Corporate Governance Report

Last Update: June 25, 2021

Mitsubishi HC Capital Inc.
President & CEO Takahiro Yanai

Securities Code: 8593

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

The corporate governance of Mitsubishi HC Capital Inc. (the "Company") is described below.

I Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

1. Basic Views

For the Company's basic views on corporate governance, please refer to Principle 3.1 (ii) of "Disclosure Based on the Principles of the Corporate Governance Code."

[Reasons for Non-compliance with the Principles of the Corporate Governance Code] Updated

Supplementary Principle 4.1.3

CEO succession plan

Appropriate successor candidates for President, including invitation of outside personnel, are selected by taking into account factors such as detailed knowledge of the financial business, professional reputation and integrity, and ability to make objective judgments regarding management. The Board of Directors, including Outside Directors, holds thorough deliberations based on the proposal made by the current President, which is then proposed at the General Meeting of Shareholders.

Supplementary Principle 4.10.1

Establishment of an independent advisory committee, under the Board on nominations and compensation

The Company established the Governance Committee , consisting of the Outside Directors (including the Directors who are also Audit and Supervisory Committee Members), Representative Directors, and Inside Directors nominated by the Representative Directors, as an advisory body for the Board of Directors. The Governance Committee shall exchange a wide range of opinions on matters regarding the nomination of the Representative Director, President and the compensation of the Directors, enhancement of the effectiveness of the Board of Directors, and other matters regarding the Board of Directors, and it is structured to ensure that the Independent Outside Directors are appropriately involved in, and provide advice on, such matters. The Governance Committee shall continue to permit an appropriate level of involvement by Independent Outside Directors with respect to important matters, including nomination and compensation, and shall make efforts to ensure transparency and fairness in the decision making process.

[Disclosure Based on the Principles of the Corporate Governance Code] Updated

Principle 1.4

Strategic shareholdings (policy of reduction, individual verification, and establishment of standards for exercising voting rights)

Under the corporate policy for enhancing its corporate value, the Company holds listed shares (strategic shareholdings) for purposes other than pure investment (targeting gains primarily through fluctuations in the value of shares and the receipt of dividends), with a view toward developing stable and long-term relationships with business partners and promoting business, along with strengthening such relationships based on capital/business alliances. In its strategic shareholding practice, the Company's basic policy is to sell such strategic shares that are judged no longer reasonable to hold.

Although the method for verifying the rationality of strategic shareholdings differs partially between the former Mitsubishi UFJ Lease & Finance Company Limited ("former Mitsubishi UFJ Lease & Finance) and the former Hitachi Capital Corporation ("former Hitachi Capital"), the rationality of the shareholdings is verified by the respective Board of Directors.

Verification method by the former Mitsubishi UFJ Lease & Finance:

(i) A quantitative evaluation based on factors including the size of business transactions/profit, dividends received, and capital costs;

(ii) A qualitative evaluation of the business activities to date; and,

(iii) Potential business opportunities in the future.

The Board of Directors verifies the rationality of strategic shareholdings effectively by adjusting the focus on each of the items above for each investee in accordance with the significance of the strategic shareholding and the benefits expected therefrom.

Verification method by the former Hitachi Capital:

Quantitative evaluations:

(i) profit/loss and dividends calculated by market value, and

(ii) impairment risk and share price fluctuation risk.

Qualitative evaluations:

(iii) actual performance and situational analysis, in light of the purpose of the shareholding.

The Board of Directors verifies the appropriateness of the strategic shareholdings by comprehensively considering the items above.

The Board of Directors engaged in the process of verification of the adequacy of retaining strategic shareholdings of each such stock, as described below, for the fiscal year ending March 31, 2021.

- Continued shareholding of most of the stocks subject to this verification was found to be reasonable.
- It was confirmed that stocks subject to this verification that were judged no longer reasonable to hold would be sold or subject to sales negotiations.

The Company is dealing appropriately with the exercise of the voting rights of strategically held shares, in light of the aforementioned purposes of strategic shareholding (such as the development of stable and long-term relationships with business partners, as well as the promotion of business).
The Company is dealing with the exercise of voting rights that may affect the enhancement of our corporate value over the medium- to long- term, the corporate value of our business partners, or shareholder interests, after verifying the circumstances and the potential impact with particular care. The Company believes that the exercise of voting rights would have a potential impact on the corporate value and the shareholders' interests in the Company, as well as its business partners, insofar as such an exercise of voting rights concerns the following agendas:

- Agenda on the disposal of surplus
- Agenda on the election of directors and auditors
- Agenda on organizational restructuring, etc.

Hereinafter, the Company shall verify the rationality of the strategic shareholdings by integrating the verification methods of the former Mitsubishi UFJ Lease & Finance and the former Hitachi Capital. Following such verification, strategic shares that are determined to be no longer reasonable to hold shall be subject to the process specified for sales negotiations, and will be sold from time to time.

Principle 1.7

Related party transactions

When the Company engages in transactions with its own Directors or Audit and Supervisory Committee Members and with major shareholders (i.e., related party transactions), it establishes the following systems and procedures to ensure that such transactions do not harm the interests of the Company or the common interests of the shareholders:

- In the Compliance Manual, which compiles the basic policies for promoting compliance by the Group, clauses have been established that clearly prohibit certain transactions, such as those that constitute conflicts of interest, and to eliminate preferential transactions.
- When a transaction takes place between the Company and its Directors or Audit and Supervisory Committee Members, the appropriateness of the terms of the transaction, as well as the method of determination thereof, are deliberated in advance at meetings of the Board of Directors which include Outside Directors before a decision is made.
- In view of the importance of the Company offering credit to major shareholders and to the Company's subsidiaries, when the amount of credit exceeds a certain percentage of total assets, based on the Company's internal rules, the appropriateness of the amount of the credit offering, as well as the method of determination thereof, are deliberated in advance at meetings of the Board of Directors which include Outside Directors before a decision is made regarding such credit offering, as part of the supervision by the Board of Directors.
- Funding from the Company's major shareholders and its subsidiaries is determined and reported at the Board of Directors' and other meetings, in accordance with the decision-making authority set forth in the Company's internal rules.

- Regarding deliberations of the Board of Directors concerning transactions between the Company and a company in which the Company's Director concurrently serves as an officer, the fairness of the deliberations is guaranteed by requesting such Director to recuse from participating in such deliberations.
- The Audit and Supervisory Committee Members and the Accounting Auditor audit the status of transactions between parties related to the Company.

Principle 2.6

Roles of corporate pension funds as asset owners

Currently, the former Mitsubishi UFJ Lease & Finance and the former Hitachi Capital each operate a pension plan respectively, and have constructed the system below so that their corporate pension plans will enhance the investment profession and fulfill the functions expected of an asset owner.

The corporate pension plan of the former Mitsubishi UFJ Lease & Finance defines a policy asset mix of pension assets in order to secure long-term returns, and such assets are managed through appropriately diversified asset allocation, with the aim of ensuring asset management that secures a stable source of benefits in the future.

The former Mitsubishi UFJ Lease & Finance has established the "Basic Policy Concerning the Management of Pension Assets" to address the management of conflicts of interest between the beneficiaries of the corporate pension plan and the Company, with a view toward maximizing the interests of beneficiaries. In particular, in selecting an asset management institution, a rigorous screening is conducted based on evaluations by an evaluation body through "qualitative evaluation, primarily of business operations, reputation in society, and investment policies (stewardship code, policy on ESG initiatives, etc.)" and "quantitative evaluation, primarily of experience and track record in investment and management." A decision is then made based on the opinions of the Asset Management Committee. The members of the Asset Management Committee are selected from among persons with experience in corporate pension work. The selected members develop further knowledge by participating in training sessions and seminars conducted by asset management institutions and other organizations.

The corporate pension plan of the former Hitachi Capital invests the pension assets through the Mitsubishi HC Capital Corporate Pension Fund (the "Fund"). Since the stable investment of the corporate pension reserves will affect the company's own financial status, in addition to ensuring future asset building of the employees, (i) from a personnel perspective, a person who has professional ability and knowledge of the pension investment will be appointed as an investment exercise director, and (ii) from an operations perspective, measures such as monitoring the investment situation will be conducted by the Pension Committee and a Executive Committee established within the Company. Furthermore, the Board of Representatives, which is a decision-making body of the Fund, consisting of the members selected by the business owner and the members selected by a mutual vote of the other participating members, will operate under a system which ensures appropriate management of conflicts of interest between the Company and a participating member who is a beneficiary. The situation of the investment and other operations shall be reported to the participating members regularly.

Principle 3.1(i)

Business plan/business strategy

The Company has established its Corporate Philosophy, which has been disclosed online at the following URLs:

- Corporate Philosophy (https://www.mitsubishi-hc-capital.com/english/corporate/idea/index.html)
- Medium-term Business Plan

Former Mitsubishi UFJ Lease & Finance Company Limited
(https://www.mitsubishi-hc-capital.com/mul/investors/managementplan/index.html (Only in Japanese))
Former Hitachi Capital Corporation
(https://www.mitsubishi-hc-capital.com/hc/2021mtmp/index.html (Only in Japanese))

Principle 3.1(ii)

Basic Views on Corporate Governance

<Basic Views>

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

<Basic Policies>

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

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

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

[Responsibilities of the Board of Directors]
All members of the Board of Directors, including Outside Directors, call upon their experience and insight as they engage in free and open discussions, contributing to active proceedings of the meetings of the Board of Directors. In this manner, they adequately fulfill their duties and responsibilities to achieve the sustainable growth of the

Company, medium- to long-term improvement of its corporate value, and enhancement of its earnings capacity and capital efficiency in an environment that supports appropriate risk-taking.

