Corporate Governance Report

Last Update: October 24, 2024

Mitsubishi HC Capital Inc.

President & CEO Taiju Hisai

Securities Code: 8593

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

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

(For MHC's disclosure based on the principles of the Corporate Governance Code, please refer to [Efforts on the Principles of the Corporate Governance Code.] (page 25)

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

1. Basic Views

While emphasizing initiatives to achieve sustainable corporate growth and a medium-to long-term improvement in corporate value, MHC aspires to contribute to a more prosperous society by respecting the rights and interests of all of its stakeholders—shareholders, customers, local communities, and employees—and fulfilling their trust in the Company.

With the recognition that it is one of its social responsibilities to ensure transparent and sound management, MHC continues to work on initiatives to enhance corporate governance by boosting the activity of the Board of Directors, reinforcing the Audit & Supervisory Committee and the internal audit system, ensuring timely and appropriate disclosures of information, and actively engaging in investor relations (IR) and other activities.

[Basic Policies]

<Fostering Sound Corporate Culture>

In accordance with Our Vision, which guides all of MHC'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, MHC strives to understand the diversity of its various stakeholders including shareholders, customers, local communities, and employees and foster a corporate culture that respects their rights and perspectives and sound corporate ethics.

<Ensuring Appropriate Information Disclosure and Transparency>

MHC conducts proactive and continuous information disclosure in order to be trusted and properly evaluated by each of its stakeholders. It also establishes and appropriately operates internal systems to facilitate the swift and impartial disclosure of accurate information regarding its management policies, business strategies, business activities, financial condition, etc. In addition to the items it is required to disclose pursuant to laws and regulations, it actively and voluntarily discloses non-financial information deemed useful to its stakeholders.

<Ensuring the Rights and Equal Treatment of Shareholders>

MHC takes appropriate steps to ensure that the rights of shareholders are secured and can be exercised effectively and all shareholders including minority shareholders and foreign shareholders are treated equally.

<Constructive Dialogue with Shareholders>

Through events such as General Meeting of Shareholders, financial results briefings, and other domestic and overseas investor relations (IR) events, MHC pursues proactive and constructive dialogue with diverse shareholders. It thereby seeks to gain understanding from shareholders regarding matters such as its business strategies and further enhance corporate governance through dialogue.

<Ensuring Effectiveness 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, supporting appropriate risk-taking. In this manner, they adequately fulfill their duties and

responsibilities to achieve the sustainable growth of MHC, medium-to long-term improvement of its corporate value, and enhancement of its capital efficiency.

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

MHC regards the appropriate development and operation of the corporate governance framework as one of the most important challenges of its management, and has fulfilled all the principles of the Corporate Governance Code. For pages and links to information on the principles stipulated in the Corporate Governance Code, please refer to the [List of Disclosures Based on Corporate Governance Code.] (page 56)

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

For disclosure based on the principles of the Corporate Governance Code,, please refer to [Efforts on the Principles of the Corporate Governance Code.] (Page 25)

Please refer to [Initiatives for Achieving Management with Awareness of Capital Cost and Share Price] [Last updated on May 24, 2024] (page 28) in I-3, “Value Creation Process, Medium-term Management Plan” (Principle 3.1 (i)),” in I. “Basic Management Policy, Management Plan,” and [Status of Dialogues with Shareholders, etc.] (page 52) in V-1, “Policies for the Establishment of Systems and Efforts for Promoting Constructive Dialogue with Stakeholders (Principle 5.1).” in V. “Relationships with Stakeholders.”

2. Capital Structure

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

[Status of Major Shareholders]

Name / Company Name	Number of Shares Owned (Shares)	Percentage (%)
Mitsubishi Corporation	264,044,396	18.37
Mitsubishi UFJ Financial Group, Inc.	208,345,981	14.49
The Master Trust Bank of Japan, Ltd. (Trust account)	125,617,500	8.74
Custody Bank of Japan, Ltd. (Trust account)	65,927,600	4.58
MUFG Bank, Ltd.	50,348,620	3.50
Mitsubishi UFJ Trust and Banking Corporation	28,431,000	1.97
Meiji Yasuda Life Insurance Company	27,990,390	1.94
STATE STREET BANK WEST CLIENT-TREATY 505234	16,345,263	1.13
JP MORGAN CHASE BANK 385632	12,019,701	0.83
Tokio Marine & Nichido Fire Insurance Co., Ltd.	11,419,725	0.79

*Treasury shares are excluded.

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

Supplementary Explanation

3. Corporate Attributes

Listed Stock Markets and Market Sections	Tokyo Stock Exchange/Prime,
Fiscal-Year End	March
Type of Business	Other Financing Business
Number of Employees (Consolidated) as of the end of the Previous Fiscal Year	1,000 or more
Sales (Consolidated) as of the end of the Previous Fiscal Year	¥1 trillion or more
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

There are no special circumstances which have any material impact on the corporate governance of MHC.

Please refer to the below for information regarding the protection of minority stakeholders and Group management.

MHC is an affiliate company to Mitsubishi UFJ Financial Group, Inc. and Mitsubishi Corporation (below, “the two companies”). The two companies are listed on the Prime Market of the Tokyo Stock Exchange. MHC’s policy for maintaining its relationship with and independence from the two companies is as follows.

- MHC and Mitsubishi UFJ Financial Group, Inc., and MHC and Mitsubishi Corporation, regard each other as important strategic partners, and are aiming to increase their corporate value through diverse cooperation.
- MHC makes independent management decisions and executes its business based on its responsibilities as a publicly traded company, and ensures independence in its management.

As of June 25, 2024, one Outside Director of MHC is concurrently serving as Executive Vice President of Mitsubishi Corporation. We expect to utilize this Director’s management experience and extensive knowledge of overall Japanese and international businesses for the Company’s management and effectively utilize advice from them, who has served as a chief of business areas of collaboration between Mitsubishi Corporation and the Company. We deem that this will lead to the improvement of the Company’s corporate value and contribute to the enhancement of the interests of all shareholders, including minority shareholders.

However, if any item of business posing a conflict of interest between Mitsubishi Corporation and the Company is submitted to the Company’s Board of Directors, this Director will participate in neither the resolutions nor the deliberations. In this way, the Company ensures the fairness of its Board of Directors.

Of the Company’s 12 Directors, five are Independent Outside Directors.

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 & 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 (not concurrently serving as the President & CEO)
Number of Directors	12 persons
Appointment of Outside Directors	Appointed
Number of Outside Directors	6 persons
Number of Outside Directors who are designated as Independent Directors	5 persons

Outside Directors' relationships with MHC are as follows.

Outside Directors' Relationships with MHC (1)

Name	Attribute	Relationship with MHC (*)									
		a	b	c	d	e	f	g	h	i	j	k
Yuri Sasaki	Scholar											
Kayoko Kawamura	From another company								△			
Shota Kondo	From another company							○	○			
Hiroyasu Nakata	Scholar											
Hiroko Kaneko	Certified public accountant											
Masayuki Saito	From another company								△			

* **Categories for "Relationship with MHC"**

* **"○" 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 MHC or its subsidiaries

b. Non-executive director or executive of a parent company of MHC

c. Executive of a fellow subsidiary company of MHC

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

e. Major client or supplier of MHC or an executive thereof

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

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

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

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

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

k. Other

Outside Directors' Relationship with MHC (2)

* "Reasons for Appointment" were included in the agenda for the appointment of each Outside Director.

Name	Audit & Supervisory Committee Member	Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Yuri Sasaki		○	-	Because Ms. Sasaki has been contributing to the appropriate decision-making and supervision of overall management by the Board of Directors as an Outside Director by utilizing her academic knowledge as a university professor and excellent knowledge and wealth of experience as an international finance researcher, MHC has reappointed her as a candidate for Director. MHC expects her to contribute to appropriate decision-making and supervision of overall management by the Board of Directors as an Outside Director based on her objective perspective, independent from MHC's management team engaged in the execution of business, and also to contribute to the enhancement of the soundness, transparency, and fairness of management as a member of the Governance Committee, Nomination Committee, and Compensation Committee, based on her knowledge and experience described above. (Reasons for designation as an Independent Director) MHC has determined that Ms. 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. MHC has therefore newly designated her as an Independent Director.
Kayoko Kawamura		○	Previously, Ms. Kawamura was a Director at IBM Japan, Ltd. There is a transactional relationship between IBM Japan and MHC; however, the amount is less than 1% of the consolidated net sales of IBM Japan and MHC for fiscal year 2023.	Ms. Kayoko Kawamura has a wealth of experience and knowledge in DX, having previously served as a systems engineer and head of application development for financial institutions among other positions at IBM Japan, Ltd., and is currently primarily responsible for supporting digital transformation (DX) for client companies. In addition, since she has experience in the management of corporate organizations as a part-time officer, we have determined that she can contribute to appropriate decision-making and supervision of overall management by the Board of Directors as an independent Outside Director and are therefore appointing her as a new candidate for Director.

				We expect her to use her knowledge to advise us on the promotion of DX, one of our important measures, to contribute to appropriate decision-making and supervision of overall management by the Board of Directors as an independent Outside Director from an objective perspective independent of executive management responsible for executing business and to contribute to the improvement of the soundness, transparency, and fairness of the management of the Company as a member of the Governance Committee, Nomination Committee and Compensation Committee. (Reasons for designation as an Independent Director) MHC has determined that Ms. Kawamura 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. MHC has therefore designated her as a new Independent Director.
Shota Kondo			Mr. Kondo is currently an Executive Vice President of Mitsubishi Corporation, which is MHC's major shareholder. There is a transactional relationship, including lease contracts, between Mitsubishi Corporation and MHC.	MHC has newly appointed Mr. Kondo as a candidate for Director because it has determined that he can contribute to the 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 a major general trading company in Japan and deep knowledge of domestic and overseas businesses. As Mr. Kondo concurrently serves as an Executive Vice President of Mitsubishi Corporation, a major shareholder of MHC, he is not designated as an Independent Director. Mitsubishi Corporation is an important business partner for MHC, with whom it can work together to aim for the improvement of corporate value. Among other positions, including overseas assignments in the U.S., he has served as the General Manager of the Natural Gas Group CEO Office and the General Manager of the Corporate Strategy & Planning Dept. Currently, he serves as the Group CEO of the S.L.C. (Smart-Life Creation) Group. MHC expects to utilize Mr. Kondo's management experience and extensive overall knowledge in Japanese and international businesses for MHC's management and effectively utilize his advice as someone who has served as a chief of business areas of collaboration between Mitsubishi Corporation and MHC. MHC has deemed that this will lead to the improvement of MHC's corporate value and contribute to the enhancement of the interests of all shareholders including minority shareholders. Mr. Kondo has indicated his intention to perform his duties as a Director for the benefit of MHC, not for any specific shareholder. If any item of business posing a conflict of interest between Mitsubishi

