---|---|
| <input type="checkbox"/> Described in financial reports (Integrated Report) | <input type="checkbox"/> Described in the sustainability reports |
| <input type="checkbox"/> Described in ad hoc reports | <input checked="" type="checkbox"/> Other (<i>please specify</i>): Disclosed on website |
| <input type="checkbox"/> Described in reviewed reports (In this case, please specify the specific reporting items subject for the external review): | |

(2) Findings and opinions of DNV against the five SLF requirements^{*1} *1: Including SLBGL/SLLGL

SLF-1. Selection of Key Performance Indicators (KPIs)

- DNV reviewed the KPI related to sustainability of Mitsubishi HC Capital and the Group and has confirmed that the selected KPI is important and aligned with the basic management and sustainability policies of Mitsubishi HC Capital Group.
- Table-2 (reposted) shows the KPI and SPT of Mitsubishi HC Capital Group Sustainability-Linked Finance. Mitsubishi HC Capital Group has set "Promote a decarbonized society" in "Our Vision" and as one of the materiality. Based on the recognition that efforts to realize a decarbonized society are an urgent issue, Mitsubishi HC Capital Group set the Group's GHG reduction targets pursuant to the Paris Agreement, and see the transition to a decarbonized society as an opportunity and actively promote the transition. The selection of initiatives related to the reduction of GHG emissions in relation to Scope 1 and 2 as a KPI is fully appropriate, and is positioned as a core KPI for the non-financial targets of the 2025 Medium-term Plan.
- Mitsubishi HC Capital Group has calculated and obtained third-party assurance for GHG emissions of certain transactions, which are considered to involve GHG emissions trading, such as building leasing transactions, aircraft leasing transactions (Scope 3 Category 13 (Downstream Leased assets)), and real estate transactions (Scope 3 Category 15 (Investments)). Going forward, the Group will consider the reduction of GHG emissions of the entire Group, including supply chains, through formulation of policy for sectors with high GHG emissions and the transaction plan, and other means.
- Through the review, DNV also shared with Mitsubishi HC Capital the importance of Scope 3 reductions and has confirmed the adequacy of setting Scope 1 and 2 as a KPI, as the initiatives to reduce Scope 1 and 2 may lead to the accumulation of effective knowledge and know-how for planning and achieving realistic targets for Scope 3 reductions in the future, in addition to the priority importance of Scope 1 and 2 reductions at present.
- DNV has confirmed that the KPI selected by the fundraiser is linked to the KPI in the medium-term management plan, that performance over time is managed internally to align with that plan, and that the KPI is appropriately set as a comparable indicator, consistent with the Paris Agreement.
- The KPI has been disclosed as actual results over the past three years on the website etc.
- DNV concluded that GHG emission reduction rate as a KPI is measurable based on a consistent methodology (GHG Protocol), is externally verifiable, and can be benchmarked against external references.
- DNV has confirmed that the KPI selected by Mitsubishi HC Capital Group provide a clear assessment scope and calculation methodology. Please see Schedule-2 for details.

Selected KPIs:

Selected KPIs

- ✓ KPI: GHG emission reduction rate in Scope 1 and 2 of the entire Mitsubishi HC Capital Group (consolidated basis)

Definition, scope, and parameters:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Clear definition of each selected KPI | <input checked="" type="checkbox"/> Clear calculation method |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Relevance, robustness, and reliability of selected KPIs:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Selected KPIs are relevant to the fundraiser's sustainability and business strategies and have proven to be core and important. | <input checked="" type="checkbox"/> Evidence that KPIs are externally verifiable |
| <input checked="" type="checkbox"/> KPIs are proven to be measurable or quantifiable based on a consistent methodology | <input checked="" type="checkbox"/> Evidence that KPIs can be benchmarked |
| | <input type="checkbox"/> Other (<i>please specify</i>): |

SLF-2. Calibration of Sustainability Performance Targets (SPTs)

- DNV has confirmed that the achievement of the SPT set as medium- and long-term non-financial targets in the 2025 Medium-term Plan, as shown in Table-2 (reposted), as well as the initiatives made by Mitsubishi HC Capital Group based on the TCFD recommendations, will pave the way for achieving the Group's medium- and long-term targets and reducing Scope 3 emissions, and that the GHG emission reduction target is an ambitious target, set to meet the levels required by the Paris Agreement. DNV has also confirmed that, in addition to the conventional efforts in energy conservation and eco-driving, the Group is also undertaking various initiatives, such as "the promotion of electrification and energy-saving through the electrification of automobiles" as well as "the transition to renewable energy for power usage," including overseas group companies, and that the SPT is ambitious, realistic, and meaningful.
- As Mitsubishi HC Capital Group has a large number of sites globally, it needs to adapt to the systems and environments of each country, which makes its initiatives more challenging than for companies that have sites only in Japan. In addition, the fact that the majority of the Group's sites are operated as tenants means that its contribution to reducing GHG emissions is likely to be limited. In this context, the SPT set to meet the criteria required by the Paris Agreement is ambitious, and the Group's contribution to GHG emissions reduction can be judged as going beyond "Business as Usual." The knowledge etc. gained from Scope 1 and 2 emissions reduction efforts, including requests from the supply chain, will be essential for reducing Scope 3 emissions, which are expected to account for the majority of the Group's GHG emissions in the future. In addition, various challenges will need to be addressed, such as aviation demand for low-carbon fuels such as SAF and hydrogen.
- DNV has confirmed that the SPT set by Mitsubishi HC Capital Group are tied to the improvement of the KPI. It is expected that the Group's initiatives towards KPI/SPT will facilitate "promote a decarbonized society" as stated in Mitsubishi HC Capital's "Our Vision" and the materiality.
- DNV has confirmed that the process of setting SPT is based on the appropriate combination of benchmarking approaches.
 - The results of the base year and past years for the selected KPI have been disclosed on the website etc., and targets up to 2030 have been set based on these results.
 - Although relative comparisons are difficult to make as no other company in the sector has set the same SPT, the SPT is evaluated as ambitious, as Mitsubishi HC Capital Group needs to adapt to the systems and environment of each country, which makes its initiatives more challenging than for companies that have sites only in Japan.
 - The SPT is evaluated as ambitious based on the fundraiser's latest performance levels.
- DNV has confirmed that SPT setting has been appropriately disclosed as follows.