[Dialogue with shareholders]

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

Principle 3.1(iii)

Policies and Procedures to Determine Compensation of Directors

A policy relating to the Board of Directors' decisions concerning the amount of compensation, etc. of the Directors (except Directors who are Audit and Supervisory Committee Members) has been disclosed in documents such as this Report and Securities Report. Decisions relating to the amount of compensation for each individual have been entrusted entirely to the Representative Director, President, and the fairness of such decisions is guaranteed by determining the amount of compensation based on prescribed standards, providing an advance explanation to the Governance Committee, receiving advice on methods used to determine compensation, and verifying the specific amount to be paid.

Principle 3.1(iv)

Policies and Procedures for Selection and Dismissal of Directors

The Representative Director, President proposes candidates to serve as Directors to the Board of Directors by comprehensively considering knowledge, experience, abilities, and other factors, based on the following selection standards. Furthermore, the Representative Director, President also proposes candidates for Director who are concurrently Audit and Supervisory Committee Members to the Board of Directors, after obtaining approval from the Audit and Supervisory Committee, based on the following selection standards. At the Board of Directors meeting, the Representative Director, President carefully explains the reasons for appointing each candidate to the Board of Directors, and careful deliberations are held.

In addition, if Directors engage in misconduct or material violations of any laws and regulations in the course of execution of business, or if they are found not to meet the selection standards, their dismissal is deliberated carefully and in a timely manner.

[Selection Standards]

1. Directors and Audit and Supervisory Committee Members should be mentally and physically sound enough to execute business.
2. Directors and Audit and Supervisory Committee Members should be persons who are well respected, possess excellent integrity and hold themselves to high ethical standards.
3. Directors and Audit and Supervisory Committee Members should have a law-abiding spirit.
4. Directors and Audit and Supervisory Committee Members should be expected to have the ability to make objective judgments regarding management and have excellent insight and perspicacity.
5. In addition to 1. to 4. above, candidates for Outside Directors should (i) have experience, achievements and knowledge in their fields of specialty, (ii) be able to contribute to the implementation of appropriate decision

making and management supervision of the Board of Directors, and (iii) be expected to set aside time necessary to perform their duties.

6. A candidate for reappointment should have fulfilled the role expected of them during their term of office.

Principle 3.1(v)

Reasons for Selection, Dismissal and Nomination of Directors

The reasons for electing the candidates for Directors and Audit & Supervisory Board Members at the most recent Annual General Meeting of Shareholders are stated in the Notice of Convocation of the General Meeting of Shareholders. For details, please refer to the link below.

During the most recent fiscal year under review, no Directors, Audit & Supervisory Board Members, or Executive Officers have been dismissed.

https://www.mitsubishi-hc-capital.com/mul/investors/meeting/index.html (Only in Japanese)

Supplementary Principle 4.1.1

Disclosure of the scope of delegation to management

The Company establishes important matters that need to be resolved by the Board of Directors, in accordance with the Rules of the Board of Directors, and decisions regarding other matters are delegated to the Executive Directors and made at the Executive Committee. In order to ensure the proper implementation of the Rules of the Board of Directors, standards have been established for items to be submitted to the Board of Directors. Among those matters that need to be resolved by the Board of Directors, as provided in the Rules of the Board of Directors, specific standards requiring a resolution of the Board of Directors have been established for "the disposal of and acceptance of transfer of important assets" such as the buying and selling of receivables and assets, "borrowing of a significant amount" such as borrowings, and "the establishment, revision, or abolition of important internal rules." If specific standards requiring a resolution of the Board of Directors are to be set by reference to monetary amounts, a standard amount is determined based on the amount of total assets.

Principle 4.9

Independence standards for Outside Directors and selection of Outside Directors

Please refer to II 1. "Independent Directors/Audit & Supervisory Board Members" in this report.

Supplementary Principle 4.11.1

Views on the appropriate balance of knowledge, experience and skills, diversity, and size of the Board of Directors as a whole

The Company's Board of Directors consists of Directors from a variety of business categories and industries, and has an appropriate number of members to ensure such diversity.

Each Director is expected to fully demonstrate his skills and abilities, backed by each individual's experience, and to implement management supervision by utilizing his deep insight from a variety of perspectives.

The Company currently has elected two female Directors. In addition, although foreign Directors have not been elected, the Company acknowledges that the Board of Directors has been performing a sufficient supervisory function, as it has elected several Directors who possess a wealth of international business experience, and has received valuable opinions on global business development.

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

Supplementary Principle 4.11.2

Information on Directors and Audit & Supervisory Board Members who have concurrent posts

Regarding the nomination of Director candidates, the Company makes a decision after consideration of the situation surrounding the concurrent posts, and consideration of whether such candidate could sufficiently perform their expected duties as Company Director.

The Company determines whether current Directors put sufficient time and effort into their work to fulfill their respective roles and responsibilities appropriately.

Information on Directors and Audit and Supervisory Committee Members who have concurrent posts has been included in the Business Report posted in the Notice of Convocation of the General Meeting of Shareholders, which can be viewed at the link below:

https://www.mitsubishi-hc-capital.com/mul/investors/meeting/index.html (Only in Japanese)

Supplementary Principle 4.11.3

Evaluation of the Board of Directors and disclosure of the results thereof

(FY 2020)

In an effort to enhance corporate governance, the Company (former Mitsubishi UFJ Lease & Finance) has established the Advisory Council as an advisory body for the Board of Directors, and holds council meetings regularly. The Advisory Council consists of the Representative Directors, full-time Audit & Supervisory Board Members, Outside Directors, and Outside Audit & Supervisory Board Members. At council meetings, a wide range of opinions are exchanged regarding matters related to the Board of Directors. In addition to advice given at council meetings to enhance the effectiveness of the Board of Directors, measures to address any issues identified after the analyses and evaluations of the Company's Board of Directors are examined and implemented for continuous improvement of effectiveness.

In the Board of Directors' evaluations of FY 2020, early provisions of materials for the Board of Directors meeting, several deliberations of important agendas, several revisions of explanations of the agendas (explanations of internal discussion points, systematic explanations, clarification of the directions, etc.), in-depth explanations from the perspective of protecting minor shareholders' profits, and prompt responses to remote meetings under the COVID-19 pandemic, were evaluated.

There were requests and opinions relating to the future, such as increasing opportunities for communications between the Directors and Audit and Supervisory Committee Members in charge of the business division and

Outside Directors and Audit Supervisory Committee Members, and strengthening efforts relating to innovative discussions.
Based on these results, the Company will continue its efforts to improve the effectiveness of the Board of Directors.

(FY 2021 and onwards)
The Company established a Governance Committee as an advisory body for the Board of Directors. The Governance Committee consists of Outside Directors (including Directors who are also Audit and Supervisory Committee Members), Representative Directors, and Inside Directors nominated by the Representative Directors. The Governance Committee will exchange a wide range of opinions on matters regarding the nomination of the President, compensation of the Directors, enhancement of the effectiveness of the Board of Directors, and other matters regarding the Board of Directors, and it will make efforts to enhance the soundness of the Company's management, and the transparency and fairness of the above.

Supplementary Principle 4.14.2

Disclosure of the training policy for Directors and Audit & Supervisory Board Members

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

Supplementary Principle 5.1

Policies for constructive dialogue with shareholders

The Company strives to engage in proactive dialogue with shareholders, with the recognition that conducting transparent and sound management is one of its social responsibilities, while focusing on sustainable growth and enhancement of its medium- to long-term corporate value.
Regarding dialogue with the shareholders, the general manager of the Engagement Department is responsible for coordination, and the Corporate Communications Department and the Governance Control Department serve as the primary point of contact, implementing a system for coordination with the relevant internal departments, such as planning, accounting, and general administration.
The Company takes the following initiatives with the recognition that dialogue with the shareholders is vitally important:

- Financial results briefings are held twice each year, once for second quarter financial results and once for full-year financial results, during which the Company's management provide explanations and also answer any questions that are asked.
- The Company's management, the Corporate Communications Department, and the Governance Control Department conduct individual interviews with domestic and foreign institutional investors, and IR and SR activities, such as participation in briefings and various conferences.

- A page for individual investors has been created on the website, and performance, business details, and management policies are posted in a comprehensible format, and in conjunction with this, the Company participates in IR events and various briefings for individual investors which are organized by securities companies and stock exchanges.

Regarding opinions and concerns expressed in the dialogue with shareholders, the Corporate Communications Department, which serves as the point of contact, promptly provides feedback to the Company's management, as necessary, to ensure the sharing of information.

The Company appropriately and carefully manages insider information, in accordance with the Company's rules for preventing insider trading, and also discloses such information in accordance with the information disclosure policy. The information disclosure policy is disclosed on the Company website:
https://www.mitsubishi-hc-capital.com/english/corporate/csr/index.html

2. Capital Structure

Percentage of Foreign Shareholders Updated	From 10% to less than 20%

[Status of Major Shareholders] Updated

Name / Company Name	Number of Shares Owned (Shares)	Percentage (%)
Mitsubishi Corporation	240,528,696	16.39
Mitsubishi UFJ Financial Group, Inc.	208,345,981	14.20
Hitachi, Ltd.	199,062,180	13.57
MUFG Bank, Ltd.	50,348,620	3.43
The Master Trust Bank of Japan, Ltd. (Trust account)	50,068,510	3.41
Custody Bank of Japan, Ltd. (Trust account)	49,414,500	3.36
Meiji Yasuda Life Insurance Company	31,100,390	2.12
Mitsubishi UFJ Trust and Banking Corporation	28,431,000	1.93
JPMorgan Securities Japan Co., Ltd.	16,750,123	1.14
Custody Bank of Japan, Ltd. (Trust account)	12,364,220	0.84

Controlling Shareholder (Except for Parent Company)	-
Parent Company	-

Supplementary Explanation Updated

The percentage of foreign shareholders and the [Status of Major Shareholders] are stated based on the information regarding shareholders as of April 1, 2021.