				Corporation and MHC is submitted to MHC's Board of Directors, he will participate neither in its deliberations or resolution. MHC expects him to use his knowledge to contribute to the appropriate decision-making and supervision of overall management by the Board of Directors as an Outside Director, and also to contribute to the enhancement of the soundness, transparency, and fairness of management as a member of the Governance Committee, the Nomination Committee, and the Compensation thee.
Hiroyasu Nakata	○	○	-	Mr. Nakata is currently contributing to the appropriate decision-making and supervision of overall management by the Board of Directors as a Director who is not an Audit & Supervisory Committee Member. MHC has newly appointed Mr. Nakata as a candidate for Director (Audit & Supervisory Committee Member) because it has determined that he can contribute to the appropriate decision-making and supervision of overall management by the Board of Directors and neutral and objective auditing as an Outside Director by utilizing his knowledge as a legal expert. MHC expects him to contribute to ensuring the soundness of MHC's management as an Outside Director from an objective perspective, independent from the management members who engage in business execution, by utilizing the aforementioned knowledge. MHC also expects him to contribute to the enhancement of the soundness, transparency, and fairness of management as a member of the Governance Committee, Nomination Committee, and Compensation Committee. (Reasons for designation as an Independent Director) MHC has determined that Mr. 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. MHC has therefore designated him as an Independent Director.
Hiroko Kaneko	○	○	-	MHC has reappointed Ms. Kaneko as a candidate for Director (Audit & Supervisory Committee Member) as she has been contributing to the appropriate decision-making and supervision of overall management by the Board of Directors and neutral and objective auditing as an Outside Director by utilizing a wealth of experience as a partner at a major audit corporation and a university professor as well as extensive knowledge of accounting as a professional accountant. MHC expects her to contribute to ensuring the soundness of its management as an Outside Director from an objective perspective, independent from the management members who engage in

				business execution, by utilizing the above knowledge. MHC also expects her to contribute to the enhancement of the soundness, transparency, and fairness of management as a member of the Governance Committee, Nomination Committee, and Compensation Committee. (Reasons for designation as an Independent Director) MHC has determined that Ms. 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. MHC has therefore designated hethe as an Independent Director.
Masayuki Saito	○	○	Previously, Mr. Saito was the Representative Director & Executive Vice President of DIC Corporation, however, the amount of transaction between DIC Corporation and MHC was less than 1% of the consolidated net sales of DIC Corporation and MHC for fiscal year 2023.	MHC reappointed Mr. Saito as a candidate for Director (Audit & Supervisory Committee Member) as has been contributing to the appropriate decision-making and supervision of overall management by the Board of Directors and neutral and objective auditing as an Outside Director by utilizing a wealth of management experience and deep knowledge of treasury and accounting divisions at a major manufacturer in Japan. MHC expects him to contribute to ensuring the soundness of MHC's management as an Outside Director from an objective perspective, independent from the management members who engage in business execution, by utilizing the above knowledge. MHC also expects him to contribute to the enhancement of the soundness, transparency, and fairness of management as a member of the Governance Committee, Nomination Committee, and Compensation Committee. (Reasons for designation as an Independent Director) MHC has determined that Mr. Saito 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. MHC has therefore designated him as an Independent Director.

[Audit & Supervisory Committee]

Breakdown of Members and Attribution of Chairman

	All Members	Full-time Members	Inside Directors	Outside Directors	Chairman
Audit & Supervisory Committee	4	1	1	3	Inside Director

Directors and Employees who should support the Duties of the Audit & Supervisory Committee	Appointed

Matters relating to the Independence of the Directors and the Employees from the Executive Directors

The majority of MHC's Audit & Supervisory Committee members are Independent Outside Directors and thus its independence is secured.

Audit & Supervisory Committee Office was established to support the Audit & Supervisory Committee. The Office is not subject to instructions from business execution divisions, and its appointed employees support the duties of the Audit & Supervisory Committee.

To secure the effectiveness of instructions given by the Audit & Supervisory Committee to such employees, the prior consent of the Audit & 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 remuneration, etc. relating to such employees, it is necessary to obtain the prior consent of the members of the Audit & Supervisory Committee who are selected by the Audit & Supervisory Committee.

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

MHC makes efforts toward the improvement and operation of a system for effective and efficient auditing, while ensuring that each party remains cautious in so-called three-pillar auditing; that is, auditing by the Audit & Supervisory Committee, auditing by the Accounting Auditor, and internal auditing by the Internal Audit Department.

Audit & Supervisory Committee holds monthly meetings in principle with the Accounting Auditor. It closely cooperates with them by receiving reports on the following items and exchanging opinions about matters of common interest.

① Audit plans
② Progress and results of audits
③ Status of priority audit areas
④ Status of internal control concerning financial reports
⑤ Selection of candidates for Key Audit Matters (KAM)
⑥ Accounting Auditor quality management system
⑦ Status of monitoring to ensure independence

The initiatives which were given particular attention by the Audit & Supervisory Committee in its communications with the Accounting Auditor in fiscal year 2023 were as follows.

① Committee received reports on the status of overseas subsidiaries' responses to recognized issues in fiscal year 2022 financial results, the progress of auditing procedures, etc. and exchanged opinions.
② Committee provided the outcomes of discussions held upon on-site audits overseas with local accounting audit teams, and held opinion exchanges.
③ Committee provided requests to the Accounting Auditor which were gained through communication with full-time auditors at domestic Group companies, and held opinion exchanges.

Further, the Audit & Supervisory Committee regularly exchanges information and opinions with the Internal Audit Department in conducting audits. It receives timely and appropriate reports on the following items from the Internal Audit Department and issues instructions as necessary, holds meetings regarding risk awareness, priority audit items, etc., and cooperate with the Department in conducting audits.

① Audit plans
② The status of audits
③ Audit results

In addition, the Audit & Supervisory Committee and the Internal Audit Department collaborated on the following in fiscal year 2023.

① Joint auditing across organizations with set themes
② Internal Audit Department participated in meetings held by Auditing & Supervisory Committee members with auditors at domestic Group companies

③ Full-time Audit & Supervisory Committee members and the Audit & Supervisory Committee Office supported and participated in the Global Audit Conference held by the Internal Audit Department

④ Full-time Audit & Supervisory Committee members participated as observers in internal audit review meetings held by the Internal Audit Department

In the communication between the Internal Audit Department and the Accounting Auditor, the Internal Audit Department provides information to the Accounting Auditor about its internal audit plans, the status and results of audits, and other important items, and both parties exchange opinions on pertinent items.

[Establishment of Voluntary Committees]

Establishment of Voluntary Committee(s) equivalent to a Nominating Committee or Compensation Committee	Established

Status of Establishment of Voluntary Committees, Member Composition, and Attributes of the Chairperson

	Committee	Total Count	Full-time Members	Inside Directors	Outside Directors	External Experts	Other	Chair-person
Audit & Supervisory Committee	Nomination Committee	7	0	1	6	0	0	Inside Director
Voluntary Committee equivalent to Compensation Committee	Compensation Committee	7	0	1	6	0	0	Inside Director

Supplementary Explanation

MHC, based on the understanding that appropriate involvement of Independent Outside Directors is extremely important for resolutions related to nomination and remuneration, has established the Nomination Committee and Compensation Committee, of which Independent Outside Directors comprise the majority.
The Nomination Committee discusses the appointment of Directors, the succession plan for the Representative Director, President & CEO, knowledge, experience, skills, etc. that the Directors should have, and other matters.
The Compensation Committee regularly monitor the Directors' remuneration system of MHC in comparison with the market standard by using an external specialized agency, and discusses policies, etc. concerning the systems, standards, etc. for Directors' remuneration.
The members and the chairperson of each committee shall be selected by the Board of Directors, and items discussed in the committees shall be resolved by a majority of committee members in attendance. It is stipulated in internal rules that the Board of Directors shall make decisions in deference to decisions made by the committees.
Furthermore, MHC has established the Governance Committee which serves as an advisory body for the Board of Directors in order to extensively exchange opinions on the improvement of effectiveness of the Board of Directors and other matters related to the Board of Directors, etc. The Committee is working to increase the soundness, transparency, and fairness of MHC's management.

For the status of each committee's activities, please refer to [Status of Activities of the Board of Directors, Audit & Supervisory Committee, and Other Committees (Frequency of Meetings, Specific Discussion Items, Attendance of Directors and Committee Members)] (page 36).

[Independent Directors]

Number of Independent Directors	5 persons

Other Matters Relating to Independent Directors

“Outside Directors’ Independence Decision Criteria” prescribed by MHC are as follows:

■ “Outside Directors’ Independence Decision Criteria”

MHC shall judge the independence of Outside Directors by confirming if they fall under any of the following items (1) through (6) at any time in the past three fiscal years, and considering if the individual is independent objectively and substantially from multiple perspectives, assuming that they are meeting the requirements of Independent Directors/Auditors specified by financial instruments exchanges in Japan, such as the Tokyo Stock Exchange.

(1) A major shareholder (i.e., a shareholder holding 10% or more of the total voting rights) of MHC or an Executive thereof (Note 1);

(2) An Executive of a lender of MHC that exceeds MHC’s standard (Note 2);

(3) An Executive of a business partner of MHC that exceeds MHC’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 MHC, excluding officers’ remuneration;

(5) A representative partner or partner of MHC’s Accounting Auditor;

(6) A person who belongs to an association which receives donations from MHC 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 MHC’s standard refers to a lender from whom the amount MHC has borrowed exceeds 2% of the consolidated total assets of MHC.

(Note 3) A business partner that exceeds MHC’s standard refers to a business partner whose dealings with MHC have a value equal to more than 2% of the consolidated net sales of MHC 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 there are special circumstances to designate the relevant candidate as an Independent Director/Auditor and he/she is judged to be substantially independent, and is to be registered as an Independent Director/Auditor with a financial instruments exchange in Japan, such as the Tokyo Stock Exchange, the reason for the candidate’s eligibility shall be explained and disclosed at the time of registration and in the reference documents for a general shareholders meeting concerning the agenda of the election of the candidate as an Outside Director or Audit & Supervisory Committee Member.

[Incentives]

Implementation of Incentive Policies for Directors	Performance-based compensation plan

Supplementary Explanation

MHC provides bonuses to Directors as short-term incentive compensation (performance-based monetary compensation) and MHC shares, etc. as medium- to long-term incentive compensation (performance-based stock compensation).

In fiscal year 2023, MHC newly introduced the BIP (Board Incentive Plan) trust, which is closely linked to the medium- to long-term performance of MHC and high in both transparency and objectivity, in place of its former stock compensation system, the stock option system. The BIP trust is intended to further increase Directors' willingness to contribute to expanding MHC’s corporate value over the medium- to long-term, and to share the benefits and risks of stock price fluctuations with shareholders.

For details, please refer to III-6. “Policies and Procedures for Determining Remuneration of Directors and Management Members (principle 3.1 (iii))” (page 43) in III. “Remuneration of Directors and Management Members in “Efforts on the Principles of the Corporate Governance Code.”