- It explains how progress on GHG emission reductions is achieved through the Framework.
- DNV has confirmed that if the determination date for the SPT is after FY2031, a linearly interpolated figure between the FY2030 target and the FY2050 target (net zero CO₂) can be set as an SPT. However, if the post-FY2030 target is updated at the time of finance implementation, a more ambitious figure between the linearly interpolated figure and the new target will be considered for setting as an SPT. The applicable SPT figures and determination dates will be identified in the statutory disclosure documents or contract documents at the time of each finance implementation.

Table-2 (reposted) Mitsubishi HC Capital Group Sustainability-Linked Finance KPI and SPT

KPI	The reduction rate of GHG emissions in Scope1 and 2 of Mitsubishi HC Capital Group (consolidated basis)							
Description	The KPI is consistent with the key objectives set out in the "Medium-term Management Plan for FY2023–FY2025 (hereinafter, the "2025 Medium-term Plan")," facilitates "Promote a decarbonized society" of "Our Vision" and the materiality, and is a quantifiable, continuously measurable, and externally verifiable indicator.							
SPT	A target for each fiscal year after FY2025 towards a 55% reduction of GHG in Scope 1 and 2 by FY2030 (base year: FY 2019)							
	FY	2019	2025	2026	2027	2028	2029	2030
	SPT	Base year	30%	35%	40%	45%	50%	55%
Description	The SPT is set to meet the levels required by the Paris Agreement and can be judged as an ambitious target, as its future contribution to GHG emissions goes beyond "Business as Usual."							

(SPT's) rationale and level of ambition

- | | |
|---|--|
| <ul style="list-style-type: none"> ☑ Evidence that the SPTs can bring about significant improvements ☑ Evidence that the SPTs are consistent with the issuer's sustainability and business strategies | <ul style="list-style-type: none"> ☑ Relevance and reliability of selected benchmarks and standards are proven. ☑ The SPTs are proven to have been set on a pre-determined timeline (time axis). ☑ Other (<i>please specify</i>): If the determination date for the SPT is after FY2031, a linearly interpolated figure between the FY2030 target and the FY2050 target (net zero CO₂) can be set as an SPT. |
|---|--|

Benchmarking methods

- | | |
|---|---|
| <ul style="list-style-type: none"> ☑ Issuer's own performance (e.g., past results) ☑ Reference to scientific evidence | <ul style="list-style-type: none"> ☑ (Issuer's) peer companies ☑ Other (<i>please specify</i>): CDP, SBT 1.5°C standard |
|---|---|

Additional disclosure

- | | |
|--|--|
| <input checked="" type="checkbox"/> Explanation of the possibility of recalculation or adjustment | <input checked="" type="checkbox"/> Description of the issuer's strategy for achievement |
| <input checked="" type="checkbox"/> Identification of key factors that may influence the achievement of SPTs | <input type="checkbox"/> Other (<i>please specify</i>): |

SLF-3. Finance Characteristics

With regard to the sustainability-linked finance (bonds or loans) implemented under the Framework, DNV has confirmed that the timing of SPT observations and trigger events with performance requirements and the extent of their impact are linked to the achievement of targets and bond interest rates, loan lending terms or other financial incentives (e.g., in the case of not achieving an SPT, donations to organizations etc. engaged in activities relating to the improvement of the SPT).

- DNV has confirmed that the specific interest rate fluctuations will be stepping up/down at the annual rate specified at the time of the finance implementation from the time of interest payment after the determination date until the redemption/repayment date (or until the date if otherwise specified in the relevant statutory disclosure document or contract document), or that donations to organizations etc. relating to the improvement of the SPT will be done, depending on the achievement of the SPT, which is obtained third-party verification.
- DNV has confirmed that Mitsubishi HC Capital Group has considered appropriate fallback mechanisms (fallback alternatives) and as a result, has decided not to set another SPT or calculation method at this time as the risks that cannot be calculated or observed are very small.
- Mitsubishi HC Capital Group explains that if circumstances arise that cannot be foreseen or controlled at the time of the execution of the Sustainability-Linked Finance Framework and that could have a material impact (e.g., changes in business structure due to M&A etc., changes in various laws, systems, and regulations in each country, other extraordinary events), and it becomes necessary to change the method of measuring KPIs, the method of setting SPT, assumptions and scope of KPI, the figures for the SPT for Sustainability-Linked Finance already issued may be revised and the details will be disclosed on the website etc. In the event of a significant change in the setting of SPT etc., the Company or its group companies will discuss with the stakeholders the setting of SPT with a level of ambition equal to or higher than the existing evaluation criteria, taking into account these changes, and will obtain a second party opinion from a third-party evaluation body, if necessary.

Financial impact

- ☒ Fluctuation in interest rates
- ☒ Other (*please specify*): Financial incentives such as donations

Structural characteristics

- ☒ Other (*please specify*): The terms of the trigger judgment (determination date and SPT) will be set by the term of the individual bond or loan etc. and will be specified in the statutory disclosure document (or other means of public disclosure) or contract documents.

SLF-4 Reporting

- DNV has confirmed that the required information will be disclosed on an annual basis on the following details required by SLF.
 - KPI performance against the SPT: Receive verification by an external reviewer etc. at least once a year and disclose on the website after the implementation of the Sustainability-Linked Finance and until the redemption or repayment.
 - Achievement status of SPT: Subject to annual verification by an independent third party and used to determine financial characteristics (e.g., bond interest rates, loan terms) or other financial incentives.