Below, the information as of the end of fiscal year ending in March 2021 is stated based on the information of Mitsubishi UFJ Lease & Finance Company Limited, the surviving company of the absorption-type merger.

3. Corporate Attributes

Listed Stock Markets and Market Sections	Tokyo Stock Exchange/First Section, Nagoya Stock Exchange/First Section
Fiscal-Year End	March
Type of Business	Other Financing Business
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales (Consolidated) as of the End of the Previous Fiscal Year	From ¥100 billion to less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 100 to less than 300

4. Policy on Measures to Protect Minority Shareholders when Conducting Transactions with Controlling Shareholder

-

5. Other Special Circumstances which may have Material Impact on Corporate Governance

-

II Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

1. Matters Concerning Organizational Composition and Operation

Organization Form	Company with Audit and Supervisory Committee

[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	22 persons
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Chairman
Number of Directors	15 persons
Appointment of Outside Directors	Appointed
Number of Outside Directors Updated	7 persons
Number of Outside Directors who are designated as Independent Directors	5 persons

Outside Directors' Relationship with the Company (1) Updated

Name	Attribute	Relationship with the Company (*)										
		a	b	c	d	e	f	g	h	i	j	k
Hiroyasu Nakata	Scholar											
Go Watanabe	From another company					△		△	△			
Mitsumasa Icho	From another company							○	○			
Yuri Sasaki	Scholar											
Teruyuki Minoura	From another company								△			
Koichiro Hiraiwa	From another company								△			
Hiroko Kaneko	Scholar											

* Categories for "Relationship with the Company"

* "○" when the Director presently falls within or has recently fallen into the category
"△" when the Director fell within the category in the past

* "●" when a close relative of the Director currently falls within or has recently fallen into the category
"▲" when a close relative of the Director fell into the category in the past

a. Executive of the Company or its subsidiaries

b. Non-executive director or executive of a parent company of the Company

c. Executive of a fellow subsidiary company of the Company

d. A party whose major client or supplier is the Company or an executive thereof

e. Major client or supplier of the Company or an executive thereof

f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company in addition to compensation as a Director/Audit & Supervisory Board Member

g. Major shareholder of the Company (or an executive of the major shareholder if the relevant shareholder is a legal entity)

h. Executive of a client or supplier of the Company (which does not correspond to any of d, e, or f) (the Director himself/herself only)

i. Executive of a company, between which and the Company's Outside Directors/Audit & Supervisory Board Members are mutually appointed (the Director himself/herself only)

j. Executive of a company or organization that receives a donation from the Company (the Director himself/herself only)

k. Other

Outside Directors' Relationship with the Company (2) Updated

Name	Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Hiroyasu Nakata	○	—	Mr. Hiroyasu Nakata has academic expertise as a university professor and possesses deep knowledge of the law. Since he became an Auditor of the Company in 2018, he has utilized this background and contributed to ensuring the sound management of the Company by conducting audits from his neutral and objective perspective. Because he has contributed to appropriate decision-making and supervision of overall management by the Board of Directors as an Outside Director since he became a Director on April 1, 2021, we decided to ask him to continue to assume a Director. We expect him to contribute to appropriate decision-making and supervision of overall management by the Board of Directors as an Outside Director based on his objective perspective, independent from the Company's management team engaged in the execution of business, and also to contribute to the enhancement of the soundness, transparency, and fairness of management by giving advice to the Board of Directors as a member of the Governance Committee. (Reasons for designation as an Independent Director) We have determined that Mr. Hiroyasu Nakata fulfills the independence standards , and has no risk of conflicts of interest with general shareholders, after comprehensively taking into consideration his current status, past career, and other factors. We have therefore designated him as an Independent Director.
Go Watanabe		Previously, Mr. Go Watanabe was a Managing Executive Officer of Mitsubishi UFJ Financial Group, Inc., which is the major shareholder of the Company. He was also a	We newly appointed him a Director as we expect him to contribute to appropriate decision-making and supervision of overall management by the Board of Directors as an Outside Director based on his practical perspective, by utilizing a wealth of management experience at major

		Managing Executive Officer of the Bank of Tokyo-Mitsubishi UFJ, Ltd. (currently MUFG Bank, Ltd.), with which the Company has funding and other financial transactions. He was also a First Senior Vice President of Nidec Corporation. There is a transactional relationship, including lease contracts between Nidec Corporation and the Company, but the amount is less than 1% of the consolidated net sales of Nidec Corporation and the Company for FY2020.	financial institutions and manufacturer in Japan and deep knowledge about domestic and overseas financial business. We expect him to contribute to appropriate decision-making and supervision of overall management by the Board of Directors by utilizing the above knowledge, and also to contribute to the enhancement of the soundness, transparency, and fairness of management by giving advice to the Board of Directors as a member of the Governance Committee.
Mitsumasa Icho		Mr. Mitsumasa Icho is currently an Executive Vice President of Mitsubishi Corporation, a major shareholder of the Company. There is a transactional relationship, including lease contracts between Mitsubishi Corporation and the Company.	Mr. Mitsumasa Icho has a wealth of management experience at a major general trading company in Japan and deep knowledge about the financial business. Since he became a Director of the Company in 2019, he has utilized his background and contributed to appropriate decision-making and supervision of overall management by the Board of Directors based on his practical perspective, therefore we asked him to continue to assume a Director. We expect him to contribute to appropriate decision-making and supervision of overall management by the Board of Directors by utilizing the above knowledge, and also to contribute to the enhancement of the soundness, transparency, and fairness of management by giving advice to the Board of Directors as a member of the Governance Committee.
Yuri Sasaki	○	—	Ms. Yuri Sasaki has utilized an excellent knowledge and wealth of experience as an international finance researcher and a wealth of experience in supervision of the management at Hitachi Capital Corporation, as well as utilizing an academic expertise as a university professor,

			in the management of the Company. Because she has contributed to appropriate decision-making and supervision of overall management by the Board of Directors as an Outside Director since she became a Director on April 1, 2021, we decided to ask him to continue to assume a Director. We expect her to contribute to appropriate decision-making and supervision of overall management by the Board of Directors by utilizing the above knowledge, and also to contribute to the enhancement of the soundness, transparency, and fairness of management by giving advice to the Board of Directors as a member of the Governance Committee. (Reasons for designation as an Independent Director) We have determined that Ms. Yuri Sasaki fulfills the independence standards, and has no risk of conflicts of interest with general shareholders, after comprehensively taking into consideration her current status, past career, and other factors. We have therefore designated her as an Independent Director.
Teruyuki Minoura	○	Previously, Mr. Teruyuki Minoura was an executive of Toyota Boshoku Corporation. There is a transactional relationship, including lease contracts between Toyota Boshoku Corporation and the Company; however, the amount is less than 1% of the consolidated net sales of Toyota Boshoku Corporation and the Company for FY2020.	Mr. Teruyuki Minoura has a wealth of management experience and deep insight gained at major manufacturing companies in Japan. Since he became a Director of the Company in 2013, he has utilized this background and contributed to appropriate decision-making and oversight of overall management by the Board of Directors as an Outside Director based on his objective perspective, independent from the Company's management team engaged in the execution of business. Since he became a Director on April 1, 2021, he has contributed to ensure the sound management of the Company as a Director who is an Audit and Supervisory Committee Member. (Reasons for designation as an Independent Director)

			We have determined that Mr. Teruyuki Minoura fulfills the independence standards, and has no risk of conflicts of interest with general shareholders, after comprehensively taking into consideration his current status, past career, and other factors. We have therefore designated him as an Independent Director.
Koichiro Hiraiwa	○	Previously, Mr. Koichiro Hiraiwa was an executive of THE KYOTO HOTEL, LTD. There is a transactional relationship, including lease contracts between THE KYOTO HOTEL, LTD. and the Company; however, the amount is less than 1% of the net sales of THE KYOTO HOTEL, LTD. and the consolidated net sales of the Company for FY2020.	Mr. Koichiro Hiraiwa has a wealth of knowledge gained through experience at the Bank of Japan and a leading telecommunications company in Japan, and through management of a major hotel. Since he became a director of Hitachi Capital Corporation in 2015 (and the chairman of the board in June 2019), he has utilized this background and contributed to effective operations, appropriate decision-making, and supervision of overall management by the board of directors of Hitachi Capital Corporation based on his objective perspective, independent from Hitachi Capital Corporation's management team engaged in the execution of business. In addition, because he served as the chair of the audit committee of Hitachi Capital Corporation, he has an wealth of experience and achievements in committee audits. Since he became a Director on April 1, 2021, he has contributed to ensure the sound management of the Company as a Director who is an Audit and Supervisory Committee Member. (Reasons for designation as an Independent Director) We have determined that Mr. Koichiro Hiraiwa fulfills the independence standards, and has no risk of conflicts of interest with general shareholders, after comprehensively taking into consideration his current status, past career, and other factors. We have therefore designated him as an Independent Director.
Hiroko Kaneko	○	-	Ms. Hiroko Kaneko has a wealth of experience which was gained as a Partner of a major audit corporation and from her time as a university

			professor. She also has extensive knowledge of accounting as a professional accountant. Since she became an Auditor of the Company in 2020, she has utilized her background and contributed to ensuring the sound management of the Company by conducting audits from her neutral and objective perspective. Since she became a Director on April 1, 2021, she has contributed to ensure the sound management of the Company as a Director who is an Audit and Supervisory Committee Member. (Reasons for designation as an Independent Director) We have determined that Ms. Hiroko Kaneko fulfills the independence standards, and has no risk of conflicts of interest with general shareholders, after comprehensively taking into consideration her current status, past career, and other factors. We have therefore designated her as an Independent Director.