Recipients of Stock Option	-

Supplementary Explanation

-

[Remuneration of Directors]

Disclosure (of Individual Directors' Remuneration)	Individual remuneration is partially disclosed

* Only Directors whose remuneration, etc. is 100 million yen or more in total are described here.

Supplementary Explanation

(1) Total Amount of Remuneration, etc. for Each Director Category, Total Amount of Remuneration, etc. by Remuneration Type, and the Number of Applicable Directors (Fiscal year 2023)

① Directors who are not Audit & Supervisory Committee Members (excluding Outside Directors): 422 million yen in total/6 Directors

(Breakdown) Base remuneration: 298 million yen
Bonus: 55 million yen
Stock compensation: 68 million yen

② Directors who are Audit & Supervisory Committee Members (excluding Outside Directors): 49 million yen in total (base remuneration only)/1 Directors

③ Outside Directors: 91 million yen in total (base remuneration only)/7 Directors

(2) Total Amount of Remuneration, etc. by Director (Fiscal year 2023)

① Taiju Hisai (Representative Director, President & CEO) Total amount of remuneration, etc.: 123 million yen

(Breakdown) Base remuneration: 74 million yen
Bonus: 21 million yen
Stock compensation: 27 million yen

Policy on determining Remuneration Amounts and Calculation Manners	Established

Disclosure of Policy on determining Remuneration Amounts and Calculation Manners

(1) Basic Policy

- MHC's officers' remuneration 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 remuneration 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.

(2) Remuneration System for Directors

- In principle, Executive Directors' remuneration, etc., consists of base remuneration, short-term incentive compensation (performance-based monetary compensation), and medium-to long-term incentive compensation (performance-based stock compensation). As short-term incentive compensation, cash is paid as a bonus, while medium-to long-term incentive compensation is paid as provision of MHC's shares, etc. in a trust framework.
- With a view toward maintaining a sound performance-based ratio, the ratio of fixed remuneration (base remuneration) to floating compensation (bonus and stock compensation) is generally set at 1:0.6 (the ratio of base remuneration to bonus to stock compensation is generally set at 1:0.3:0.3).
- Bonuses and stock compensation, which represent incentive compensation, are not paid to non-executive directors excluding persons who are Audit & Supervisory Committee Members) from the standpoint of ensuring the effectiveness of their supervisory functions, and to Directors who are Audit & Supervisory Committee members from the standpoint of ensuring the fairness of audits.

For details, please refer to III-6. “Policies and Procedures for determining Remuneration of Directors and Management Members (principle 3.1 (iii))” (page 43) in III. “Remuneration of Directors and Management Members” in [Efforts on the Principles of the Corporate Governance Code.]

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

- The General Affairs Department and the Audit & 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 & Supervisory Committee Office, which assists all Directors who are Audit & Supervisory Committee Members, including Outside Directors, with their duties, has been established to support the Audit & Supervisory Committee.
- Each year, all Directors conduct a review and evaluation of the Board of Directors over the previous year. In addition, discussions attended only by Independent Outside Directors are held regularly, and in the event that an issue, etc. is raised there, it will be appropriately responded to and improved.

[Status of Retired Presidents & CEOs, etc.]

Names and Other Details about Advisors or Senior Advisors Who Are Former Presidents & CEOs, etc.

Name	Title	Work Performed	Conditions (Full-time/Part-time, Remuneration, etc.)	Date of Retirement as CEO, etc.	Term of Office
Ryuichi Murata	Senior Advisor	Activities contributing to the financial world, society, etc. (No involvement in management)	Part time, with remuneration	2017/6/29	1 year
Tadashi Shiraishi	Senior Advisor	Activities contributing to the financial world, society, etc. (No involvement in management)	Part time, with remuneration	2021/4/1	1 year
Seiji Kawabe	Senior Advisor	Activities contributing to the financial world, society, etc. (No involvement in management)	Part time, with remuneration	2023/3/31	1 year

Total Number of Advisors or Senior Advisors who are Former Presidents & CEOs, etc.	3 persons

Other Items

- MHC abolished the Advisor/Senior Advisor System, and established a new Senior Advisor System, in July 2018.
- Former Chairmen and Presidents of MHC 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. Senior Advisors are not involved in decision-making at the management level, and MHC management does not engage in regular reporting, etc. to Senior Advisors.
- Senior Advisors are appointed at the Nomination Committee, and their contract periods are renewed as necessary based on the deliberation of the status of the activities of each Senior Advisor along with the amount of their remuneration. However, the maximum term of office of a Senior Advisor is three years. (In April 2023, the maximum term was revised from six years to three years and certain transitional measures may be taken for Senior Advisors whom this change effects)

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

MHC is a company with an audit & supervisory committee, and has established a Board of Directors to be responsible for important decision-making and supervisory functions, and an Audit & Supervisory Committee to be responsible for audit and supervisory functions.

In order to further enhance its corporate governance, MHC has also established a Nomination Committee and a Compensation Committee to serve as advisory bodies to designate the President & CEO and determine the remuneration, etc. of Directors. Further, MHC has established a Governance Committee to serve as an advisory body to the Board of Directors regarding improving the Board's effectiveness, etc., and comprises Outside Directors and Representative Director, etc.

Alongside adopting an executive officer system, MHC has established an Executive Committee to serve as a body for deliberation and decision-making on important management matters.

For an overview of each of these bodies and the status of their activities, etc., please refer to II-3. "Overview of Each Organization, Status of Activities, etc. (page 33) in II. "Structure and Effectiveness of the Board of Directors" in [Efforts on the Principles of the Corporate Governance Code.]

3. Reasons for Adoption of Current Corporate Governance System

In order to enhance the transparency and fairness of management, strengthen the supervisory functions of the Board of Directors, and enhance corporate governance, MHC adopted the institutional design of a company with an audit & supervisory committee.

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

	Supplementary Explanations
Early Shipping of Notice of Convocation of the General Meeting of Shareholders	-
Setting Date of General Meeting of Shareholders by avoiding the Dates on which many Companies hold Meetings	MHC 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, 2024.
Allowing Electronic Exercise of Voting Rights	MHC 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	MHC participates in the electronic voting platform operated by ICJ, Inc.
Providing Convocation Notices (Summary) in English	The Notice of Convocation is translated into English, and MHC disclosed the notice in Japanese and English on TDnet and its website on May 31, 2024.
Other	・MHC discloses convocation notices on TDnet, its website, etc. before the date they are sent. The convocation notice for the recent ordinary General Meeting of Shareholders (Japanese version) was disclosed on TDnet and MHC's website 13 days prior to the date of shipping (May 24, 2024). ・In addition to receiving questions on the website exclusively for shareholders before the meeting, MHC held a virtual and hybrid meeting of shareholders (participatory meeting) and the movie of the General Meeting of Shareholders is planned to be distributed (on demand). ・A sign language interpreter was present at the venue in order for more shareholders to participate and have deeper understanding of MHC. The sign language interpretation was distributed simultaneously, and subtitles will be added to on-demand distribution. ・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	・MHC voluntarily and actively discloses information that is deemed to be useful for shareholders and other investors, as well as information that MHC 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. ・MHC discloses its Information Disclosure Policy at the link provided below:	-

	https://www.mitsubishi-hc-capital.com/english/sustainability/various_policies.html	
Regular Briefings for Individual Investors	・MHC participates in IR events held by securities exchanges and securities companies targeting at individual investors, and explains about its business activities, performance, etc. ・MHC provides the videos for financial results briefings and webinars for private investors, financial results materials with scripts, scripts of Q&A sessions of financial results briefings, and others on the corporate website. https://www.mitsubishi-hc-capital.com/english/investors/index.html	No
Regular Briefings for Analysts and Institutional Investors	・President & CEO, etc. gives briefings twice per year regarding the second quarter financial results and the full-year financial results. ・Company holds small meetings between securities analysts and the President & CEO, etc. ・MHC regularly holds individual interviews between domestic institutional investors and the President & CEO, etc.	Yes
Regular Briefings for Overseas Investors	・MHC regularly holds individual interviews between institutional investors in the Americas, Europe, Asia, and other countries and the President & CEO, etc. ・MHC participates in various conferences held by securities companies and holds individual interviews with overseas institutional investors.	Yes
Posting of IR Materials on Website	Financial information, financial results, financial overview materials, Integrated Report, Investors' Guide, and other IR information in Japanese and English are posted on MHC's website: https://www.mitsubishi-hc-capital.com/english/	-
Establishment of IR-related Division (Person in Charge)	Corporate Communications Department	-
Other	Throughout the year, the staff in charge of IR hold individual interviews with domestic and overseas analysists and institutional investors (excluding quiet periods).	-

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 MHC's Our Vision. For Our Vision, please refer to MHC's website. https://www.mitsubishi-hc-capital.com/english/corporate/idea/index.html
Implementation of Environmental Protection Activities, CSR Activities, etc.	・MHC established the Social Contribution Activity Policy in 2021. With a focus on the environment, human development, welfare and health, safety and security, and regional contribution, MHC, as a corporate citizen, proactively and continuously engages in activities contributing to solving regional issues, such as charity and volunteer activities around the world. ・For the MHC Group's social contribution activities, please refer to MHC's website. Together with Local Communities: https://www.mitsubishi-hc-capital.com/english/sustainability/social/community_and_society.html

	ESG Data: https://www.mitsubishi-hc-capital.com/pdf/english/investors2/library/various-reports/esg_en_2023.pdf
Development of Policies, etc., on the Provision of Information to Stakeholders	・MHC 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 MHC Group to stakeholders. ・The Information Disclosure Policy sets forth matters such as the objectives and basic approach of MHC's IR activities, as well as standards and manner for information disclosures.

IV Matters related to the Internal Control System, etc.

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

MHC 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 “MHC and MHC’s subsidiaries and affiliates,” and “Group companies” refers to “MHC’s subsidiaries and affiliates.”

In addition, the internal control system shall be applied to each Group company by making appropriate adjustments based on factors such as the business operations, scale, and importance of each Group company.

[System for Group Management]

(1) MHC 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) MHC shall establish management manner between MHC 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 unity.

(3) MHC shall require the Group companies to request prior approval or consultation or to provide reports regarding important management matters in line with internal rules in order to manage the Group appropriately. Thus, MHC shall manage the Group companies with responsible departments giving approval, implementing consultation, etc. in adherence to the allocation of duties.

(4) MHC shall establish management and operational manners 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 MHC’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) MHC 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) MHC 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 announcing internal rules and the Compliance Manual.

(3) MHC 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. inherent to the business activities of such company, cooperate with MHC as necessary, and develop an appropriate compliance system.

(4) MHC 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) MHC 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 MHC regarding unfair practices and other conduct. MHC shall not treat disadvantageously persons who have made reports merely because they made those reports using an internal whistleblowing system. MHC shall clarify this in its internal rules, etc. and fully inform all officers and employees through internal training and on other occasions.

(6) 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) MHC 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 MHC as necessary.