Information to be Reported	Reporting Frequency
Performance of the KPI	Annually until the determination dates, starting from the fiscal year following the year of issuance of each Sustainability-Linked Finance
Performance against the SPT	
Information that may affect the achievement of the SPT (e.g., updates to the Group's non-financial goals)	
If the SPT has not been reached and "donations" are made, the amount and recipients of the donations.	Timely

Reporting information

- | | |
|--|---|
| <input checked="" type="checkbox"/> Performance of selected KPIs | <input checked="" type="checkbox"/> Verification assurance report |
| <input checked="" type="checkbox"/> SPT's level of ambition | <input checked="" type="checkbox"/> Other (<i>please specify</i>): Information on the financial impact upon the triggering judgment (e.g., interest rates, donations). Where necessary, adjustments to KPI/SPT and the validity of the recalculation results. |

Frequency

- | | |
|---|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Means of disclosure

- | | |
|---|--|
| <input type="checkbox"/> Described in financial reports disclosed | <input type="checkbox"/> Described in the sustainability reports disclosed |
| <input type="checkbox"/> Described in ad hoc reports disclosed in a timely manner | <input checked="" type="checkbox"/> Other (<i>please specify</i>): Disclosed on the issuer's website |
| <input type="checkbox"/> Reporting with an external review | |

Level of assurance report

- | | |
|---|---|
| <input checked="" type="checkbox"/> Limited assurance | <input type="checkbox"/> Reasonable assurance |
| | <input type="checkbox"/> Other (<i>please specify</i>): |

SLF-5 Verification

- DNV has confirmed that Mitsubishi HC Capital plans to receive independent verification of the data relating to the KPI by an external reviewer on an annual basis.

Reporting information

- | | |
|---|---|
| <input checked="" type="checkbox"/> Limited assurance | <input type="checkbox"/> Reasonable assurance |
| | <input type="checkbox"/> Other (<i>please specify</i>): |

Frequency

- | | |
|---|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Significant changes

- | | |
|--|---|
| <input checked="" type="checkbox"/> Boundary (extent) | <input type="checkbox"/> Measurement method of KPIs |
| <input checked="" type="checkbox"/> Adjustment of (change in) SPTs | |

VII. Assessment Conclusion

Based on the information provided by Mitsubishi HC Capital Group and the work undertaken, it is DNV's opinion that the Framework meets the requirements of the eligibility assessment protocol and is aligned with the following definition and purpose of GBP/GBGL, GLP/GLGL, SBP/SBGL, SLP, SBG, SLBP/SLBGL, and SLLP/SLLGL, which are the basis for the statement of opinion.

- "enable capital-raising and investment for new and existing projects with environmental and social benefits"
- "be important through KPIs and SPTs, quantitative, pre-determined, ambitious, regularly monitored, and encourage the achievement of ESG of the fundraiser that can be externally validated"

DNV Business Assurance Japan K.K.

20 December 2024



Akira Tsukasaki

Technical Reviewer

DNV Business Assurance Japan K.K.



Naoki Maeda

Representative Director /

SCPA Senior Vice President

DNV Business Assurance Japan K.K.



Masato Kanedome

Project Leader

DNV Business Assurance Japan K.K.



Hiroyuki Mizoguchi

Assessor

DNV Business Assurance Japan K.K.



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 Fundraiser and the Second-Party Opinion Providers, DNV: The management of Fundraiser 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 Fundraiser 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 Fundraiser. 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 Fundraiser's management and used as a basis for this assessment were not correct or complete.



Schedule-1 Sustainable Finance Nominated Projects

The eligible projects listed in the table below are the nominated eligible projects at the time of assessment (as of December 2024). In green/social finance issued in the future under sustainable finance, one or more of the eligibility criteria (nominated eligible projects) listed in Schedule-1 will be selected and the use of proceeds will be reported in a pre-implementation or post-implementation reporting. In addition, if additional green/social projects are included, the eligibility of the projects will be evaluated by Mitsubishi HC Capital and the Group in advance through a process based on the Framework and, if necessary, by DNV in a timely manner.




[Green Projects]

Green Bond/Loan Principles Eligible Category and Environmental Objectives	Eligible Projects	Relevant SDGs Items
Renewable Energy (including power generation, transmission, equipment, and goods) (Environmental Objectives: Climate Change Mitigation)	<ul style="list-style-type: none"> ◆ Acquisition and/or refinancing for acquisition of solar power generation facilities, wind power generation facilities and/or storage batteries that contribute to the expansion of renewable energy, acquisition and/or refinancing for acquisition of the assets subject to lease and/or installment sales, and/or new loans, investments and/or refinancing for development, construction (repairs and renovations), acquisition and/or operation & maintenance of the assets. <ul style="list-style-type: none"> • Only those projects that can confirm compliance with relevant laws and regulations, such as environmental assessments and the Forest Act in construction and installation of the facility, where applicable. *Including intercompany loans to the subsidiaries involved in the business set forth in the above. 	 
Green Buildings (Environmental Objectives: Climate Change Mitigation)	<ul style="list-style-type: none"> ◆ Acquisition and/or refinancing for acquisition of the properties (office buildings, commercial facilities, hotels, warehouses, and/or residences), which are subject to lease and/or installment sales, that have received and/or will receive one of the following green building certifications and/or new loans, investments and/or refinancing for development (repairs and renovations) and/or acquisition of the assets. <ul style="list-style-type: none"> • CASBEE: Rank A or above (including CASBEE by local governments) • DBJ Green Building Certification 5 Stars or 4 Stars • BELS Certification (FY2016 standard): 5 Stars 	