[Audit and Supervisory Committee]

Breakdown of members and attribution of Chairman

	All members	Full-time members	Inside Directors	Outside Directors	Chairman
Audit and Supervisory Committee	5	2	2	3	Inside Director

Directors and employees who should support the duties of the Audit and Supervisory Committee	Appointed.

Matters relating to the independence of the Directors and the employees from the Executive Directors

The Audit and Supervisory Committee was established as an organization with a command and order system that is independent from the executive department, and the appointed employees support the duties of the Audit and Supervisory Committee.

To secure the effectiveness of instructions given by the Audit and Supervisory Committee to such employees, the prior consent of the Audit and Supervisory Committee is necessary for personnel transfers of such employees or disciplinary action against such employees. With respect to the decisions of personnel evaluations or

compensation, etc. relating to such employees, it is necessary to obtain the prior consent of members of the Audit and Supervisory Committee elected by the Audit and Supervisory Committee.

Cooperation between Audit and Supervisory Committee, Financial Auditors, and Internal Audit Department

The Audit and Supervisory Committee cooperates closely with the Accounting Auditor, for example, by regularly holding meetings, receives explanations regarding audit plans and results of audits, and the situation surrounding the internal control audit for the financial report, etc., and proactively exchanges opinions and information.
When the Audit and Supervisory Committee conducts research on the business activities and property of the Company, and performs other audit duties, and the Audit and Supervisory Committee cooperates closely with the internal audit department, for example, by regularly holding meetings, and receives reports regarding audit plans and the circumstances and results of audits.
The Audit and Supervisory Committee acknowledges that strong cooperation between the so-called three-pillars of effective audits, which consist of the Audit and Supervisory Committee's audit, the Financial Auditor's audit, and an internal audit by the internal audit department, is important, and it also conducts improvements and operations to develop a more effective and efficient auditing system.

[Voluntary Establishment of Committees]

Voluntary Establishment of Committee(s) equivalent to the Nominating Committee or the Compensation Committee	Not Established

[Independent Directors]

Number of Independent Directors	5 persons

Other matters relating to Independent Directors

The "Outside Directors' independence decision criteria" prescribed by the Company are as follows:

"Outside Directors' independence decision criteria"

In addition to the requirements for Independent Directors/Auditors set forth by the Financial Instruments Exchanges of Japan, such as the Tokyo Stock Exchange, the Company shall judge independence through confirmation that the candidate has not qualified under any of the following items (1) through (6) at any time in the past three fiscal years, and after consideration as to whether the individual is objectively and substantially independent:

(1) A major shareholder (i.e., a shareholder holding 10% or more of the total voting rights) of the Company or an Executive thereof (Note 1);
(2) An Executive of a lender of the Company that exceeds the Company's standard (Note 2);
(3) An Executive of a business partner of the Company that exceeds the Company's standard (Note 3);
(4) A consultant, attorney-at-law, certified public accountant, or other person who provides professional services, who receives more than 10 million yen per fiscal year in monetary or other assets from the Company, excluding officers' compensation;
(5) A representative partner or partner of the Company's Accounting Auditor;

(6) A person who belongs to an association which receives donations from the Company exceeding a certain amount (Note 4).

Note 1 An Executive refers to an Executive Director, Executive Officer, or other employee.

Note 2 A lender that exceeds the Company's standard refers to a lender from whom the amount the Company has borrowed exceeds 2% of the consolidated total assets of the Company.

Note 3 A business partner that exceeds the Company's standard refers to a business partner whose dealings with the Company have a value equal to more than 2% of the consolidated net sales of the Company or of the relevant business partner;

Note 4 Donations exceeding a certain amount refers to donations exceeding 10 million yen per fiscal year.

Even if a candidate qualifies under any of items (1) through (6) above, if the relevant candidate is judged to be substantially independent and is registered as an Independent Director/Auditor with the Financial Instruments Exchanges of Japan, such as the Tokyo Stock Exchange, the reason for the candidate's qualification(s) shall be explained and disclosed at the time of the candidate's election as an Outside Director or Audit & Supervisory Board Member.

[Incentives]

Implementation of Incentive Policies for Directors	Performance-based compensation plan / stock option plan

Supplementary Explanation

- The Company pays bonuses as single-year performance-based compensation. For details, please refer to II 1. "Disclosure of Policy on Determining Compensation Amounts and Calculation Methods" in "Compensation of Directors" of this report.
- Also, in connection with to the Company's transition into a company with an audit and supervisory committee on April 1, 2021, the Company resolved to grant compensation-type stock options to the Company's directors who are not Audit and Supervisory Committee Members (excluding outside directors and persons who will be subject to taxation outside Japan) at the extraordinary shareholders' meeting held on February 26, 2021.

Recipients of Stock Options	Internal Directors, Other

Supplementary Explanation

The Company introduced the stock compensation-type stock options plan in FY2009, with the aim of further strengthening their morale and motivation to contribute to the continuing improvement of business performance and corporate value over the medium- to long-term through further enhancing the link between the remuneration of the Directors of the Company and the Company's business performance and share value, and the Directors sharing of risks due to share value depreciation, as well as the merits due to share value with the shareholders.

[Compensation of Directors]/[Compensation of Directors/Executive Officers]

Disclosure (of Individual Directors' Compensation)	No disclosure of individual compensation

Supplementary Explanation Updated

(FY2020)

Compensation provided to the Directors (excluding Outside Directors) of the Company (former Mitsubishi UFJ Lease & Finance Company Limited) was 299 million yen (a total of 244 million yen, consisting of base compensation and bonuses, 51 million yen in compensation related to the granting of stock compensation-type stock options, and 3 million yen in non-monetary compensation related to the provision of company housing), while compensation provided to Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members) was 64 million yen. In addition, compensation provided to Outside Directors and Outside Audit & Supervisory Board Members was 75 million yen.

Policy on Determining Compensation Amounts and Calculation Methods Updated	Established

Disclosure of Policy on Determining Compensation Amounts and Calculation Methods

(i) Basic policy

- The Company's officers' compensation is determined by also taking into account officers' incentives, with a view toward increasing corporate value through the execution of business strategies.
- The level of compensation is appropriate with respect to the roles and responsibilities of each officer, and is also based on market levels, from the viewpoints of increasing medium- to long-term corporate value and improving short-term business performance.
- The Company's Board of Directors established the following policy for determining the compensation of individual Directors (excluding persons who are Audit and Supervisory Committee Members) after explaining and obtaining advice at the Governance Committee (attended by Outside Directors (including those who are Audit and Supervisory Committee Members), Representative Directors, and Inside Directors nominated by the Representative Directors), in line with the above basic policy.

(ii) Content of Directors (excluding persons who are Audit and Supervisory Committee Members)' compensation, etc.

(a) Compensation system

- In principle, Directors' (excluding Outside Directors and persons who are Audit and Supervisory Committee Members; hereinafter, the same in (ii)) compensation, etc., consists of base compensation (fixed compensation), annual incentive compensation (performance-based compensation), and medium- to longterm incentive compensation. Regarding annual incentive compensation, cash is paid as bonus, while medium- to long-term incentive compensation is paid through the allotment of stock compensation-type stock options.
- The Company has established a payment ratio for performance-based compensation and non-performancebased compensation, with a view toward maintaining a sound performance-based ratio. In addition, the Company has also established appropriate short-term and medium- to long-term incentive ratios under this compensation system, in order to enhance not only short-term business performance, but also medium- to long-term corporate value.
- Specifically, the ratio of non-performance-based compensation (base compensation and stock compensationtype stock options) to performance-based compensation (bonus) is generally set at 1.3 : 0.3

(the ratio of base compensation to stock compensation-type stock options to bonus is generally set at 1 : 0.3 : 0.3). Using this as the base case, the ratio is determined by taking into account the roles, responsibilities, and other factors with regard to each Director on a comprehensive basis.

- Outside Directors (excluding persons who are Audit and Supervisory Committee Members) are not paid bonus or stock compensation-type stock options, which represent incentive compensation, in order to ensure the effectiveness of their supervisory functions. Accordingly, they are paid only base compensation.

(b) Performance-based compensation

- With respect to bonuses, which are performance-based compensation, financial indicators which is emphasized as the indicators of the Company's growth from the perspective of management strategy is set as a Key Performance Indicator (KPI) for the company-wide performance evaluation, with a view toward clarifying the relationship between business performance and compensation, and the target value uses the net income attributable to owners of the parent, ROE, and OHR, which have been set as the Company's numerical goals.
- The bonus of Representative Directors is fully linked to the company-wide performance evaluation, with the amount to be paid determined within the range of 0% to 150% of the standard amount, based on the level of achievement of the projection for the key performance indicators (KPI) for companywide performance evaluation.
- The bonus of Executive Directors, excluding Representative Directors, is based 70% on the company-wide performance evaluation and 30% on the evaluation of the duties for which each individual is responsible. The amount to be paid based on each evaluation is determined within the range of 0% to 150% of the standard amount.
- For the portion based on the responsible duties, quantitative and qualitative evaluations are conducted by the President who is a representative director, using a standard evaluation sheet, from the perspective of performance and the level of contribution regarding the duties handled by the relevant Executive Director. The purpose is to enhance the incentive of each Director by appropriately evaluating not only the level of achievement of performance targets, but also results, such as the level of contributions, which cannot be evaluated by quantitative means alone.