(2) MHC 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) MHC 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) MHC 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, Board of Directors, and Audit & Supervisory Committee. With regard to findings that require improvement, for which guidance was provided to the departments subject to audits (important findings), those departments, after taking improvement measures, are made to report the results to the General Manager of the Internal Audit Department. The results for important findings are to be reported by the Internal Audit Department to the Representative Director, in order to ensure the effectiveness of the audit.

(3) The General Manager of the Internal Audit Department of MHC shall build collaborative relationships with MHC's Audit & Supervisory Committee, and the auditors and accounting auditors of the Group companies on a regular basis and as necessary, such as by exchanging relevant information with them, and shall work to ensure the efficient implementation of the audit.

[Risk Management System]

<Company-wide Risk Management>

(1) MHC shall establish the company-wide risk management system that is based on the policy of taking risks within the controlled scope decided by the Executive Committee, the Board of Directors and other arms through overall understanding of the wide-ranging risks of the Group and sufficient consideration of potential risks estimated along with new operations. The company-wide risk management aims to ensure sound management and contribute to sustainable improvement of corporate value, while performing its social responsibility as a company to stakeholders including clients, shareholders, employees and communities.

(2) MHC shall establish a base for the stable recording of returns corresponding to risk, achievement of an appropriate capital structure, and appropriate allocation of resources, by identifying and recognizing, evaluating and measuring, controlling, monitoring, and reporting the risks of the Group as well as conducting integrated risk management and ongoing operations.

(3) MHC shall classify the major risks of the Group as follows according to the characteristics of its businesses, operations, etc., and establish risk management manners, operations, and the like.

i) Credit risks ii) Asset risks iii) Investment risks iv) Market risks v) Liquidity risks vi) Country risks vii) Operational risks

(4) Group companies shall understand the Group's overall risks that can be reasonably evaluated and measured quantitatively. MHC shall discuss risk capital management as necessary and on a regular basis and take actions for its implementation, monitoring, etc.

(5) MHC 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.

(6) MHC shall establish an executive officer and a department in charge of company-wide risk management respectively and hold the Risk Management Committee meetings related to the integrated risk management of the Group as necessary and on a regular basis. The report to the Risk Management Committee shall be made on major risks of the Group's business, and other risk management related matters concerning financial market, liquidity, compliance, system, IT and others provided from the committees and internal auditing.

(7) MHC shall request the Group companies to report important risk-related matters and compile information that is necessary for the company-wide risk management. Then the report shall be made to the Board of Directors on the current situation, issues and measures to be taken as necessary, etc. and the Board of Directors shall supervise the integrated risk management and operations.

<Crisis Management>

(1) MHC shall clarify the Group's basic approach to and criteria for responding to crisis events and sharing them with the Group companies in order to prepare for situations such as huge financial losses, loss of credibility, excessive delay or prolonged suspension of business at the Group. Also, MHC shall establish the systems necessary to ensure the continuation of overall business operations, perform its social responsibility and minimize the Group's losses and the restoration of normal functions.

(2) MHC shall, during normal times, designate departments to respond to potential emergency events according to its nature and establish a response system according to risk stage. MHC shall establish internal rules that are necessary in an emergency for information collection, internal collaboration and implementation of measures for business continuation and recovery. The Group companies shall establish consistent with internal rules within each company.

[Framework for ensuring the Efficient Execution of Duties]

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

(2) MHC shall establish the Executive Committee, a body which will deliberate and decide on important matters, and the Board of Directors shall delegate the business execution decisions to the Executive Committee in an appropriate manner. The Executive Committee will hold discussions and make decisions on important matters, including the business management of the Group, in addition to conducting preliminary deliberations 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, MHC shall build an 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 MHC 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 MHC of matters related to the execution of duties by subsidiaries' directors)

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

(2) MHC 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) 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 through reports made at the Compliance Committee, etc.

(4) MHC 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) MHC shall request application for prior approval or consultation, provision of reports, etc. regarding 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 & Supervisory Committee]

(1) MHC shall establish an Audit & Supervisory Committee Office to assist with duties of the Audit & Supervisory Committee.

(2) MHC shall allocate employees to assist with duties of the Audit & Supervisory Committee to the Audit & Supervisory Committee Office.

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

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

[Framework for reporting to the Audit & Supervisory Committee]

(1) Directors, Executive Officers and other relevant executives, and employees must report the following matters without delay to the Audit & Supervisory Committee or the Audit & Supervisory Committee Member(s) selected by the Audit & Supervisory Committee:

① when they discover any facts that are likely to cause significant damage (including loss of credit) to MHC or when significant damage occurs, they shall immediately report that effect (including matters concerning material lawsuits);

② the status of whistleblowing through an internal whistleblowing system developed by Directors;

③ the status of management concerning elimination of transactions, and blocking of relationships, with anti-social forces; and

④ other matters that the Audit & Supervisory Committee requests to be reported.

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

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

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

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

[Matters concerning Policies regarding the Expenses or Liabilities arising from the Execution of Duties by the Audit & Supervisory Committee Members]

(1) The Audit & Supervisory Committee Office shall promptly process expenses or liabilities when each Audit & 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 & Supervisory Committee Member.

[Other Frameworks for ensuring Effective Audits by MHC's Audit & Supervisory Committee Members]

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

(2) The Audit & Supervisory Committee may request opinions from lawyers, accounting auditors, etc. as necessary, for cases that require expertise.

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

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

(5) An employee who is selected by the Audit & Supervisory Committee to assist the duties of an Audit & Supervisory Committee Member and the duties of the Audit & Supervisory Committee may attend the Executive Committee, committees and other important meetings and make necessary statements at such places, and view important documents.

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

(7) Personnel affairs of the General Manager of the Internal Audit Department should be decided upon prior consultation with the Audit & Supervisory Committee Member selected by the Audit & Supervisory Committee.

(8) Internal Audit Department should make a report to the Audit & 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 & Supervisory Committee in relation to information provision, investigation, and report.

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

2. Basic Philosophy on eliminating Anti-social Forces and Status of Measures

(1) Basic Philosophy against Anti-social Forces

The Group has established a basic policy on anti-social elements, with the aim of securing social order and maintaining public trust. With all officers and employees abiding by these policies, we shall keep off and refuse any connection with anti-social elements.

(2) Status of Implementation of Measures to Eliminate Anti-social Forces

① Implementation of internal rules

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

② Division in charge of Handling Anti-social Forces and Persons Responsible for preventing Unfair Demands

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 unfair demands are allocated to the head office and each office in order to take a resolute stance against unfair demands from anti-social forces.

③ Specific Initiatives to eliminate Anti-social Forces

(a) The Group confirms information about anti-social forces at the time of transactions and on a regular basis.

(b) Anti-social forces elimination clauses are included in agreements and the terms and conditions of transactions.

(c) 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

Group conducts training activities regularly, positioning the handling of anti-social forces as a critical compliance matter.

(Links)

Mitsubishi HC Capital Group Code of Ethics

https://www.mitsubishi-hc-capital.com/pdf/english/sustainability/various_policies/ethics.pdf

Basic Policy on Anti-social Elements

https://www.mitsubishi-hc-capital.com/pdf/english/sustainability/various_policies/antisocial.pdf

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.

■ Corporate Governance Framework including the Overview of the Internal Control System

Please refer to the figure on the next page.

■ Overview of the Information Disclosure System

MHC stipulates in its information disclosure policy that it strives to conduct proactive and continuous information disclosure in order to be trusted and properly evaluated by its diverse stakeholders including shareholders and investors. MHC's information disclosure policy is released on its website.
https://www.mitsubishi-hc-capital.com/english/sustainability/various_policies.html

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

MHC also strives to prevent insider trading by appropriately and carefully managing insider information based on internal rules.

(1) Internal Rules regarding Timely Disclosure

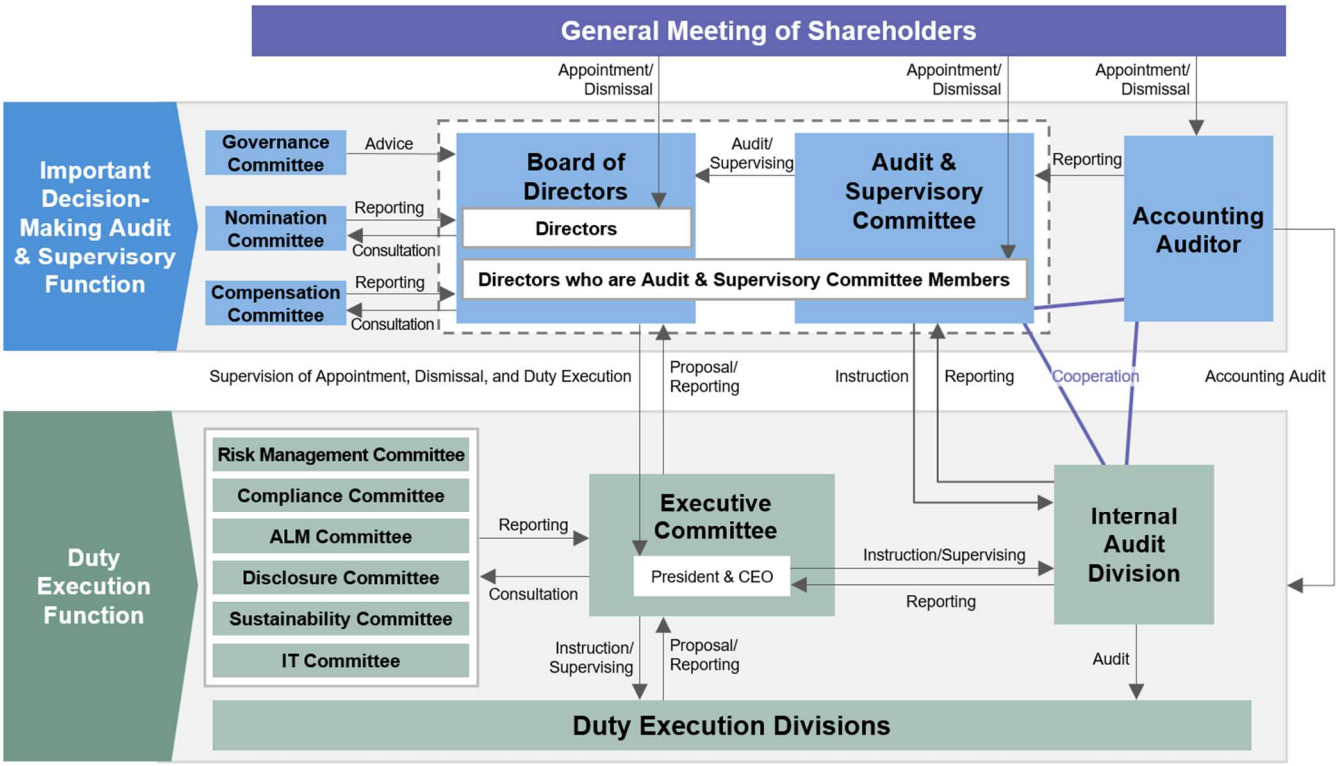
MHC has stipulated the Information Disclosure Rules in order to disclose information related to company decisions made or facts of occurrences concerning the Group in a timely and appropriate manner based on the Financial Instruments and Exchange Act, Cabinet Office Ordinance on the Disclosure of Corporate Affairs, etc., and the Timely Disclosure Rules established by stock exchanges. Timely disclosure standards and timely disclosure processes are specified in the Information Disclosure Rules.