	<ul style="list-style-type: none"> • BELS Certification (FY2024 standard): The following levels <ul style="list-style-type: none"> ➢ Non-residential: 6 Levels or 5 Levels ➢ Residential with renewable energy facilities: 6 Levels or 5 Levels ➢ Residential without renewable energy facilities: 4 Levels • LEED Certification: Platinum or Gold • ZEB Certification: ZEB, Nearly ZEB, ZEH-M, or Nearly ZEH-M • Green building certifications administered in each country or region: Top two ranks <p>*In the case of investments and loans to special purpose companies, only those specialized in green building related business or those with at least 90% of assets in green building-related ones are eligible.</p> <p>*Facilities equipped with freezer and refrigerator must be designed in an eco-friendly manner, such as using natural refrigerant.</p> <p>*Including intercompany loans to the subsidiaries involved in the business set forth in the above.</p>	
<p>Energy Efficiency (e.g., new and renovated buildings, energy storage, regional heating, smart grid, equipment, goods)</p> <p>(Environmental Objectives: Climate Change Mitigation)</p>	<ul style="list-style-type: none"> ◆ Acquisition and/or refinancing for acquisition of equipment, which is subject to lease and/or installment sales, that is expected to reduce CO₂ emissions, such as LEDs, air conditioners, and/or highly efficient machine tools that meet any of the following conditions and/or new loans, investments and/or refinancing for acquisition of the assets. <ul style="list-style-type: none"> • The installation of a complete set of facilities is expected to improve the energy efficiency of the entire contract by 20% or more if the energy source is solely electricity, and by 30% or more if the energy source includes sources other than electricity. (Energy efficiency is calculated by comparing the performance before and after the upgrade in the case of a renewal, or by comparing the performance of the same equipment prior to one cycle in the case of a new installation). • It can be expected that clear improvements in energy efficiency will be achieved through the installation of equipment that can be confirmed as the best economically available technology, i.e., equipment that meets international green standards and/or is recognized as a top-performing product by nations or industries, etc. <p>*Including intercompany loans to the subsidiaries involved in the business set forth in the above.</p>	 

<p>Clean Transportation (e.g., EVs, hybrid cars, public transport, railways, non-motorized transport, multi-modal transport, infrastructure for clean energy vehicles and to reduce emissions of hazardous substances)</p> <p>(Environmental Objectives: Climate Change Mitigation)</p>	<ul style="list-style-type: none"> ◆ Acquisition and/or refinancing for acquisition of EV, PHV, FCV and/or charging infrastructure, acquisition and/or refinancing for acquisition of the assets subject to lease and/or installment sales, and/or new loans, investments and/or refinancing for acquisition and/or operation & maintenance of the assets. <p>*Including intercompany loans to the subsidiaries involved in the business set forth in the above.</p>	 
---	---	---

[Social Projects]

Social Bond/Loan Principles Eligible Category and Target Populations	Eligible Projects	Relevant SDGs Items
<p>Access to Essential Services</p> <p>(Target Populations: Nursing Care Providers and Medical Service Providers, Patients (the general public))</p>	<ul style="list-style-type: none"> ◆ Nursing reward and medical fee receivable factoring. (financing to nursing care providers and medical institutions for them to meet short-term liquidity) <p>*Only those to nursing care providers and medical institutions generating at least 90% of their revenue from medical practices covered by Japanese public medical insurance are eligible.</p> <ul style="list-style-type: none"> ◆ Acquisition and/or refinancing for acquisition of medical equipment, which is subject to lease and/or installment sales, that meet any of the following conditions and/or new loans, investments and/or refinancing for development and/or acquisition of the assets. <ul style="list-style-type: none"> · It can be confirmed that the medical equipment will be introduced in hospitals or clinics operated by public hospitals, social medical corporations and social welfare corporations. · It can be confirmed that the medical care provided by the medical equipment will be accessible to low-income populations. <p>*Including intercompany loans to the subsidiaries involved in the business set forth in the above.</p>	  

Schedule-2 Key Performance Indicators (KPIs) and Sustainability Performance Targets (SPTs)

KPI Key performance indicators

KPI	Description
The reduction rate of GHG emissions in Scope1 and 2 of Mitsubishi HC Capital Group (consolidated basis)	The KPI is consistent with the key objectives set out in the "Medium-term Management Plan for FY2023–FY2025 (hereinafter, the "2025 Medium-term Plan")," facilitates "Promote a decarbonized society" of "Our Vision" and the materiality, and is a quantifiable, continuously measurable, and externally verifiable indicator.

SPT Sustainability Performance Targets

SPT								Description
A target for each fiscal year after FY2025 towards a 55% reduction of GHG in Scope 1 and 2 by FY2030 (base year: FY 2019)								The SPT is set to meet the levels required by the Paris Agreement and can be judged as an ambitious target, as its future contribution to GHG emissions goes beyond "Business as Usual."
FY	2019	2025	2026	2027	2028	2029	2030	
SPT	Base year	30%	35%	40%	45%	50%	55%	

Schedule-3 Sustainable Finance Eligibility Assessment Protocol

The checklists SF-1 to SF-4 below are DNV's protocol developed for sustainable finance eligibility assessment based on GBP/GBGL, GLP/GLGL, SBP/SBGL, SLP, and SBG. The "confirmed documents" in the Work Undertaken include the fundraiser's internal documents etc., which are provided by Mitsubishi HC Capital to DNV as evidence for the eligibility judgment.

*SF: Sustainable Finance

SF-1 Use of Proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1a	Types of funds	<p>The types of sustainability finance are classified into one of the following types defined by SBP, GBP, etc.</p> <ul style="list-style-type: none"> • (Standard) Sustainability Finance • Revenue Finance • Project Finance • Other 	<p>Confirmed documents</p> <ul style="list-style-type: none"> - Framework <p>Interviews with stakeholders</p>	<p>Through its assessment work, DNV has confirmed that the sustainable finance falls under the following category:</p> <ul style="list-style-type: none"> • (Standard) Sustainability Finance
1b	Sustainability (green and social) project classification	<p>The key to a sustainability finance is that the proceeds will be used for a sustainability project, which should be properly stated in the legal documents relating to the security.</p>	<p>Confirmed documents</p> <ul style="list-style-type: none"> - Framework <p>Interviews with stakeholders</p>	<p>DNV has confirmed that the projects identified in the Framework fall into the following representative eligibility categories as classified by criteria including GBP, SBP, and GLP. DNV has also confirmed that the proceeds are planned to be allocated to new or existing projects as new investment or refinancing, and to be appropriately stated in the legal documents etc. relating to the finance.</p> <p><u>Environmental contribution (green)</u></p> <ul style="list-style-type: none"> • Renewable Energy • Green Buildings • Energy Efficiency • Clean Transportation <p><u>Social contribution (social)</u></p> <ul style="list-style-type: none"> • Access to Essential Services