(c) Non-performance-based compensation

- Stock compensation-type stock options, which represent medium- to long-term incentive compensation, are paid after the number of stock options to be allotted is determined, according to the role and the title of each Director.
- When it is necessary for Directors to reside in an area away from home due to a transfer resulting from a change of duties or base, the Company provides such Directors with appropriate company housing. (The difference between the total rent per month required by the Company to rent company housing and the total company housing rent per month collected from the Directors will be referred to as "non-monetary compensation related to the provision of company housing.")
- The company housing shall be properties of a general and standard level, and the upper limit of rent by title and region shall be established beforehand. The company housing rent to be calculated based on the predetermined rate (when the total rent exceeds the limit, all of the excess amount is added to the amount for collection) shall be collected from Directors as their own expenses.

(d) Policy for when compensation is paid and how payment conditions are decided

- Base compensation is a fixed amount and paid on a predetermined date every month.

- Bonus amounts are decided based on the performance in the previous fiscal year (April to March of the next year) and paid on a date after a General Meeting of Shareholders held in June every year.
- Performance-based stock options are paid in July (payment in advance), after the number of stock options to be allotted to each Director is resolved at the meeting of the Board of Directors in June every year.
- Non-monetary compensation related to the provision of company housing is paid every month, separately from basic compensation.

(iii) Method of determining compensation, etc. for Directors (excluding those who are Audit and Supervisory Committee Members)

- In order to ensure transparency and objectiveness in determining officers' compensation, etc., the Company deliberates on the compensation, etc., at a meeting of the Board of Directors, after providing prior explanations on the details of the compensation, etc., its determination policy, and other relevant matters and receiving advice from the Governance Committee.
- The amount of compensation, etc., to be paid to Directors (excluding those who are Audit and Supervisory Committee Members) has been set at no more than 800 million yen (including 100 million yen for Outside Directors) annually for the sum of base compensation and bonuses, while the amount of compensation, etc., related to the granting of stock compensation-type stock options has been set at no more than 150 million yen annually, and non-monetary compensation related to the provision of company housing at no more than 2 million yen per month, by a resolution of the General Meeting of Shareholders (February 26, 2021). Although the number of Directors (excluding those who are Audit and Supervisory Committee Members) relating to the amount of compensation, etc., was not specified in the relevant resolution of the General Meeting of Shareholders, the number of Directors (excluding those who are Audit and Supervisory Committee Members) at the time of the resolution at said General Meeting of Shareholders becoming effective is 10 (three of whom are Outside Directors, to whom only base compensation is to be paid).
- The Company considers it useful for persons who are well-acquainted with individual operations and the Company's circumstances, to flexibly determine the specific amounts of base compensation and bonuses to be paid, as well as non-monetary compensation related to the provision of company housing based on certain standards, and they are determined at the discretion of the President who serves as Representative Director, within the range of the upper limits approved by resolution of the General Meeting of Shareholders. The individual amounts of compensation are reported to the Governance Committee after the fact and verified. With regard to stock compensation-type stock options, the number of stock options to be allotted to each Director is resolved at the meeting of the Board of Directors.

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

- Directors who are Audit and Supervisory Committee Members are not paid bonuses or stock compensationtype stock options, which represent incentive compensation, from the standpoint of ensuring the fairness of audits. Accordingly, they are paid only base compensation.
- The amount of compensation for Directors who are Audit and Supervisory Committee Members has been set at no more than 200 million yen annually, by a resolution of the General Meeting of Shareholders (February 26, 2021). The amount of compensation for Directors who are Audit and Supervisory Committee Members are determined through consultations of the Audit and Supervisory Committee. Although the number of Directors who are Audit and Supervisory Committee Members relating to the amount of compensation, etc., was not specified in the relevant resolution of the General Meeting of Shareholders,

the number of Directors who are Audit and Supervisory Committee Members at the time of the resolution at said General Meeting of Shareholders becoming effective is five.

[Supporting System for Outside Directors (Outside Audit & Supervisory Board Members)]

- The Governance Control Department and the Audit and Supervisory Committee Office are mainly responsible for duties such as transmitting information and sending documents to Outside Directors.
- As a general rule, documents are sent in advance, with the relevant departments providing prior explanations of particularly important proposals.
- The Audit and Supervisory Committee Office, which assists all Directors who are Audit and Supervisory Committee Members, including Outside Directors, with their duties, has been established to support the Audit and Supervisory Committee.

[Status of retired Presidents & CEOs, etc.]

Names and other details about Advisors or Senior Advisors who are former Presidents & CEOs, etc. Updated

Name	Title	Work performed	Conditions (Full-time/part-time, compensation, etc.)	Date of retirement as CEO, etc.	Term of office
Kazuyoshi Tanaka	Senior Advisor	Activities contributing to the financial world, society, etc. (No involvement in management)	Part time, with compensation	2010/6/29	1 year
Naotaka Obata	Senior Advisor	Activities contributing to the financial world, society, etc. (No involvement in management)	Part time, with compensation	2012/6/28	1 year
Ryuichi Murata	Senior Advisor	Activities contributing to the financial world, society, etc. (No involvement in management)	Part time, with compensation	2017/6/29	1 year
Kazuya Miura	Senior Advisor	Activities contributing to the financial world, society, etc. (No involvement in management)	Part time, with compensation	2019/6/26	1 year
Tadashi Shiraishi	Senior Advisor	Activities contributing to the financial world, society, etc. (No involvement in management)	Part time, with compensation	2021/4/1	1 year

Total number of Advisors or Senior Advisors who are former Presidents & CEOs, etc. Updated	5 persons

Other items

- Following discussions with all Outside Directors and Outside Audit & Supervisory Board Members, the Company abolished the Advisor/Senior Advisor System, and established a new Senior Advisor System, in July 2018.
- Former Chairmen and Presidents of the Company may be appointed as Senior Advisors for purposes of engaging in external activities, such as activities in the financial world and activities to contribute to society.
- In principle, the maximum term of office of a Senior Advisor is six years, with the contract being renewed each year as necessary, based on the status of the activities of the Senior Advisor. However, certain transitional measures may be taken for Advisors/Senior Advisors prior to the transition of the system.
- After the retirement of a Senior Advisor, the title of Honorary Advisor may be used.
- Senior Advisors and Honorary Advisors are not involved in decision-making at the management level, and the Company management does not engage in regular reporting, etc., to Senior Advisors and Honorary Advisors.
- Senior Advisors are paid compensation in amounts corresponding to their duties, while Honorary Advisors serve without compensation.

2. Matters on Functions of Business Execution, Auditing, Oversight, Nominating and Compensation Decisions, etc. (Overview of Current Corporate Governance Systems) Updated

(1) Overview of corporate governance systems

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

(2) Matters concerning the Board of Directors

As a company with an audit and supervisory committee, the Company delegates many business execution decisions to the Executive Committee, a body which will deliberate and decide on important management matters, and expedites the decision-making process, with the aim of strengthening the supervisory functions of the Board of Directors.

In addition, the Company has introduced an executive officer system, in order to further enhance and invigorate the functions of the Board of Directors by clarifying the responsibilities related to the execution of business. The Company has 15 Directors (including seven Outside Directors) and 34 Executive Officers (six of whom concurrently serve as Directors) as of June 29, 2021.

Furthermore, the Company has established the Governance Committee, which is comprised of Outside Directors (including those who are Audit and Supervisory Committee Members), Representative Directors, and Inside Directors nominated by the Representative Directors. It will widely exchange opinions on nomination of the Representative Director, President, matters concerning compensation for Directors, etc., the enhancement of the effectiveness of the Board of Directors, and other matters concerning the Board of Directors, and continue to work on enhancing the soundness, transparency, and fairness of the Company's management.

The records of Board of Directors' meetings held (Mitsubishi UFJ Lease & Finance Company Limited), and other relevant matters in FY2020, are as follows:

In FY2020, the Company's Board of Directors convened regular meetings (9 meetings), and also convened extraordinary meetings on a flexible basis (1 meeting), as necessary, to deliberate and decide on matters required by laws and regulations and the Articles of Incorporation, as well as important management matters. Outside Directors utilize their wealth of management experience to contribute to appropriate decision-making and supervision of management by the Board of Directors, from their respective perspectives.
In FY2020, the Board of Directors deliberated and decided on the Business Integration and other important matters.
Attendance at the Board of Directors meetings by Directors and Audit & Supervisory Board Members in FY2020 was as follows:

Chairman	Tadashi Shiraishi	10/10 times
President & CEO	Takahiro Yanai	10/10 times
Deputy President	Toshimitsu Urabe	10/10 times
Senior Managing Director	Tsuyoshi Nonoguchi	10/10 times
Managing Director	Yoichi Shimoyama	10/10 times
Outside Director	Teruyuki Minoura	10/10 times
Outside Director	Toshio Haigou	9/10 times
Outside Director	Mitsumasa Icho	10/10 times
Outside Director	Naomi Hayashi	9/10 times
Full-time Audit & Supervisory Board Member	Naohito Suzuki	10/10 times
Full-time Audit & Supervisory Board Member	Shuji Miake	10/10 times
Full-time Audit & Supervisory Board Member	Naoki Matsumuro	10/10 times
Outside Audit & Supervisory Board Member	Hiroyasu Nakata	10/10 times
Outside Audit & Supervisory Board Member	Hiroshi Minagawa	10/10 times
Outside Audit & Supervisory Board Member	Hiroko Kaneko	8/8 times*

* Attendance of newly-appointed Directors and Audit & Supervisory Board Members after their election at the General Meeting of Shareholders in June 2020

(3) Matters concerning business execution

The Company establishes important matters that need to be resolved by the Board of Directors, in accordance with the Rules of the Board of Directors, and decisions regarding other matters are delegated to the Executive Directors and made at the Executive Committee. In order to ensure the proper implementation of the Rules of the Board of Directors, standards have been established for items to be submitted to the Board of Directors. Among those matters that need to be resolved by the Board of Directors, as provided in the Rules of the Board of Directors, specific standards requiring a resolution of the Board of Directors have been established for "the disposal of and acceptance of transfer of important assets" such as the buying and selling of receivables and assets, "borrowing of a significant amount" such as borrowings, and "the establishment, revision, or abolition of important internal rules." If specific standards requiring a resolution of the Board of Directors are to be set by reference to monetary amounts, a standard amount is determined based on the amount of total assets.