(2) Responsible Department

With regard to information concerning material decisions or 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. In addition, material information in group companies is reported by person in charge of management of the department managing the relevant group companies.
The department in charge of disclosure shall promptly disclose information in a timely manner based on the internal rules.

(3) Disclosure Committee

MHC established the Disclosure Committee as an advisory body of the Executive Committee for discussing the appropriateness of disclosed information and the effectiveness of internal control and procedures concerning information disclosure. The Disclosure Committee, of which the chairperson is the Head of the Treasury & Accounting Division, is held four times a year in principle and what is discussed there is reported to the Executive Committee.


General Meeting of Shareholders
Appointment/ Dismissal
Appointment/ Dismissal
Appointment/ Dismissal
Important Decision-Making Audit & Supervisory Function
Governance Committee
Advice
Nomination Committee
Reporting
Consultation
Compensation Committee
Reporting
Consultation
Board of Directors
Directors
Directors who are Audit & Supervisory Committee Members
Audit/ Supervising
Audit & Supervisory Committee
Reporting
Accounting Auditor
Supervision of Appointment, Dismissal, and Duty Execution
Proposal/ Reporting
Instruction
Reporting
Cooperation
Accounting Audit
Duty Execution Function
Risk Management Committee
Compliance Committee
ALM Committee
Disclosure Committee
Sustainability Committee
IT Committee
Reporting
Consultation
Executive Committee
President & CEO
Instruction/Supervising
Reporting
Internal Audit Division
Instruction/ Supervising
Proposal/ Reporting
Audit
Duty Execution Divisions

[Efforts on the Principles of the Corporate Governance Code]

For pages and links to information on the principles stipulated in the Corporate Governance Code, please refer to the List of Disclosure based on Corporate Governance Code on page 56.

Table of Contents

I Basic Management Policy, Management Plan **26**

I-1 Basic Management Policy (Our Mission, Our Vision, and Action Principles), Materiality (Principle 3.1 (i)) **26**

I-2 Medium-to Long-term Management Direction (Principle 3.1 (i)) **27**

I-3 Value Creation Process, Medium-term Management Plan (Principle 3.1 (i)) **28**

I-4 Basic Views and Policies on Corporate Governance (Principle 3.1 (ii)) **31**

II Structure and Effectiveness of the Board of Directors **31**

II-1 Scope of Delegation to Management (Supplementary Principle 4.1.1) **31**

II-2 Views on the Appropriate Balance of Knowledge, Experience and Skills, Diversity, and size of the Board of Directors as a whole (Supplementary Principle 4.11.1) **32**

II-3 Overview of each Organization, Status of Activities, etc. **33**

II-4 Overview and Results of Analysis and Assessment of the Effectiveness of the Board of Directors (Supplementary Principle 4.11.3) **38**

II-5 Training Policy for Directors (Supplementary Principle 4.14.2) **39**

III Nomination and Compensation of Directors **39**

III-1 Policies and Procedures for Appointment and Dismissal of Directors (Principle 3.1 (iv)) **39**

III-2 Reasons for Appointment, Dismissal and Nomination of Directors (Principle 3.1 (v)) **39**

III-3 Outside Directors' Independence Decision Criteria (Principle 4.9) **42**

III-4 Information on Outside Directors who have Concurrent Posts (Supplementary Principle 4.11.2) **43**

III-5 Establishment of Independent Nomination Committee and Compensation Committee (Supplementary Principle 4.10.1) **43**

III-6 Policies and Procedures for determining Remuneration of Directors and Management (Principle 3.1 (iii)) **43**

IV Sustainability, Human Capital **48**

IV-1 Actions on Sustainability and Investment in Human Capital and Intellectual Property, etc. (Principle 2.3, Supplementary Principle 2.3.1, 3.1.3, and 4.2.2) **48**

IV-2 Ensuring Diversity in Key Personnel within the Organization (Supplementary Principle 2.4.1) **51**

V Relationships with Stakeholders **52**

V-1 Polies for the Establishment of Systems and Efforts for promoting Constructive Dialogue with Stakeholders (Principle 5.1) **52**

V-2 Procedures for approving related Party Transactions (Principle 1.7) **53**

VI Other **54**

VI-1 Policies for Cross-shareholdings and Basis for exercise Voting Rights (Principle 1.4) **54**

VI-2 Roles of Corporate Pension Funds as Asset Owners (Principle 2.6) **55**

[List of Disclosures based on Corporate Governance Code] **56**

I Basic Management Policy, Management Plan

I-1 Basic Management Policy (Our Mission, Our Vision, and Action Principles), Materiality (Principle 3.1 (i))

MHC has established the Basic Management Policy (Our Mission, Our Vision, and Action Principles) as follows:

[Basic Management Policy]

<Our Mission> ~Our long-term goal~

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

<Our Vision> ~Objectives to achieve our long-term goal~

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

<Action Principles> ~Values and mindset to be held and actions to be taken by each and every employee~

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

[Materiality]

MHC has identified the following six materiality issues as priority key challenges which must be addressed to achieve the sustainable development of the Group. The Basic Sustainability Policy consists of and integrates “Our Mission,” “Our Vision,” and the materiality. In light of the significance of these materiality issues, the Group will proceed with effective management and business activities aimed at solving the issues.

<Materiality of Mitsubishi HC Capital Group>

① Promote a decarbonized society
② Realize the circular economy
③ Establish resilient social infrastructure
④ Realize healthy lifestyles that promote positive wellbeing
⑤ Create businesses utilizing the latest technologies
⑥ Collaborate with partners locally and globally

Please refer to MHC’s website for details of our efforts on materiality.
https://www.mitsubishi-hc-capital.com/english/sustainability/materiality.html

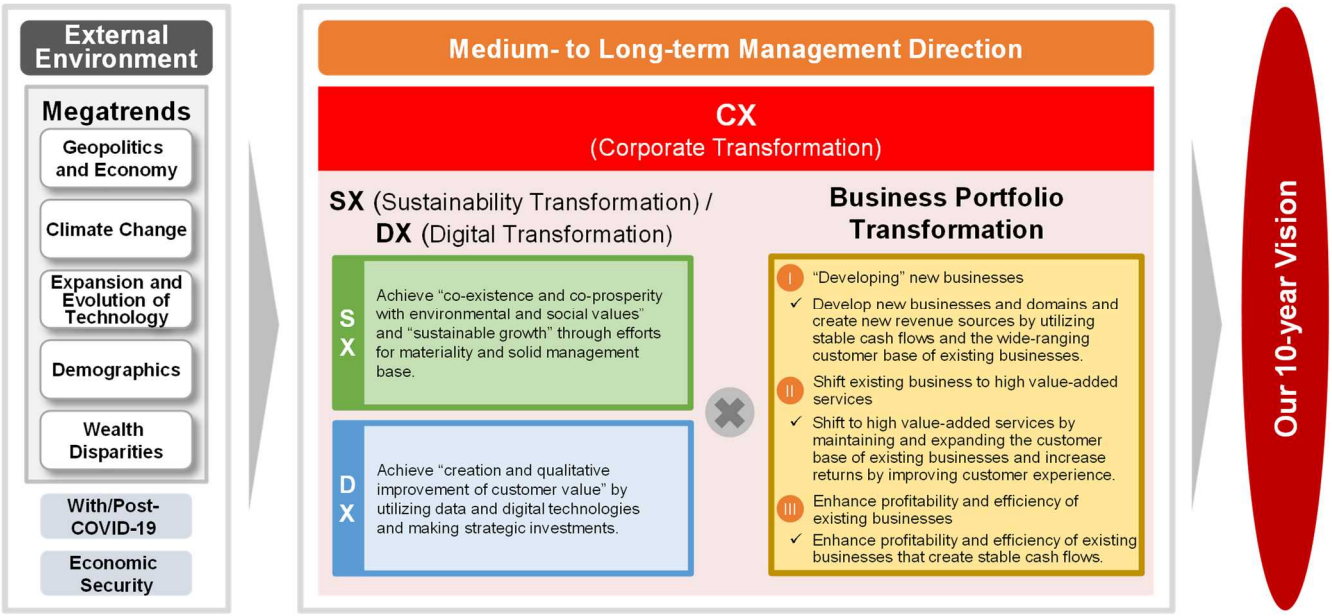
Materiality	Why the Group treats as highly material challenges	How related to SDGs
Promote a decarbonized society	■ Efforts to realize a decarbonized society have been globally recognized as an urgent issue, and the Group can significantly contribute to solving this challenge through its services and solutions, such as renewable energy investment and EV promotion. ■ The impact on the business side is large and significant, involving matters including distinguishing activities that go against the social issues.	
Realize the circular economy	■ The Group aims to contribute to creating a circular economy by reducing waste, not only within the Group but also in society through maximizing the potential of assets. As a leader in the leasing industry, the Group believes this issue is highly material. ■ The Group can also contribute to realizing a sustainable and prosperous society through strengthening the collaboration between partners.	
Establish resilient social infrastructure	■ The Group recognizes that the business has many opportunities to support infrastructure projects in Japan that require repair and rebuilding, as well as the development of infrastructure and creation of smart cities in emerging countries with active collaboration between various partners. ■ The Group will contribute to the diversification, enhancement and optimization of the business through establishing systems and providing services for supporting the collaboration between companies.	
Realize healthy lifestyles that promote positive wellbeing	■ It is vital for stakeholders that the Group recognizes the importance of health, safety, and physical and mental wellbeing for realizing a prosperous future. ■ Valuable human resources are key to the value and trust in our corporate activities. Improving employee motivation, acquiring top talent, and similar actions are highly important.	
Create businesses utilizing the latest technologies	■ Both financing for the purpose of the digital transformation of customers and using internal digital technologies to increase the efficiency for this promote the development for new business models. ■ The Group identifies this for highly material opportunities for diversified and innovative business creation, including establishing supply chains utilizing alternative energies.	
Collaborate with partners locally and globally	■ Social issues differ by country and region. The Group should create synergies with local partners and find new opportunities inside and outside of Japan, meeting individual needs through community based efforts. ■ The Group can realize mutual benefits in developing society by utilizing its integrated capabilities.	

I-2 Medium-to Long-term Management Direction (Principle 3.1 (i))

In May 2022, MHC established Our 10-year Vision, “Together we innovate, challenge and explore the frontiers of the future,” as a milestone to achieve our long-term goal, Our Mission. It is positioned as a compass to navigate ourselves to achieve Our Mission over the course of the three Medium-term Management Plans (“hop,” “step,” and “jump”).

It also formulated the following Medium-to Long-term Management Direction toward achieving Our 10-year Vision.