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1c	Environmental and social benefits	All sustainability projects to which the proceeds are used should have clear environmental and social benefits, the effects of which should be assessed by the fundraiser and, where possible, quantitatively demonstrated.	Confirmed documents - Framework Interviews with stakeholders	The green/social projects correspond to "Promote a decarbonized society" and "Realize healthy lifestyles that promote positive wellbeing" of the materiality identified by the fundraiser, are closely related to the Company's management philosophy and vision, and are aligned with the Company's initiatives to solve social issues and promote sustainability. The environmental benefits are a reduction in CO ₂ emissions, and the social benefits are increased and guaranteed access to healthcare services, both of which are quantitatively assessed by the issuer. Before the implementation of sustainable finance, it was confirmed that the environmental and social improvement effects of the project to be financed by the subject finance will be quantitatively evaluated and reported in the annual report, with disclosure up to the evaluation method (calculation method) of the environmental and social improvement effects of the project.
1d	Refinancing rate	If all or part of the proceeds are used or may be used for refinancing, the fundraiser will indicate the estimated ratio of the initial investment to the refinancing and, if necessary, is recommended to clarify which investment or project portfolio is subject to refinancing.	Confirmed documents - Framework Interviews with stakeholders	Mitsubishi HC Capital Group plans to use the proceeds for new investments, refinancing, or both for one or more of the nominated eligible projects included in Schedule-1. If it is clear in advance, prior to the finance implementation, whether new investment or refinancing is to be made, this will be disclosed in legal documents etc. If not yet determined, DNV has confirmed that the Company plans to disclose the estimated amount (or percentage) of the proceeds that were allocated to refinancing through its reporting (annual reporting).

SF-2 Process for Project Evaluation and Selection

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
2a	Project selection process	<p>Sustainability finance fundraisers should provide an overview of the process of judging eligible projects for which the proceeds will be used. This includes (but is not limited to):</p> <ul style="list-style-type: none"> • The process by which the fundraiser judges that the project in question is included in the business category of an eligible sustainability (green/social) project • Creation of criteria for eligibility of projects for which the proceeds will be used • Environmental and social sustainability goals 	<p>Confirmed documents - Framework</p> <p>Interviews with stakeholders</p>	<p>DNV has confirmed that Mitsubishi HC Capital has a process document for judging the eligibility of projects to which the sustainable finance proceeds will be used, and that the overview is clearly stated in the Framework.</p>
2b	Issuer's environmental and social governance framework	<p>In addition to criteria and certifications, the information published by the issuer regarding the sustainability finance process also considers the quality of performance of the fundraiser's framework and environmental/social sustainability.</p>	<p>Confirmed documents - Framework</p> <p>Interviews with stakeholders</p>	<p>When selecting green/social projects, Mitsubishi HC Capital and the Group take into account compliance with environmental laws, regulations, ordinances, rules, the fact that the environmental benefits such as CO₂ reduction throughout the life cycle or in each process, and that the clear social benefits of the social project are clearly identified. The Company is committed to the preservation of the surrounding environment in all relevant departments in the operation and implementation of its business.</p> <p>DNV has confirmed that the green/social projects implemented by Mitsubishi HC Capital Group are in line with the Group's management and environmental policies.</p>

SF-3 Management of Proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
3a	Tracking procedure-1	The net proceeds from sustainability finance should be managed in sub-accounts, included in sub-portfolio, or otherwise tracked in an appropriate manner. It should also be certified by the fundraiser in a formal internal process related to the fundraiser's investment and financing operations for the sustainability project.	Confirmed documents - Framework Interviews with stakeholders	DNV has confirmed that the proceeds from the sustainable finance are traceable in line with Mitsubishi HC Capital and the Group's internal management systems etc., and that the systems and documents actually used have been verified through assessments and are certified accordingly.
3b	Tracking procedure-2	During the sustainability finance redemption period, the balance of the proceeds that is being tracked should be adjusted at regular intervals to match the amount allocated to eligible projects executed during that period.	Confirmed documents - Framework Interviews with stakeholders	DNV has confirmed that Mitsubishi HC Capital and the Group plan to review the remaining sustainable finance balance on a regular basis (at least once a year) through the internal control system etc. described in 3a during the period between the implementation of the sustainable finance and the redemption or repayment.
3c	Temporary holding	If no investment or payment has been made in an eligible sustainability project, the fundraiser should also inform the investor of the possible temporary investment method for the balance of unallocated proceeds.	Confirmed documents - Framework Interviews with stakeholders	DNV has confirmed that the balance of unallocated proceeds is sequentially recognized through a verification process via the fundraiser's internal management system etc. DNV has confirmed through the Framework and assessment that the balance of unallocated proceeds is managed in cash or cash equivalents. DNV has also confirmed that the balance of unallocated proceeds will be disclosed through the allocation status reporting.