The Executive Committee, a body which will deliberate and decide on important management matters, is comprised of the Chairman, Representative Director, President, Representative Director, Deputy President, and Executive Officers separately specified by the Representative Director, President. The Committee will

hold discussions and make decisions on important matters, including the business management of the Group, in addition to conducting preliminary considerations of matters that are to be submitted to the Board of Directors to facilitate decision-making by the Board of Directors.

In addition, for timely, appropriate, and smooth provision of information in particular to Outside Directors, the Company establishes the Audit and Supervisory Committee Office to which employees who assist with duties of the Audit and Supervisory Committee, and strives to provide and share information smoothly in cooperation with the Governance Control Department.

(4) Status of the audit

The Company has established the Audit and Supervisory Committee Office, which assists activities of the Audit and Supervisory Committee, and cooperates with the internal audit offices to achieve effective auditing.

The Company's internal audit is implemented by the Internal Audit Department. In order to ensure independence and objectiveness, the Internal Audit Department adopts a structure under which its members do not concurrently perform the operations of the executive division. The Internal Audit Department systematically implements internal audits based on an annual audit plan, and reports the audit results to the Representative Directors. With regard to the divisions subject to audits, the Internal Audit Department identifies detected matters and provides guidance for improvement. By making such divisions report the results of improvement after the audit, the Internal Audit Department ensures the effectiveness of the audit. In addition, the General Manager of the Internal Audit Department builds collaborative relationships with the Audit and Supervisory Committee and the Accounting Auditor as necessary, for example, by exchanging relevant information with these individuals, and works to ensure the efficient implementation of the audit. At the same time, the General Manager attends important meetings of the internal control offices, such as the Risk Management Committee and the Compliance Committee, and exchanges relevant information.

The number of Audit and Supervisory Committee Members stands at five, three of whom are Outside Directors. Audit and Supervisory Committee follows the policies and divisions of duties of auditing which are determined by its resolutions, and communicate with Directors and employees, etc., of the internal audit offices, internal control offices, and other divisions in an effort to collect information and create an appropriate environment for the audit. At the same time, Audit and Supervisory Committee Members attend meetings of the Board of Directors and other important meetings, where they receive reports on the status of the execution of duties from Directors and employees, etc., and ask them for explanations as necessary. They also review important approval-granting documents, etc., and investigate the status of operations and assets at the head office and other major offices and branches. In addition, Audit and Supervisory Committee Members exchange information with the Accounting Auditor, as appropriate, and attend the on-site audits conducted by the Accounting Auditor as necessary. Audit and Supervisory Committee Member Mr. Kishino, Mr. Minoura, and Mr. Hiraiwa have a wealth of management experiences in listed companies and have considerable knowledge regarding corporate management, finance, and accounting. In addition, Mr. Miake, who serves as a full-time auditor of Mitsubishi UFJ Lease & Finance, and Mr. Hiraiwa, who serves as Chairman of the Audit Committee of Hitachi Capital, are well-acquainted with the audit operations in the respective companies.

Ms. Kaneko, who has been involved in accounting audits for many years as a certified public accountant and who is currently a professor at Waseda Graduate School of Accountancy, possesses considerable knowledge regarding finance and accounting.

Accounting audits are implemented in collaboration with the Audit and Supervisory Committee, as well as the internal audit offices, based on the audit contract concluded with Deloitte Touche Tohmatsu LLC, and in conjunction with matters such as the provision of relevant information by the internal control offices.

The certified public accountants that performed the accounting audit operations of the Company in FY2020 were Mr. Hideo Shirata, Mr. Motohiro Shimizu, and Mr. Aki Saito, who are Designated Limited Liability Partners and Engagement Partners of Deloitte Touche Tohmatsu LLC.

In addition, 11 certified public accountants and 18 other staff members were involved in the audit operations above, in the role of assistants.

3. Reasons for Adoption of Current Corporate Governance System

In order to enhance the fairness and transparency of management, strengthen the supervisory functions of the Board of Directors, and enhance corporate governance, the Company adopted the institutional design of a company with an audit and supervisory committee. Also, in order to further enhance corporate governance, the Company has established a voluntary Governance Committee comprised of Outside Directors (including Directors who are Audit and Supervisory Committee Members), Representative Directors, and Inside Directors nominated by the Representative Directors as an advisory body to the Board of Directors concerning material matters such as the nomination of the President and compensation for Directors, and improvement of the effectiveness of the Board of Directors.

III Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Meetings of Shareholders and Ensure the Smooth Exercise of Voting Rights Updated

	Supplementary Explanations
Early Shipping of Notice of Convocation of the General Meeting of Shareholders	The Company strives to ship convocation notices before the statutory deadline. In addition, it discloses the relevant convocation notice on TDnet and its website before the shipping date. When convening the most recent General Meeting of Shareholders, the Company disclosed the Notice of Convocation of the General Meeting of Shareholders on TDnet and its website three days before the shipping date.
Setting Date of General Meeting of Shareholders by Avoiding the Dates on Which Many Companies Hold Meetings	The Company strives to set meeting dates by avoiding the dates on which many companies hold shareholders' meetings. The most recent General Meeting of Shareholders was held on June 25, 2021.
Allowing Electronic Exercise of Voting Rights	The Company permits the exercise of voting rights via the Internet.
Participation in Electronic Voting Platform and Other Measures to Improve the Voting Environment for Institutional Investors	The Company participates in the electronic voting platform operated by ICJ, Inc.
Providing Convocation Notices (Summary) in English	The Notice of Convocation is partially translated into English.
Other	The results of the exercise of voting rights are disclosed, including the number of votes of approval or disapproval, in extraordinary reports.

2. Investor Relations Activities

	Supplementary Explanations	Personal Explanation from the CEO
Preparation and Publication of Disclosure Policy	The Company endeavors to voluntarily and actively disclose information that is deemed to be useful for shareholders and other investors, as well as information that the Company is required to disclose under the rules of stock exchanges or laws and regulations, including the Financial Instruments and Exchange Act, in order to gain the trust and fair evaluation of shareholders and other investors. The Company has established an Information Disclosure Policy based on the basic approach above, and discloses the details of this policy on its website: (https://www.mitsubishihc-capital.com/english/corporate/csr/index.html).	
Regular Investor Briefings for Individual Investors	The Company established pages for individual investors on its website.	No
Regular Investor Briefings for Analysts and Institutional Investors	The President gives a financial results briefings twice per year, after the announcement of the second quarter financial results and the full-year financial results.	Yes
Regular Investor Briefings for Overseas Investors	The Company regularly holds individual meetings with investors in the Americas, Europe, Asia, and other countries.	Yes
Posting of IR Materials on Website	Financial information, press releases, financial results, financial overviews, the Corporate Report, and other IR information are posted on the Company website: (https://www.mitsubishi-hc-capital.com/english/).	
Establishment of IR-Related Division (Person in Charge)	Corporate Communications Department	
Other		

3. Measures to Respect the Position of Stakeholders

	Supplementary Explanations
Establishment of Internal Rules, etc., for Respecting the Position of Stakeholders	Corporate responsibility to stakeholders is clarified in our Corporate Philosophy. This Corporate Philosophy is disclosed on the Company website.
Implementation of Environmental Protection Activities, CSR Activities, etc.	Recognizing that "the leasing business is a business that can make substantial contributions to environmental issues under a system of involvement in products," the Company has developed an environmental management system, in addition to the promotion of eco-friendly management that contributes to the establishment of a recycling-oriented society, through initiatives such as the acquisition of ISO 14001 certification at major offices and branches. Furthermore, each year the Company prepares a Corporate Report and ESG data that present a summary of specific policies and initiatives concerning our CSR (corporate social responsibility) activities, which are disclosed on the Company website.
Development of Policies, etc., on the Provision of Information to Stakeholders	The Company has established a set of regulations for handling information disclosures, regarding disclosure procedures for important management information, in order to carry out swift and impartial disclosure of accurate information related to the Mitsubishi HC Capital Group to stakeholders. In addition, the Information Disclosure Policy sets forth matters such as the objectives and basic approach of our IR activities, as well as standards and methods for information disclosures.
Other	N/A * Included in [Principle 2-4 Ensuring Internal Diversity Including Promotion of the Active Participation of Women].

IV Matters Related to the Internal Control System, etc.

1. Basic Views on Internal Control System and the Progress of System Development Updated

The Company has resolved to use a system for ensuring the propriety of business activities of the company (internal control system), as follows, in accordance with Article 399-13, paragraph (1), (b) and (c) of the Companies Act, as well as relevant laws and regulations.

Hereinafter, "the Group" refers to "the Company and the Company's subsidiaries and affiliates," and "Group companies" refers to "the Company's subsidiaries and affiliates."

In addition, in specifically applying the internal control system to the Group companies, the system will be applied after making appropriate adjustments based on factors such as the business operations, scale, and importance of each Group company.

[System for group management]

The Company shall establish the Mitsubishi HC Capital Group Code of Ethics and Code of Conduct in order to share fundamental values and ethics to be embraced by all members of the Group and reflect them in business.