MHC will promote CX (Corporate Transformation) by organically combining SX: Sustainability Transformation / DX: Digital Transformation through efforts for materiality, utilization of data and digital technologies, and so on, and a business portfolio transformation for achieving the optimum portfolio.



Please refer to MHC's website for details of the Medium- to long-term Management Direction

https://www.mitsubishi-hc-capital.com/corporate/direction/index.html

I-3 Value Creation Process, Medium-term Management Plan (Principle 3.1 (i))

MHC refined its Value Creation Process that describes how our Group creates value for each stakeholder, and formulated the Medium-term Management Plan (2025 MTMP) targeting the period from FY2023 to FY2025. The 2025 MTMP is positioned as the "hop" plan of our three Medium-term Management Plans (the "hop," "step," and "jump") toward Our 10-year Vision.

Please refer to MHC's website for details of the 2025 MTMP.

Medium-term Management Plan | Mitsubishi HC Capital (mitsubishi-hc-capital.com)

Please refer to the Progress of the Medium-term Management Plan (2025 MTMP) —as of the Time of the Financial Results Briefing for FYE3/2024 on our website for the progress of the 2025 MTMP.

https://www.mitsubishi-hc-capital.com/pdf/english/investors/mp_en_2024-2025.pdf

Please refer to pages 19 to 26 of the Integrated Report 2023 for MHC's value creation process.

https://www.mitsubishi-hc-capital.com/pdf/english/investors2/library/various-reports/cr_en_2023.pdf

[Initiatives for achieving Management with Awareness of Capital Cost and Share Price] [Last updated on May 24, 2024]

The Group believes that management with awareness of return on capital is important in order to achieve sustainable growth and the enhancement of medium- to long-term corporate value. Based on this, MHC will move forward with investment in research and development which leads to the creation of intellectual property and intangible assets, investment in human capital and facilities, sustainability transformation (SX), digital transformation (DX), business portfolio transformation, and other efforts. Through these initiatives, MHC will realize the appropriate allocation of its management resources. In addition, it will aim to enhance its medium- to long-term corporate value by achieving an optimal balance sheet based on well-balanced growth potential, return on capital, and financial soundness.

Following its business integration in April 2021, MHC has formulated the Medium- to Long-term Management Direction (announced on May 16, 2022) and the Medium-term Management Plan for FY2023-FY2025 ("2025 MTMP") (announced on May 15, 2023), through discussions at internal meetings and Board of Directors meetings. With the understanding that it is essential to achieve profitability which constantly exceeds capital cost for the improvement of its market evaluation, including PBR, the Board of Directors discussed the level of ROE which MHC aims to achieve in the medium- to long-term as part of Our 10-year Vision. In terms of financial strength, MHC has discussed a balance sheet necessary for the "achievement of ROE that continues to exceed the cost of shareholder equity with an increase to absolute profit," rather than simply from the perspective of profit and loss statements, and has also had discussions on non-financial capital. Based on these discussions, it set a goal of an ROE of approximately 10% for the end of fiscal year 2025. The 2025 MTMP is positioned as the "hop" plan of the three Medium-term Management Plans ("hop," "step," and "jump") toward Our 10-year Vision ("Together we innovate, challenge and explore the

frontiers of the future"). MHC will address "sowing seeds" and "gaining a solid foothold" leading to a leap to the "step" and "jump" plans.

Considering that theoretically PBR is calculated as expected ROE x expected PER = expected ROE x 1/(r-g) (r: cost of shareholder equity, g: expected profit growth rate), first, in order to achieve a PBR of 1.0 or higher, MHC will "foster expectations of growth from the market" by "achieving ROE that continues to exceed the cost of shareholder equity with an increase to absolute profit", and increase its PER by maintaining these expectations. Next, it will further increase PER by "expanding financial capital through the accumulation of non-financial capital," "reducing the cost of shareholder equity by an appropriate engagement strategy," etc. Because these factors are mutually related, promoting the efforts above in a unified manner will lead to the enhancement of MHC's corporate value including the constant increase of its PBR.

The following are items contained in the 2025 MTMP that will lead to the enhancement of corporate value.

- **Statements regarding "achieving ROE that continues to exceed the cost of shareholder equity with an increase to absolute profit" and "fostering expectations of growth from the market"**

  Page 6: 2-1. Financial Targets

  Page 14: 4-1. Business Strategies (for the Evolution and Layering of Business Models)

  Page 15: 4-2. Business Strategies (Vision of the Evolution and Layering of Business Models)

  Page 16: 4-3. Premise for Business Strategies (Financial Strategies that Support the Evolution and Layering of Business Models)

  Page 17-18: 4-4. Business Strategies by Segment

  Page 19: 4-5. Business Strategies (Key Themes across Segments)

  Page 23: 6. Frameworks to Promote Transformation

- **Statements regarding "expanding financial capital through the accumulation of non-financial capital" and "reducing the cost of shareholder equity with appropriate engagement strategies"**

  Page 7: 2-2. Non-Financial Targets

  Page 11: 3-3. Value Creation Process (Expansion of Financial Capital through the Accumulation of Non-Financial Capital)

  Page 21: 5. Corporate Functions Strategies

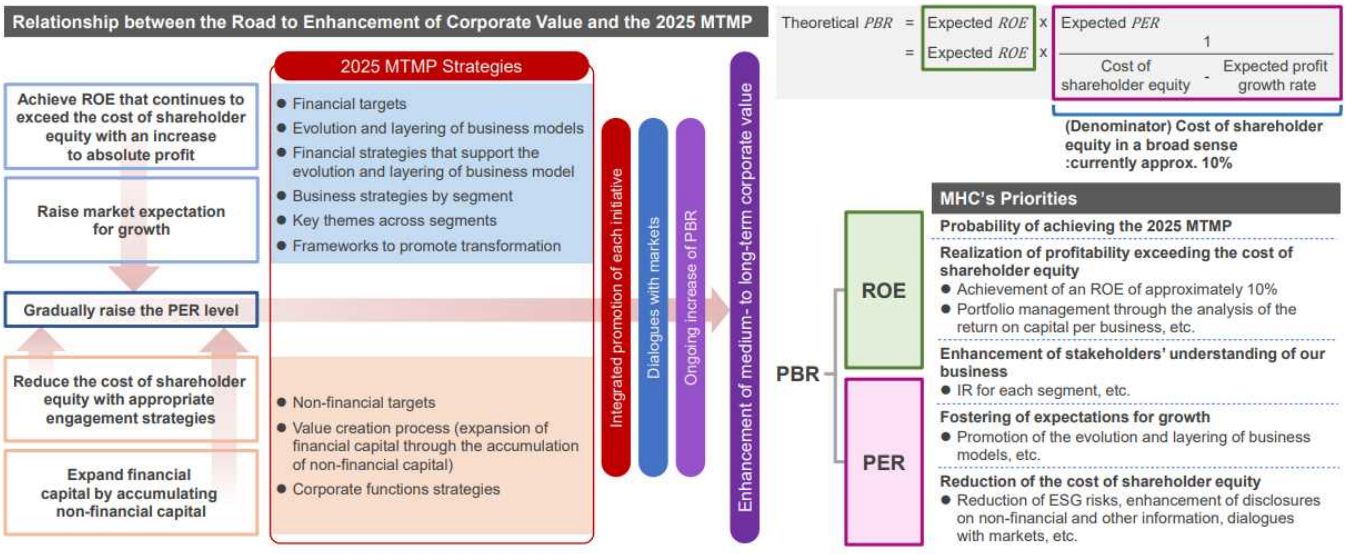
In addition, considering that theoretically PBR = expected ROE X expected PER, we will focus on and address the initiatives below to enhance our PBR from the two perspectives of ROE and PER.

- With the understanding that our current cost of shareholder equity is approximately 10%, as one of our financial targets in the 2025 MTMP, we are aiming for an ROE of approximately 10%, and will work to improve this probability.
- In order to increase profitability, we will promote portfolio management, including the replacement of assets, as well as new investments, and optimization of risk and return, in consideration of the strategies and risk factors at each business.
- We will work on improving our evaluation from the market through the evolution and layering of business models, that is to say, promoting the shift from conventional, simple leasing and financing to high value-added, high ROA businesses, and achieving growth by not simply staying on conventional paths.
- We will work on reducing the cost of shareholder equity through the reduction of ESG risks and dialogues based on our disclosed information, among other methods.
- Beginning in FY2024, we will be conducting business-specific IR briefings, among other initiatives, aiming to increase stakeholders' understanding of our business.

The following figure explaining the initiatives above is also included in the "Initiatives for the Medium- to Long-term Enhancement of Corporate Value" on page 1 of the Progress of the Medium-term Management Plan (2025 MTMP) －as of the Time of the Financial Results Briefing for FYE3/2024 on our website, so please also refer to this material.

https://www.mitsubishi-hc-capital.com/pdf/english/investors/mp_en_2024-2025.pdf

✓ Aim to enhance medium- to long-term corporate value through the achievement of ROE that continues to exceed the cost of shareholder equity and the enhancement of PER by fostering expectations for growth and reducing the cost of shareholder equity. With the achievement of the goals of the 2025 MTMP as a milestone, we will appropriately report on our progress to markets and engage in dialogues.



I-4 Basic Views and Policies on Corporate Governance (Principle 3.1 (ii))

(Repost of page 1)

While emphasizing initiatives to achieve sustainable corporate growth and a medium-to long-term improvement in corporate value, MHC aspires to contribute to a more prosperous society by respecting the rights and interests of all of its stakeholders—shareholders, customers, local communities, and employees—and fulfilling their trust in the Company.

With the recognition that it is one of its social responsibilities to ensure transparent and sound management, MHC continues to work on initiatives to enhance corporate governance by boosting the activity of the Board of Directors, reinforcing the Audit & Supervisory Committee and the internal audit system, ensuring timely and appropriate disclosures of information, and actively engaging in investor relations (IR) and other activities.

[Basic Policies]

<Fostering Sound Corporate Culture>

In accordance with Our Vision, which guides all of MHC'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, MHC strives to understand the diversity of its various stakeholders including shareholders, customers, local communities, and employees and foster a corporate culture that respects their rights and perspectives and sound corporate ethics.

<Ensuring Appropriate Information Disclosure and Transparency>

MHC conducts proactive and continuous information disclosure in order to be trusted and properly evaluated by each of its stakeholders. It also establishes and appropriately operates internal systems to facilitate the swift and impartial disclosure of accurate information regarding its management policies, business strategies, business activities, financial condition, etc. In addition to the items it is required to disclose pursuant to laws and regulations, it actively and voluntarily discloses non-financial information deemed useful to its stakeholders.

<Ensuring the Rights and Equal Treatment of Shareholders>

MHC takes appropriate steps to ensure that the rights of shareholders are secured and can be exercised effectively and all shareholders including minority shareholders and foreign shareholders are treated equally.