SF-4 Reporting

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
4a	Periodical reporting	<p>In addition to reporting on the use of proceeds and the temporary investment of unallocated proceeds, the fundraiser should provide a list of projects to which the sustainability finance proceeds have been allocated at least once a year, taking into account the following:</p> <ul style="list-style-type: none"> Confidentiality and competitive considerations Overview of each project, expected sustainable environmental and social benefits 	<p>Confirmed documents - Framework</p> <p>Interviews with stakeholders</p>	<p>DNV has confirmed that Mitsubishi HC Capital and the Group will conduct an annual reporting on sustainable finance and disclose the allocation status of proceeds as long as the balance of the proceeds from the execution of Green/Social/Sustainability Finance is outstanding. DNV has confirmed that until the proceeds are redeemed or fully repaid, information on the environmental and social benefits of the allocated projects will be disclosed. DNV has also confirmed that the balance of unallocated projects and the refinancing amount will be disclosed.</p> <p>DNV has confirmed that the environmental and social benefits are planned to be disclosed as any or all of the following indicators etc. within the limits of confidentiality and so far as is reasonably practicable.</p> <p><Allocation status of proceeds></p> <ul style="list-style-type: none"> Allocation status to eligible projects Amount of allocated and unallocated proceeds, expected time of allocation, and operation method Amount of new investments and refinancing <p><Green Projects - Environmental benefits></p> <ul style="list-style-type: none"> Renewable Energy: <ul style="list-style-type: none"> Overview of eligible projects Annual volume of CO₂ emissions avoided (estimation based on output standards) Annual power generation produced (estimation based on output standards) Storage battery capacity (theoretical value) Green Buildings: <ul style="list-style-type: none"> Acquisition status of green building certification Balance by green building certification / asset type In the case freezer or refrigerator installed assets, outline of such equipment (refrigerant, etc.) Energy Efficiency: <ul style="list-style-type: none"> Number of eligible projects executed (annual basis)

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				<p>Cumulative amount of eligible projects (annual basis)</p> <p>Annual volume of CO₂ emissions avoided (estimation based on output standards)</p> <ul style="list-style-type: none"> Clean Transportation: <p>Number of EVs, PHVs, FCVs or charging infrastructures installed</p> <p>Annual volume of CO₂ emissions avoided (estimation based on output standards)</p> <p><Social Projects - Social benefits></p> <ul style="list-style-type: none"> Access to Essential Services: <p>Nursing reward and medical fee receivable factoring</p> <p>Number of eligible projects executed (annual basis)</p> <p>Cumulative amount of eligible projects (annual basis)</p> <p>Medical equipment leasing and installment sales</p> <p>Number of eligible projects executed (annual basis)</p> <p>Cumulative amount of eligible projects (annual basis)</p>

Schedule-4 Sustainability-Linked Finance Framework Eligibility Assessment Protocol

The checklists SLF-1 to SLF-5 below are DNV's protocol developed for Sustainable Finance Framework eligibility assessment, based on the requirements of SLF.

SLF-1 Selection of Key Performance Indicators (KPIs)

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1a	KPI – material to core sustainability and business strategy	<p>The issuer's sustainability performance is measured using sustainability KPIs that can be external or internal. The KPIs should be material to the issuer's core sustainability and business strategies and address relevant environmental, social, and/or governance challenges of the industry sector and be under management's control. The KPIs should be of high strategic significance to the issuer's current and/or future operations.</p> <p>It is recommended that the issuer communicate clearly to investors the rationale and process according to which the KPIs have been selected and how the KPIs fit into their sustainability strategy.</p>	<p>Confirmed documents</p> <ul style="list-style-type: none"> - Framework - 2025 Medium-term Plan - Mitsubishi HC Capital Integrated Report 2023/2024 - Mitsubishi HC Capital ESG data 2024 <p>Interviews with stakeholders</p>	<p>DNV reviewed the KPI related to sustainability of Mitsubishi HC Capital and the Group and has confirmed that the selected KPI is important and aligned with the basic management and sustainability policies of Mitsubishi HC Capital Group.</p> <p>Mitsubishi HC Capital 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. Mitsubishi HC Capital 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.</p> <p>Mitsubishi HC Capital Group has set "Promote a decarbonized society" in "Our Vision" and as one of the materiality. Based on the recognition that efforts to realize a decarbonized society are an urgent issue, Mitsubishi HC Capital Group set the Group's GHG reduction targets pursuant to the Paris Agreement (the Group's GHG emissions (Scope 1 and 2): 55% reduction by FY2030 (base year: FY2019) / net zero by FY2050), and see the transition to a decarbonized society as an opportunity and actively promote the transition. The selection of initiatives related to the reduction of GHG emissions in relation to Scope 1 and 2 as a KPI is fully appropriate, and is positioned as a core KPI for the non-financial targets of the 2025 Medium-term Plan.</p> <p>Mitsubishi HC Capital Group has calculated and obtained third-party assurance for GHG emissions of certain transactions, which are considered</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				<p>to involve GHG emissions trading, such as building leasing transactions, aircraft leasing transactions (Scope 3 Category 13 (Downstream Leased assets)), and real estate transactions (Scope 3 Category 15 (Investments)). Going forward, the Group will consider the reduction of GHG emissions of the entire Group, including supply chains, through formulation of policy for sectors with high GHG emissions and the transaction plan, and other means.</p> <p>Through the review, DNV also shared with Mitsubishi HC Capital the importance of Scope 3 reductions and has confirmed the adequacy of setting Scope 1 and 2 as a KPI, as the initiatives to reduce Scope 1 and 2 may lead to the accumulation of effective knowledge and know-how for planning and achieving realistic targets for Scope 3 reductions in the future, in addition to the priority importance of Scope 1 and 2 reductions at present.</p> <p>DNV has confirmed that the KPI selected by the fundraiser (GHG emission reduction rate in Scope 1 and 2 of the entire Mitsubishi HC Capital Group (consolidated basis)) is appropriately set as a comparable indicator, consistent with the Paris Agreement.</p>
1b	KPI - Measurability	<p>KPIs should be measurable or quantifiable on a consistent methodological basis, externally verifiable, and able to be benchmarked, i.e., as much as possible using an external reference or definitions to facilitate the assessment of the SPT's level of ambition.</p> <p>The issuer is recommended, when possible, to select KPIs that have already included in its previous annual reports, sustainability reports, or other non-financial reporting to allow investors to evaluate past performance of the selected</p>	<p>Confirmed documents</p> <ul style="list-style-type: none"> - Framework - 2025 Medium-term Plan - Mitsubishi HC Capital Integrated Report 2023/2024 - Mitsubishi HC Capital ESG data 2024 	<p>DNV concluded that GHG emission reduction rate as a KPI is measurable based on a consistent methodology (GHG Protocol), is externally verifiable, and can be benchmarked against external references.</p> <p>DNV has confirmed that the KPI selected by Mitsubishi HC Capital Group is linked to the KPI in the medium-term management plan, that performance over time is managed internally to align with that plan.</p> <p>The KPI has been disclosed as actual results over the past three years or more on the website etc.</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
		KPIs. If the KPIs have not been previously disclosed, the issuer should, to the extent possible, provide past externally-verified KPI values covering at least the previous three years.	Interviews with stakeholders	
1c	KPI – Clear definition	A clear definition of the KPIs should be provided and include the applicable scope or boundary, as well as the calculation methodology.	<p>Confirmed documents</p> <ul style="list-style-type: none"> - Framework - 2025 Medium-term Plan - Mitsubishi HC Capital Integrated Report 2023/2024 - Mitsubishi HC Capital ESG data 2024 <p>Interviews with stakeholders</p>	DNV has confirmed that the KPI selected by Mitsubishi HC Capital Group has a clear evaluation scope and methodology, and that the GHG emissions calculation methodology required for the evaluation of the KPI is in accordance with the global standard GHG Protocol.