(1) The Company shall establish management method between the Company and the Group companies, in order to ensure the propriety of the business activities of the Group companies, and establish internal rules to improve the management efficiency and corporate value of the Group as a whole, through the Group carrying out activities with a strong sense of solidarity.

(2) The Company shall receive reports, etc. from the Group companies and conduct management of the Group in line with various internal rules established for the Group management, in adherence to the allocation of duties.

(3) The Company shall establish management and operational methods for internal controls pertaining to the financial reports of the Group, and shall effectively develop and operate the internal controls of the Group as a whole, so that the Company's financial reports will be prepared appropriately, in accordance with the provisions of the Financial Instruments and Exchange Act.

[System for compliance with laws and regulations]

(1) The Company shall establish the Mitsubishi HC Capital Group Code of Ethics and Code of Conduct in order to share fundamental values and ethics to be embraced by all members of the Group and reflect them in business.

(2) The Company shall establish a system for ensuring that the officers and employees of the Group comply with laws and regulations and the Articles of Incorporation, by establishing and disseminating various internal rules and the Compliance Manual.

(3) The Company shall establish the Compliance Committee, which deals with establishment, maintenance, management, etc., of the Group's compliance system, in addition to the Chief Compliance Officer (Head of Risk Management Division), who is responsible for the compliance of the Group, and the Legal & Compliance Department, which is tasked with enforcing compliance. The Group companies shall, if there are any legal risks, etc. intrinsic to the business activities of such company, cooperate with the Company as necessary, and develop an appropriate compliance system.

(4) The Company shall formulate compliance programs (specific plans to ensure that the officers and employees of the Group comply with laws and regulations, etc., including education for the Group's officers and employees) and monitor how the Group's officers and employees are working on those programs.

(5) The Company shall establish the Compliance Hotline System as an internal whistleblowing framework under which the Group's officers, employees, etc., can report to or seek consultations with the Company regarding unfair practices and other conduct.

(6) The Group shall take a resolute stance against anti-social forces, which threaten the peace and stability of civil society, and work to prevent transactions with such forces.

(7) The Company shall be aware of the possibility that funds transacted through the Group may be used for various criminal activities and/or terrorism, and shall work to prevent money laundering.

[Information disclosure system]

(1) The Group shall establish internal rules for appropriately disclosing information regarding decisions and occurrences concerning the Group in a timely manner, in accordance with accounting standards and other relevant laws and regulations. The Group companies shall cooperate with the Company as necessary.

(2) The Company shall establish a Disclosure Committee for deliberating on the appropriateness of information disclosures regarding the Group and the effectiveness of internal controls and procedures related to information disclosures, among other matters.

[Internal audit system]

(1) The Company shall establish internal rules to smoothly and effectively promote audit activities by clarifying procedures for planning, implementing, and reporting internal audits and providing instructions for improvement within the Group.

(2) The Company shall establish the Internal Audit Department as a department in charge of internal audits. The Internal Audit Department shall systematically implement internal audits related to the Group based on an annual audit plan and report the audit results to the Representative Director. The Internal Audit Department shall also identify matters discovered and provide guidance on improvement to the parties subject to audit of the Group. Effectiveness of the audit shall be ensured regarding significant identification of matters discovered and provision of guidance on improvement through having the results of improvements reported to the Manager of the Internal Audit Department of the Company after the audit, and having them reported to the Representative Director by the Internal Audit Department.

(3) The General Manager of the Internal Audit Department of the Company shall build collaborative relationships with the Audit and Supervisory Committee Member of the Company and Auditors and other relevant persons and the Accounting Auditor of the Group companies as necessary, such as by exchanging relevant information with them, and shall work to ensure the efficient implementation of the audit.

[Risk management system]

(1) The Company shall establish internal rules that state, among other matters, the Group's basic policies for risk management and risk management frameworks and operations. The Group companies shall also prepare internal rules that state, among other matters, the risk management frameworks and operations.

(2) The Company shall establish an integrated risk management framework for the Group. The Company shall establish a committee related to the risk management of the Group, an executive officer in charge of risk management, and the Risk Management Department as a department in charge of risk management.

(3) The Company shall report to the Board of Directors on the current status and issues of the risks regarding the overall management of the Group and the responsive measures therefor, etc.

(4) The Group companies shall report to the Company on the current status and issues of the risks regarding the overall management and the responsive measures therefor, etc. The Company shall report the foregoing to the Board of Directors as necessary.

(5) The Company shall classify the major risks of the Group as follows. The Company shall establish internal rules for risk management, including establishment of a risk management framework under each risk management rule, and shall inspect the status of development of such rules.
i) Credit risks ii) Asset risks iii) Investment risks iv) Market risks v) Liquidity risks vi) Country risks vii) Operational risks

(6) The Company shall conduct integrated risk management and operations to (a) contribute to sustainable improvement of corporate value, through ensuring sound management based on an overall understanding of the wide-ranging risks of the Group, and (b) perform its social responsibility as a company to stakeholders including clients, shareholders, employees and communities.

(7) The Company shall provide a basis for the stable recording of returns commensurate with risk, achievement of an appropriate capital structure, and appropriate allocation of resources, primarily by identifying and recognizing, evaluating and measuring, controlling, monitoring, and reporting the risks of the Group in conducting integrated risk management and operations.

(8) The Company shall establish a framework for risk capital management as necessary, with respect to the Group's risks that can be evaluated and measured quantitatively.

(9) The Company shall establish internal rules to ensure the continuation of overall business operations and the restoration of normal functions by clarifying the Group's basic approach to and criteria for responding to crisis events and sharing them with the Group companies, and to establish the systems necessary to minimize the Group's losses. The Group companies shall establish internal rules within each company.

[Framework for ensuring the efficient execution of duties]

(1) The Company shall set management targets for the Group and draw up management plans to manage business based on appropriate methods. The Group companies shall conduct business management based on appropriate methods, based on the Group's management targets and management plans.

(2) The Company shall establish the Executive Committee, to which decisions, etc., regarding certain matters are delegated by the Board of Directors to the president subject to deliberation at the Executive Committee. The Executive Committee will hold discussions and make decisions on important matters, including the business management of the Group, in addition to conducting preliminary considerations of matters that are to be submitted to the Board of Directors to facilitate decision-making by the Board of Directors. In addition, various committees shall be established as advisory bodies for the Executive Committee.

(3) In order to efficiently conduct the execution of duties based on the decisions of the Board of Directors, the Company shall build an employee rank framework, organizational structure, etc., in accordance with the internal rules, and shall assign the execution of duties. The Group companies shall provide appropriate cooperation such as reports to and consultations with the Company on necessary matters pursuant to the internal rules.

[Other matters related to the execution of duties by Directors]

(Framework for ensuring that the execution of duties by Directors complies with laws, regulations, and the articles of incorporation, framework for retention and management of information, and framework for reports to the Company of matters related to the execution of duties by subsidiaries' Directors)

(1) The Company shall establish the Executive Committee to deliberate and decide on important management matters. The Audit and Supervisory Committee Member(s) selected by the Audit and Supervisory Committee shall attend the meeting, confirm the details of the deliberation, and receive reports.

(2) The Company shall clearly define the authority and responsibilities of the Board of Directors and Directors regarding material decision-making matters including compliance management, as well as matters decided at the discretion of the Board of Directors.

(3) The Board of Directors shall receive and confirm reports of material information related to the execution of duties by Executive Directors, and utilize an internal whistleblowing system.

(4) The Company shall retain and manage material documents and other data related to the execution of duties by Directors pursuant to the provisions of the internal rules.

(5) The Company shall request reports of matters related to the execution of duties by Directors of the Group companies pursuant to the provisions of the internal rules.

[Framework concerning employees who assist with duties of the Audit and Supervisory Committee]

(1) The Company shall establish an Audit and Supervisory Committee Office to assist with duties of the Audit and Supervisory Committee.

(2) The Company shall allocate employees to assist with duties of the Audit and Supervisory Committee to the Audit and Supervisory Committee Office.

(3) The above employees shall not be subject to the directions and instructions of Directors excluding Directors who are Audit and Supervisory Committee Members.

(4) When implementing personnel transfers or disciplinary action for the above employees, prior consent of the Audit and Supervisory Committee shall be obtained. When determining performance evaluation, compensation, etc., related to those employees, the prior consent of the Audit and Supervisory Committee Member(s) selected by the Audit and Supervisory Committee shall be obtained.

(5) Executive Directors shall cooperate in developing working environments and other relevant conditions so that the above employees can assist with duties of the Audit and Supervisory Committee smoothly.

[Framework for reporting to the Audit and Supervisory Committee]

(1) Directors, Executive Officers and other relevant executives, and employees must repost the following matters without delay to the Audit and Supervisory Committee or the Audit and Supervisory Committee Member(s) selected by the Audit and Supervisory Committee:
   1. when they discover any facts that are likely to cause significant damage (including loss of credit) to the Company or when significant damage occurs, they shall immediately report that effect (including matters concerning material lawsuits);
   2. the status of whistleblowing through an internal whistleblowing system developed by Directors;
   3. the status of management concerning elimination of transactions, and blocking of relationships, with anti-social forces; and
   4. other matters that the Audit and Supervisory Committee requests to be reported.

(2) Directors, Auditors, and employees of subsidiaries or persons who receive reports from any of those persons must report to the Audit and Supervisory Committee or the Audit and Supervisory Committee Member(s) selected by the Audit and Supervisory Committee without delay, if any of the matters set forth in the preceding paragraph occurs.

(3) The Audit and Supervisory Committee Member(s) selected by the Audit and Supervisory Committee shall cooperate closely with the Auditors of Group companies and other relevant persons, through means such as exchanging information necessary for the execution of duties.