<Constructive Dialogue with Shareholders>

Through events such as general shareholders meetings, financial results briefings and other domestic and overseas investor relations (IR) events, MHC pursues proactive and constructive dialogue with diverse shareholders. It thereby seeks to gain understanding from shareholders regarding matters such as its business strategies and further enhance corporate governance through dialogue.

<Ensuring Effectiveness 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, supporting appropriate risk-taking. In this manner, they adequately fulfill their duties and responsibilities to achieve the sustainable growth of MHC, medium-to long-term improvement of its corporate value and enhancement of its capital efficiency.

II Structure and Effectiveness of the Board of Directors

II-1 Scope of Delegation to Management (Supplementary Principle 4.1.1)

As a company with an audit & supervisory committee, MHC delegates business execution decisions to the Executive Committee within an appropriate scope, 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, MHC has adopted 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.

Executive Committee is composed of the President & CEO, Deputy President, and Executive Officers separately specified by the President & CEO. The Committee will hold deliberations and make decisions on important matters, including the business management of the Group, in addition to conducting preliminary deliberations on matters that are to be submitted to the Board of Directors to facilitate decision-making by the Board of Directors.

[Initiatives to further enhance the supervisory functions of the Board of Directors]

In order to further accelerate decision-making in management and secure time for the Board of Directors' deliberations on important matters, following multiple discussions at the Governance Committee with Independent Outside Directors, revisions dated October 1, 2023 were made to the standards for items to be submitted to and authorized by the Board of Directors, and the scope of responsibilities entrusted to the Executive Committee, etc. were expanded.

II-2 Views on the Appropriate Balance of Knowledge, Experience and Skills, Diversity, and size of the Board of Directors as a whole (Supplementary Principle 4.11.1)

MHC assumes that the Board of directors shall possess skills in "overall management," "finance," "financial accounting," "legal affairs, compliance, and risk management," "global business", "IT and DX" and other areas, in view of the business lineup.

MHC recognizes that diversity of Directors is important for purposes of strengthening the function of the Board of Directors, and that gender, nationality, and race are factors which should be considered.

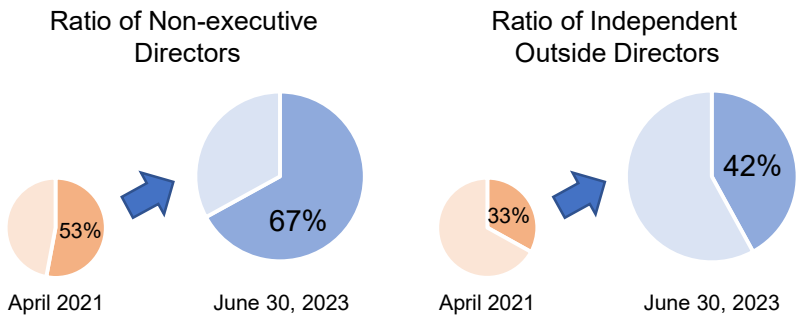
On the other hand, MHC believes that it is not necessarily desirable, for purposes of strengthening the functions of the Board of Directors, to elect a Director with a certain attribute merely to comply with formal and external diversity requirements even when they lack the qualities and abilities that are required for the role.

Therefore, MHC believes, as a desirable way of achieving diversity within MHC, 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, MHC will continue to determine the appropriate composition of the Board of Directors.

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

Although no foreign Director has been elected, MHC 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.

[Changes in the ratios of the Board of Directors]



	Number of Directors	Non-executive Directors	Independent Outside Directors
April 2021 (at the time of business integration)	15	53%	33%
June 30, 2021	15	60%	33%
June 30, 2022	14	57%	36%
June 30, 2023	12	67%	42%
June 30, 2024	12	67%	42%

[Areas of Particular Expertise held by MHC's Board of Directors (Skill Matrix)]

Name	Position	Areas of Expertise					
		Overall Management	Finance	Financial Accounting	Legal Affairs, Compliance, and Risk Management	Global Business	IT and DX
Takahiro Yanai	Director, Chairman	○	○				
Taiju Hisai	Representative Director, President & CEO	○	○			○	
Aiichiro Matsunaga	Representative Director, Deputy President	○	○			○	
Kazumi Anei	Director, Deputy President	○	○				
Haruhiko Sato	Director, Managing Executive Officer		○	○		○	
Yuri Sasaki	Director (Outside Director) (Independent Director)		○				
Kayoko Kawamura	Director (Outside Director) (Independent Director)						○
Shota Kondo	Director (Outside Director)	○	○			○	
Yoshitaka Shiba	Director, Audit & Supervisory Committee Member	○	○		○		
Hiroyasu Nakata	Director, Audit & Supervisory Committee Member (Outside Director) (Independent Director)				○		
Hiroko Kaneko	Director, Audit & Supervisory Committee Member (Outside Director) (Independent Director)			○			
Masayuki Saito	Director, Audit & Supervisory Committee Member (Outside Director) (Independent Director)	○		○		○	

II-3 Overview of each Organization, Status of Activities, etc.

1. Matters concerning the Board of Directors

MHC implements a system to manage and operate business in line with the basic policy decided by the Board of Directors. Each Outside Director has qualities appropriate for their positions, giving the Board of Directors a set of diversified and sufficient skills.

In addition, for timely, appropriate, and smooth provision of information particularly to Outside Directors, the General Affairs Department serves as the secretariat for the Board of Directors, and the Audit & Supervisory Committee Office has been established to assist the duties of the Audit & Supervisory Committee.

Each year, all Directors conduct a review and evaluation of the Board of Directors over the previous year. In addition, discussions attended only by Independent Outside Directors are held regularly, and in the event that an issue, etc. is raised there, it will be appropriately responded to and improved.

2. Matters concerning the Governance Committee, Nomination Committee, and Compensation Committee

MHC has established the Governance Committee, which consists of the Outside Directors, Representative Directors, etc., and has exchanged a wide range of opinions on the improvement of the Board of Directors' effectiveness and other matters regarding the Board of Directors, in order to work on the improvement of the soundness, transparency, and fairness of MHC's management.

MHC has also established the Nomination Committee and Compensation Committee, of which Independent Outside Directors comprise the majority, as advisory bodies of the Board of Directors.

Please refer to II-1. [Establishment of Voluntary Committees] (page 10) of this report for the overview of each committee.

3. Matters concerning Business Execution

As a company with an audit & supervisory committee, MHC delegates business execution decisions to the Executive Committee within an appropriate scope, 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, MHC has adopted 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 Executive Committee, a body which will deliberate and decide on important management matters, is composed of the President & CEO, Deputy President, and Executive Officers separately specified by the President & CEO. The Committee will hold deliberations and make decisions on important matters, including the business management of the Group, in addition to conducting preliminary deliberations on matters that are to be submitted to the Board of Directors to facilitate decision-making by the Board of Directors.

4. Status of Audits

(1) Department in charge of Internal Audits

MHC has established the Internal Audit Department as a department in charge of internal audits. 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 business execution divisions.

The Internal Audit Department systematically implements internal audits based on an annual audit plan, and reports the audit results to the Representative Directors, the Board of Directors, and the Audit & Supervisory Committee.

With regard to findings that require improvement, for which guidance was provided to the divisions subject to audits (important findings), those divisions are to report the results of improvement to the General Manager of the Internal Audit Department, and the Internal Audit Department reports the important findings to Representative Directors, in order to ensure the effectiveness of the audit.

In addition, the General Manager of the Internal Audit Department builds collaborative relationships with MHC's Audit & Supervisory Committee, auditors, accounting auditors, etc. of Group companies, on a regular basis and as necessary, such as by exchanging relevant information with them, and works to ensure the efficient implementation of the audit.

(2) Audit & Supervisory Committee

The Audit & Supervisory Committee comprises a total of four persons, including three Independent Outside Directors (part-time Audit & Supervisory Committee members) and one Internal Director (a full-time Audit & Supervisory Committee member).

Through the following activities, the Audit & Supervisory Committee works to conduct objective and effective audits from an independent position.

Major Audit & Supervisory Committee Activities	
Deliberations, etc. among the Audit & Supervisory Committee	■ Formulation of audit policies, audit plans, and priority audit items for the year ■ Reporting on business execution by business execution divisions ■ Matters related to business reporting, financial results documents, etc. ■ Reporting on the Accounting Auditor's audit plans, the status of audits, and audit results ■ Reporting on the Internal Audit Department's audit plans, the status of audits, and audit results
On-site observations of offices in Japan and overseas	■ On-site observations of offices of MHC and its Group companies in Japan and overseas
Meetings with the management team	■ Regular opinion exchanges with Representative Directors, Business Division Heads, and Corporate Center Division Heads ■ Opinion exchanges with Group companies' management members

The major activities of full-time Audit & Supervisory Committee members are as follows. The results of these activities are reported to the Audit & Supervisory Committee, or shared with part-time Audit & Supervisory Committee members, increasing the effectiveness of the Audit & Supervisory Committee's activities.

Major Full-time Audit & Supervisory Committee Member Activities	
Attendance at meetings	■ Attendance at Executive Committee meetings and other committee meetings held by business execution divisions, information collection, etc.
On-site audits and observations of offices in Japan and overseas	■ On-site audits and observations of offices of MHC and its Group companies in Japan and overseas, information collection, etc.
Inspection of documents	■ Inspection of important documents, examination of content
Meetings with the management team	■ Regular and ad-hoc meetings with Representative Directors, etc.
Discussions with internal control departments	■ Regular and ad-hoc meetings with accounting departments, risk management departments, and legal and compliance departments
Discussions with Group company auditors, etc.	■ Regular and ad-hoc meetings with auditors, etc. at domestic and overseas Group companies
Discussions with the Accounting Auditor	■ Regular and appropriate meetings with the Accounting Auditor

Full-time Audit & Supervisory Committee members collect wide-ranging information by attending major meetings, confirming important documents, and collaborating with the Internal Audit Department and internal control departments. They report on important matters to external Audit & Supervisory Committee members, and for particularly important matters, they issue instructions for additional reporting to related parties to include such matters in agenda items for the Audit & Supervisory Committee.

Organically combining the resolute independence of external Audit & Supervisory Committee members with the information gathering capabilities of internal Audit & Supervisory Committee members serves to enhance the effectiveness of the Audit & Supervisory Committee's activities. Matters recognized through these activities are appropriately communicated to business execution divisions, and advice is given as necessary.

Audit & Supervisory Committee Members and Outside Directors who are not members of the Audit & Supervisory Committee are able to collaborate as necessary through exchanging information at Board of Directors meetings and Governance Committee meetings, etc. Further, the effectiveness of Audit & Supervisory Committee activities is enhanced through discussions among Independent External Directors alone.

(3) Accounting Auditor

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

The Company (then Diamond Lease Company Limited) concluded an audit agreement with Deloitte Touche Tohmatsu LLC (then Nishikata Audit Corporation) in 1980. Subsequently, after changing its trade name to Mitsubishi UFJ Lease & Finance Company Limited by merging with UFJ Central Leasing Co., Ltd. in April 2007, and to Mitsubishi HC Capital Inc.by merging with Hitachi Capital Corporation in April 2021, it has maintained the audit agreement with Deloitte Touche Tohmatsu LLC.