SLF-2 Calibration of Sustainability Performance Targets (SPTs)

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
2a	Target Setting - Meaningful	The SPTs should be ambitious, realistic, and meaningful to the issuer's business and be consistent with the issuers' overall strategic sustainability/ESG strategies.	<p>Confirmed documents</p> <ul style="list-style-type: none"> - Framework - 2025 Medium-term Plan - Mitsubishi HC Capital Integrated Report 2023/2024 - Mitsubishi HC Capital ESG data 2024 <p>Interviews with stakeholders</p>	DNV has confirmed that the achievement of the SPT set as medium- and long-term non-financial targets (the Group's GHG emissions (Scope 1 and 2): 55% reduction by FY2030 (base year: FY2019) / net zero by FY2050) in the 2025 Medium-term Plan, as well as the initiatives made by Mitsubishi HC Capital Group based on the TCFD recommendations, will pave the way for achieving the Group's medium- and long-term targets and reducing Scope 3 emissions, and that the GHG emission reduction target is an ambitious target, set to meet the levels required by the Paris Agreement. DNV has also confirmed that, in addition to the conventional efforts in energy conservation and eco-driving, the Group is also undertaking various initiatives, such as "the promotion of electrification and energy-saving through the electrification of automobiles" as well as "the transition to renewable energy for power usage," including overseas group companies, and that the SPT is ambitious, realistic, and meaningful.
2b	Target Setting - Meaningful	The SPTs should represent a material improvement in the respective KPIs and be beyond a "Business as Usual" trajectory. Where possible, the SPTs should be compared to a benchmark or an external reference and be determined on a predefined timeline, set before (or concurrently with) the bond issuance.	<p>Confirmed documents</p> <ul style="list-style-type: none"> - Framework - 2025 Medium-term Plan - Mitsubishi HC Capital Integrated Report 2023/2024 - Mitsubishi HC Capital ESG data 2024 <p>Interviews with stakeholders</p>	<p>DNV has confirmed that this SPT shows a significant improvement in the KPI and is beyond a "Business as Usual" trajectory.</p> <p>As Mitsubishi HC Capital Group has a large number of sites globally, it needs to adapt to the systems and environments of each country, which makes its initiatives more challenging than for companies that have sites only in Japan. In addition, the fact that the majority of the Group's sites are operated as tenants means that its contribution to reducing GHG emissions is likely to be limited, and the Group's contribution to GHG emissions reduction can be judged as an ambitious goal that goes beyond "Business as Usual."</p> <p>The knowledge etc. gained from Scope 1 and 2 emissions reduction efforts, including requests from the supply chain, will be essential for reducing Scope 3 emissions, which are expected to account for the majority of the Group's GHG emissions in the future. In addition, various</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				challenges will need to be addressed, such as aviation demand for low-carbon fuels such as SAF and hydrogen.
2c	Target Setting – Benchmarks	<p>The target setting should be based on a combination of benchmarking approaches.</p> <ol style="list-style-type: none"> 1. The issuer's own performance over time for which at least three years, where possible, of measurement track record on the selected KPIs is recommended and, where possible, guidance on the KPIs 2. The SPTs' relative positioning against the issuer's peers where comparable or available, or against industry or sector standards 3. Systematic reference to science-based scenarios or absolute levels (e.g., carbon budgets), official national/regional/international targets or to recognized Best-Available-Technologies, or other proxies 	<p>Confirmed documents</p> <ul style="list-style-type: none"> - Framework - 2025 Medium-term Plan - Mitsubishi HC Capital Integrated Report 2023/2024 - Mitsubishi HC Capital ESG data 2024 <p>Interviews with stakeholders</p>	<p>DNV has confirmed that the process of setting SPT is based on the appropriate combination of benchmarking approaches.</p> <ul style="list-style-type: none"> • The results of the base year and past years for the selected KPI have been disclosed on the website etc., and targets up to 2030 have been set based on these results. • Although relative comparisons are difficult to make as no other company in the sector has set the same SPT, the SPT is evaluated as ambitious, as Mitsubishi HC Capital Group needs to adapt to the systems and environment of each country, which makes its initiatives more challenging than for companies that have sites only in Japan. • The SPT is evaluated as ambitious based on the fundraiser's latest performance levels.
2d	Target setting – Disclosures	<p>Disclosures on target setting should make clear reference to:</p> <ol style="list-style-type: none"> 1. The timelines of target achievement, the trigger events, and the frequency of SPTs 2. Where necessary, the verified baseline or reference point selected for the improvement of KPIs, the 	<p>Confirmed documents</p> <ul style="list-style-type: none"> - Framework - 2025 Medium-term Plan - Mitsubishi HC Capital Integrated Report 2023/2024 	<p>DNV has confirmed that SPT setting has been appropriately disclosed as follows.</p> <ul style="list-style-type: none"> • It explains how progress on GHG emission reductions is achieved through the Framework. <p>If the determination date for the SPT is after FY2031, Mitsubishi HC Capital Group can set a linearly interpolated figure between the FY2030 target and the FY2050 target (net zero CO₂) as an SPT. However, if the post-FY2030 target is updated at the time of finance implementation, a</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
		<p>rationale for that baseline or reference point to be used</p> <p>3. Where necessary, situations that recalculations or pro-forma adjustments of baselines will take place</p> <p>4. Where possible and taking into account competition and confidentiality considerations, how the issuer reaches such SPTs</p>	<p>- Mitsubishi HC Capital ESG data 2024</p> <p>Interviews with stakeholders</p>	<p>more ambitious figure between the linearly interpolated figure and the new target (the value shall be set by linear interpolation depending on the year) will be considered for setting as an SPT. DNV has confirmed that the applicable SPT figures and determination dates will be identified in the statutory disclosure documents (in the case of bonds) or contract documents (in the case of loans) at the time of each finance implementation.</p> <p>Based on the information provided by Mitsubishi HC Capital Group, DNV concluded that the SPT is realistic, the plan is feasible, and that the SPT targets outlined in the Framework are likely to be met.</p>