(4) If required by the Audit and Supervisory Committee, Directors, Executive Officers and other relevant executives and employees must attend the Audit and Supervisory Committee meeting and explain matters with necessary materials. In addition, they have a similar duty to explain if required by the Audit and Supervisory Committee Member(s) selected by the Audit and Supervisory Committee.

(5) The Company shall not treat the persons who have made the reports under (1) to the Audit and Supervisory Committee or any Audit and Supervisory Committee Members disadvantageously, just because they made those reports.

(6) The Company shall not treat the persons who have made reports just because they made those reports using an internal whistleblowing system disadvantageously, and the Company shall specify this in the internal rules and fully inform all employees through internal training and on other occasions.

[Matters concerning policies regarding the expenses or liabilities arising from the execution of duties by the Audit and Supervisory Committee Members]

(1) The Audit and Supervisory Committee Office shall promptly process expenses or liabilities when each Audit and Supervisory Committee Member makes requests with respect to the prepayment of expenses and other payments, except in cases where such requested expenses or liabilities are deemed to be clearly unnecessary for the execution of the duties of an Audit and Supervisory Committee Member.

[Other frameworks for ensuring effective audits by the Company's Audit and Supervisory Committee Members]

(1) The Audit and Supervisory Committee should create an opportunity to conduct interviews regularly with Directors and Executive Directors, and employees, concerning the business, and conduct a regular meeting to exchange opinions with the President and Accounting Auditor.

(2) The Audit and Supervisory Committee may request opinions from lawyers, Accounting Auditors, etc. as necessary, for cases that require expertise.

(3) The Audit and Supervisory Committee should receive in advance an audit plan from the Accounting Auditors, and regularly receive an audit implementation report; in addition, it should conduct an interview as necessary, regarding the implementation of audit.

(4) The Audit and Supervisory Committee should make efforts to enhance the effectiveness of the audit, by cooperating with the Internal Audit department and conducting an audit, regularly or in a timely manner, of the offices, etc. including the subsidiary, and by understanding the actual situation.

(5) The employee, who should assist the duties of an Audit and Supervisory Committee Member selected by the Audit and Supervisory Committee and the duties of the Audit and Supervisory Committee, may attend the Executive Committee, committees and other important meetings and make necessary statements thereat, and view important documents.

(6) An Audit and Supervisory Committee Member selected by the Audit and Supervisory Committee should request that the Company and its subsidiaries report on its business, or investigate the situation of the duties and properties, and the Company and its subsidiaries should cooperate therewith.

(7) The personnel of the general manager of the Internal Audit Department should be decided upon prior consultation with the Full-time Audit and Supervisory Committee Member selected by the Audit and Supervisory Committee.

(8) The Internal Audit Department should make a report to the Audit and Supervisory Committee regarding the internal audit plan, internal audit result, and the amendment and abolition of the important rules related to internal audit, and should respond to requests by the Audit and Supervisory Committee in relation to information provision, investigation, and report.

(9) Directors, Executive Directors and employees should provide the necessary cooperation for the execution of duties of the Audit and Supervisory Committee, based on the Audit and Supervisory Committee Regulations, standards for audit, etc. of the Audit and Supervisory Committee, and standards for the Audit and Supervisory Committee to conduct an audit regarding an internal control system.

2. Basic Philosophy on Eliminating Anti-Social Forces and Status of Measures

1. Basic philosophy against anti-social forces

The Group, its entire organization headed by the top management, shall take a resolute stance against antisocial forces, which threaten the peace and stability of civil society, and shall work to end and eliminate any relationships with such forces.

2. Status of implementation of measures to eliminate anti-social forces

(1) Implementation of internal rules

The Group defines elimination of anti-social forces in the Mitsubishi HC Capital Group Code of Ethics and Code of Conduct, and the specific details thereof are stated in the internal rules.

(2) Division in charge of handling anti-social forces

The Group has established a division in charge of handling anti-social forces, and oversees the handling of anti-social forces while collecting and managing information concerning anti-social forces in a centralized manner. Also, persons responsible for preventing unjust demands are allocated to business offices, head office's departments, etc., and handle unjust demands from anti-social forces.

(3) Major specific initiatives to eliminate anti-social forces

(i) The Group vets the counterparty at the time of transactions and regularly.

(ii) Anti-social forces elimination clauses are included in agreements and the terms and conditions of transactions, and maintained in order to eliminate transactions with anti-social forces.

(iii) The Group works closely with outside expert organizations to handle anti-social forces, such as through consultations with the police and lawyers, etc., as necessary.

(4) Implementation of training activities

The Group positions the handling of anti-social forces as a critical compliance matter, and incorporates it into the curriculum of compliance training, which is conducted regularly.

V Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted

Supplementary Explanation

Not applicable.

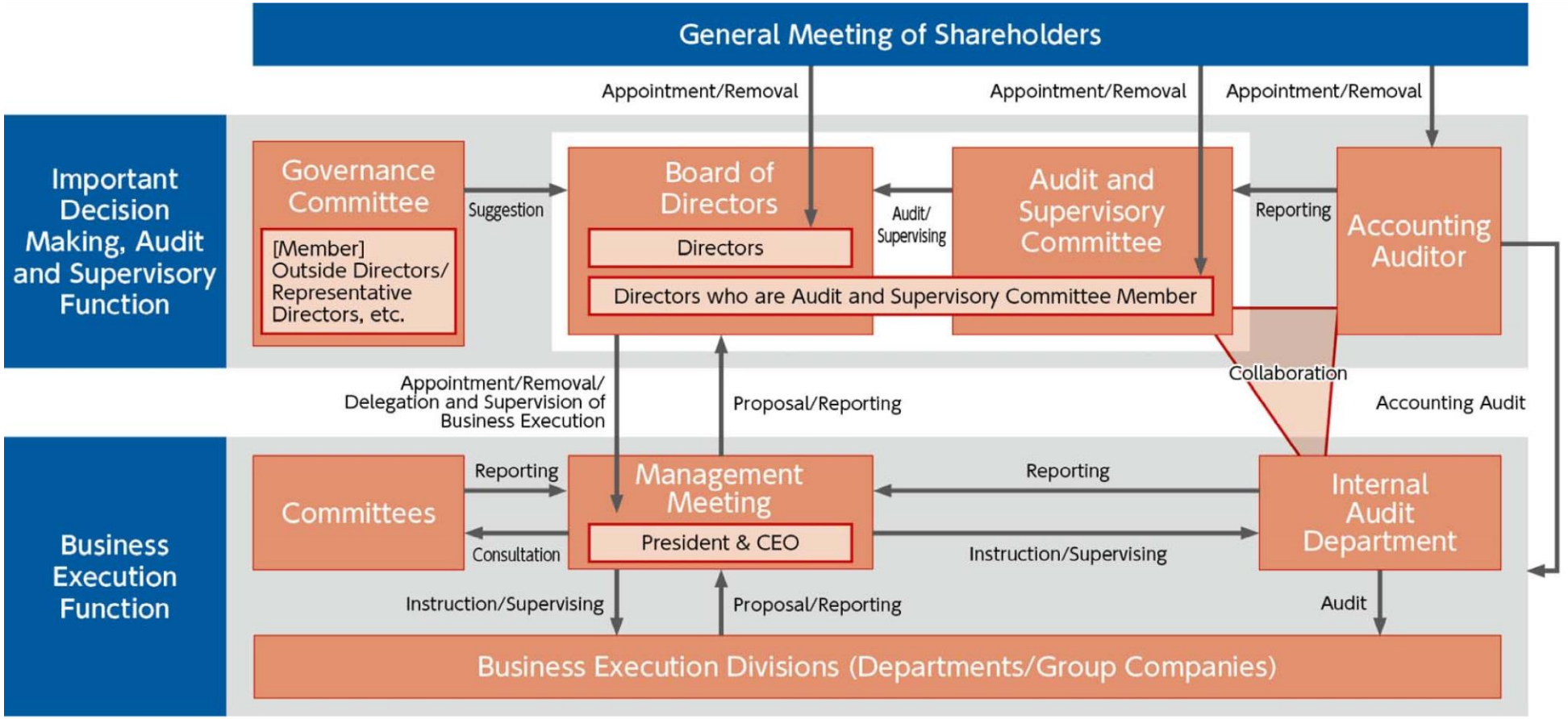
2. Other Matters Concerning Corporate Governance Framework, etc.

The Company strives to promptly disclose material information concerning the Company and each Group Company, etc., while ensuring the accuracy of the details of the disclosure, and discloses material information in a timely and appropriate matter under the following framework:

- With regard to information concerning material decisions, information concerning the occurrence of facts, financial results information, and the like ("Material Information"), the person in charge of management of the division managing such information will report to the department in charge of disclosure.
- Material Information in Group Companies is reported by the department managing the relevant Group companies in a similar manner..

In accordance with the above framework and procedures, the department in charge of disclosure will conduct timely disclosure of perceived information pursuant to internal rules.

The Company strives to prevent insider trading by managing the Material Information properly pursuant to internal rules.


General Meeting of Shareholders
Appointment/Removal
Appointment/Removal
Appointment/Removal
Important Decision Making, Audit and Supervisory Function
Governance Committee
[Member]
Outside Directors/
Representative
Directors, etc.
Suggestion
Board of Directors
Directors
Directors who are Audit and Supervisory Committee Member
Audit/
Supervising
Audit and Supervisory Committee
Reporting
Accounting Auditor
Collaboration
Accounting Audit
Appointment/Removal/
Delegation and Supervision of
Business Execution
Proposal/Reporting
Business Execution Function
Committees
Reporting
Consultation
Management Meeting
President & CEO
Reporting
Instruction/Supervising
Internal Audit Department
Instruction/Supervising
Proposal/Reporting
Audit
Business Execution Divisions (Departments/Group Companies)