SLF-3 Finance Characteristics

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
3a	Finance Characteristics – SPT financial/structural impact	SLB should include a financial and/or structural impact involving trigger events based on whether the KPIs reach the predetermined SPTs.	Confirmed documents - Framework Interviews with stakeholders	DNV has confirmed that the inclusion of triggering events in the Framework complies with the requirements in SLBP. DNV has confirmed that, for sustainability finance (bonds or loans) implemented under the Framework, the triggering events and their scope of impact, with specific SPT observation periods and performance requirements, are linked to the achievement of targets and financial incentives.
3b	Finance Characteristics – Fallback mechanism	Any fallback mechanisms in case the SPTs cannot be calculated or observed in a satisfactory manner should be explained. The issuer may also consider including, where necessary, texts in the bond documents to take into consideration potential exceptional events.	Confirmed documents - Framework Interviews with stakeholders	DNV has confirmed that Mitsubishi HC Capital Group has considered appropriate fallback mechanisms (fallback alternatives) and as a result, has decided not to set another SPT or calculation method at this time as the risks that cannot be calculated or observed are very small. Mitsubishi HC Capital Group explains that if circumstances arise that cannot be foreseen or controlled at the time of the execution of the Sustainability-Linked Finance Framework and that could have a material impact (e.g., changes in business structure due to M&A etc., changes in various laws, systems, and regulations in each country, other extraordinary events), and it becomes necessary to change the method of measuring KPI, the method of setting SPT, assumptions and scope of KPI, the changed content will be explained on the Company's or its group companies' websites (in the case of bonds) or contract documents (in the case of loans). In the event of a significant change in the setting of SPT etc., the Company or its group companies will discuss with the stakeholders the setting of SPT with a level of ambition equal to or higher than the existing evaluation criteria, taking into account these changes, and will obtain a second party opinion from a third-party evaluation body, if necessary.

SLF-4 Reporting

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings								
4a	Reporting	<p>The issuer of SLB should publish, keep readily available, and easily accessible:</p> <ol style="list-style-type: none">1. Up-to-date information on the performance of the selected KPIs, including baselines where necessary2. A verification assurance report relating to the SPTs outlining the performance against the SPTs and the related impact, and timing of such impact, on the financial and/or structural characteristics of bonds/loans3. Any information enabling investors to monitor the SPT’s level of ambition <p>This reporting should be published regularly, at least once a year, and in any case for any date/period relevant for assessing the SPT performance leading to a potential adjustment of the SLB’s financial and/or structural characteristics.</p>	<p>Confirmed documents - Framework</p> <p>Interviews with stakeholders</p>	<p>DNV has confirmed that the following necessary information required by SLBP will be disclosed in a timely manner:</p> <ul style="list-style-type: none">• KPI performance against the SPT: Receive verification by an external reviewer etc. at least once a year and disclose on the website after the implementation of the Sustainability-Linked Finance and until the redemption or repayment.• Achievement status of SPT: Subject to annual verification by an independent third party and used to determine financial characteristics (e.g., bond interest rates, loan terms) or other financial incentives. <table><tr><th>Information to be reported</th><th>Reporting Frequency</th></tr><tr><td>Performance of the KPI</td><td rowspan="3">Annually until the determination dates, starting from the fiscal year following the year of issuance of each Sustainability-Linked Finance</td></tr><tr><td>Performance against the SPT</td></tr><tr><td>Information that may affect the achievement of the SPT (e.g., updates to the Group’s non-financial goals)</td></tr><tr><td>If the SPT has not been reached and "donations" are made, the amount and recipients of the donations.</td><td>Timely</td></tr></table>	Information to be reported	Reporting Frequency	Performance of the KPI	Annually until the determination dates, starting from the fiscal year following the year of issuance of each Sustainability-Linked Finance	Performance against the SPT	Information that may affect the achievement of the SPT (e.g., updates to the Group’s non-financial goals)	If the SPT has not been reached and "donations" are made, the amount and recipients of the donations.	Timely
Information to be reported	Reporting Frequency											
Performance of the KPI	Annually until the determination dates, starting from the fiscal year following the year of issuance of each Sustainability-Linked Finance											
Performance against the SPT												
Information that may affect the achievement of the SPT (e.g., updates to the Group’s non-financial goals)												
If the SPT has not been reached and "donations" are made, the amount and recipients of the donations.	Timely											

SLF-5 Verification

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
5a	External review	The issuer should have its performance against each SPT for each KPI independently verified by a qualified external reviewer with relevant expertise, at least once a year and for each SPT trigger event.	Confirmed documents - Framework Interviews with stakeholders	DNV has confirmed that Mitsubishi HC Capital and the Group plan to receive independent verification or obtain a score against the data relating to the KPI once a year from a qualified external evaluation body with relevant expertise in SPT triggering events.