Certified public accountants that performed the accounting audit operations of MHC in fiscal year 2023 were Mr. Motohiro Shimizu, Mr. Masashi Tsurumi, and Mr. Aki Saito, who are Designated Limited Liability Partners and Engagement Partners of Deloitte Touche Tohmatsu LLC.

In addition, 14 certified public accountants and 40 other staff members were involved in the audit operations above, in assistant roles.

The Audit & Supervisory Committee establishes standards for appointing and evaluating the Accounting Auditor in consideration of the present status of MHC as it expands globally, and every fiscal year conducts evaluations of the Accounting Auditor based on these standards and confirms the appropriateness of reappointing the Accounting Auditor. The major standards used in appointments and evaluations are as follows.

① Independence of the Accounting Auditor

② Auditing ability

③ Quality management

④ Ability to handle a global network

[List of Each Committee Members]

Name	Title	Board of Directors	Audit & Supervisory Committee	Governance Committee	Nomination Committee	Compensation Committee
Takahiro Yanai	Director, Chairman	◎		◎	◎	
Taiju Hisai	Representative Director, President & CEO	○		○		◎
Aiichiro Matsunaga	Representative Director, Deputy President	○		○		
Kazumi Anei	Director, Deputy President	○				
Haruhiko Sato	Director, Managing Executive Officer	○				
Yuri Sasaki	Director (Outside Director) (Independent Director)	○		○	○	○
Kayoko Kawamura	Director (Outside Director) (Independent Director)	○		○	○	○
Shota Kondo	Director (Outside Director)	○		○	○	○
Yoshitaka Shiba	Director, Audit & Supervisory Committee Member	○	◎	○		
Hiroyasu Nakata	Director, Audit & Supervisory Committee Member (Outside Director) (Independent Director)	○	○	○	○	○
Hiroko Kaneko	Director, Audit & Supervisory Committee Member (Outside Director) (Independent Director)	○	○	○	○	○
Masayuki Saito	Director, Audit & Supervisory Committee Member (Outside Director) (Independent Director)	○	○	○	○	○

(Notes) ◎: Chairman, ○: Member

[Status of Activities of the Board of Directors, Audit & Supervisory Committee, and Other Committees (Frequency of Meetings, Specific Discussion Items, Attendance of Directors and Committee Members)]

(1) Board of Directors

Board of Directors meetings are held every month, in principle. The meetings were held 15 times in fiscal year 2023, where important management matters such as the Medium-term Management Plan, major investment projects, business strategies of each business division, and IR activities were deliberated and decided. In addition, the rationality of cross-shareholdings was verified. Furthermore, the status of audit is reported from the Audit & Supervisory Committee in a timely manner.

The content of matters deliberated on by the Executive Committee and its advisory committees regarding risk management, compliance, sustainability, etc. at MHC is regularly reported to the Board of Directors. Important policies and other matters are deliberated upon by the Board of Directors.

Aiming to further accelerate the management decision-making process and secure more time for the Board of Directors to deliberate important matters, MHC reviewed the standards for items to be submitted to and authorized by the Board of Directors and expanded the scope of matters delegated to the Executive Committee, etc. as of October 1, 2023, after having multiple discussions with Independent Outside Directors at the Governance Committee.

Attendance at the Board of Directors meetings by Directors and Audit & Supervisory Committee Members in fiscal year 2023 was as follows:

15/15 times (100%)	Takahiro Yanai, Taiju Hisai, Kazumi Anei, Haruhiko Sato, Hiroyasu Nakata, Yuri Sasaki, Akira Hamamoto, Koichiro Hiraiwa, Hiroko Kaneko
14/15 times (93%)	Masayuki Saito
13/15 times (87%)	Takuya Kuga

(2) Audit & Supervisory Committee

Audit & Supervisory Committee meetings are held every month, in principle. Audit & Supervisory Committee meetings were held 15 times in fiscal year 2023, where the activities described in 4. Status of Audits, (2) Audit & Supervisory Committee (page 34) were conducted.

Attendance by Directors in fiscal year 2023 was as follows:

15/15 times (100%)	Akira Hamamoto, Koichiro Hiraiwa, Hiroko Kaneko, Masayuki Saito

(3) Governance Committee

Committee meetings were held six times in fiscal year 2023, and conducted PDCA for effectiveness assessment by deliberating the manner of effectiveness assessment for the Board of Directors and the analysis of the assessment results. Also, the standards for items to be submitted to and authorized by the Board of Directors was reviewed in order to secure more time for the Board of Directors to deliberate important matters. In addition, deliberation was made on the establishment of guidelines regarding the holding of MHC's shares by Directors so that profits are appropriately shared between Directors and other stakeholders including shareholders.

Attendance by Directors in fiscal year 2023 was as follows:

6/6 times (100%)	Takahiro Yanai, Taiju Hisai, Hiroyasu Nakata, Yuri Sasaki, Takuya Kuga, Akira Hamamoto, Koichiro Hiraiwa, Hiroko Kaneko, Masayuki Saito

(4) Nomination Committee

Committee meetings were held six times in fiscal year 2023, which deliberated succession plans for the President & CEO and Representative Director candidates, skills that the Directors should have (skill matrix), etc.

Attendance by Directors in fiscal year 2023 was as follows:

6/6 times (100%)	Takahiro Yanai, Hiroyasu Nakata, Yuri Sasaki, Takuya Kuga, Koichiro Hiraiwa, Hiroko Kaneko, Masayuki Saito

(5) Compensation Committee

Committee meetings were held seven times in fiscal year 2023, which deliberated the Directors' remuneration scheme and standards, verified the amount paid as performance-based compensation, and deliberated the adoption of a performance-based stock compensation plan.

Attendance by Directors in fiscal year 2023 was as follows:

7/7 times (100%)	Taiju Hisai, Hiroyasu Nakata, Yuri Sasaki, Takuya Kuga, Koichiro Hiraiwa, Hiroko Kaneko
6/7 times (86%)	Masayuki Saito

II-4 Overview and Results of Analysis and Assessment of the Effectiveness of the Board of Directors (Supplementary Principle 4.11.3)

MHC has continued efforts to further improve the effectiveness of the activities of the Board of Directors based on reviews and assessments by all of the Directors on their activities throughout the year for the purpose of maintaining and enhancing the functions of the Board of Directors. Response to issues of fiscal 2022 and an overview of the assessment of the effectiveness of the Board of Directors for fiscal 2023 are as follows:

＜Response to Issues of Fiscal 2022＞

Issues in FY2022	Response to Issues
Securing time for deliberation according to the level of importance of each agenda item	■ Review the standards for items to be submitted to the Board of Directors and appropriately change the frequency of reports from each advisory committee of the Executive Committee ■ Enhance preliminary explanations of important agenda items ■ Start a system for Directors to submit questions in advance and for relevant departments to answer them
Improving explanations of agenda items	■ Thoroughly clarify the points of materials, simplify them, unify their formats, etc. ■ Bring forward the deadline for providing materials
Promoting understanding of business	■ Conduct ongoing reporting of the current status of each unit and each business division ■ Provide ongoing explanations of business details from each Division Head at the Corporate Center to Outside Directors at the Audit & Supervisory Committee ■ Visit domestic sites and investee facilities ■ Conduct interviews between Outside Directors and overseas Group companies' management and visits to overseas sites
Enhancing communication	■ Continue to hold meetings of Independent Outside Directors only ■ Hold meetings for the exchange of opinions between Independent Outside Directors, the Chairman, and the President & CEO
Providing opportunities for self-development	■ Enhance opportunities for obtaining information on currently appropriate themes such as DX and sustainability

＜Evaluation of the Effectiveness of the Board of Directors in Fiscal 2023＞

Assessment Manner

■ Having confirmed the validity of the self-assessment method used for fiscal 2022, MHC decided to conduct a survey of all Directors on the effectiveness of the Board of Directors, Governance Committee, Nomination Committee, and Compensation Committee, for fiscal 2023 as well.

February 2024 Governance Committee	March 2024	April・May 2024 Governance Committee	May 2024 Board of Directors
• Decided to conduct a survey using a questionnaire. (discussed questions for the questionnaire)	• Finalized questions based on the discussion in February. • All Directors answered the questionnaire.	• Confirmed issues and discussed responses to the issues in the Governance Committee meetings in April and May based on the results of the questionnaire.	• Summarized the evaluation of the effectiveness in fiscal 2023.

Results

The major results of the assessment above are shown below:

① It was determined that MHC's Board of Directors, etc. are sufficiently performing their roles.

- ✓ Following the review of the standards for items to be submitted to the Board of Directors in October 2023, lively discussions were held in the latter half of the fiscal year because it became possible to use more time for deliberation over important agenda items. This led to fostering mutual understanding and common awareness among Directors.
- ✓ Information has been provided to Outside Directors in various forms, and opinions have been exchanged in an atmosphere where it is easy to exchange questions and opinions.
- ✓ Effective measures have been implemented to solve all of the issues that were recognized in the previous effectiveness assessment. For example, Directors' understanding of business was enhanced through meetings of Independent Outside Directors only, visits to domestic and overseas offices, etc.
- ✓ Substantial deliberation has been conducted with the Governance Committee, Nomination Committee, and the Compensation Committee based on appropriate provision of information.

② Meanwhile, it has been recognized that there is room for improvement in matters (themes) to be discussed in the Board of Directors, Governance Committee, Nomination Committee, and the Compensation Committee, the contents of materials and explanations to further enhance the effectiveness of the Board of Directors, etc., information provisio frameworks, further enhancement of communication, and other matters. We will address the further enhancement of corporate governance by steadily implementing efforts to resolve every issue.

II-5 Training Policy for Directors (Supplementary Principle 4.14.2)

MHC provides briefings on matters including the corporate mission, business conditions, and corporate governance to newly-appointed Outside Directors. After taking office, Directors are given information on training opportunities such as seminars held by external organizations on the latest corporate governance trends, digital transformation, and sustainability.

In addition, Outside Directors have fostered cooperation by exchanging and sharing a variety of information through opinion exchange meetings, in which only the Governance Committee, which serves as an advisory body to the Board of Directors, and Outside Directors participate.

MHC bears the full cost related to the training of Directors.

III Nomination and Compensation of Directors

III-1 Policies and Procedures for Appointment and Dismissal of Directors (Principle 3.1 (iv))

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

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

[Selection Standards]

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

[Dismissal Standards]

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

III-2 Reasons for Appointment, Dismissal and Nomination of Directors (Principle 3.1 (v))

MHC states the reasons for selecting all Directors candidates (including Directors who serve as the Audit & Supervisory Committee Members) in the Notice of Convocation of the Annual General Meeting of Shareholders (reference material).

The reasons for appointing the 12 Directors at the 53rd Annual General Meeting of Shareholders held on June 25th, 2024 are as follows.

(As of June 25, 2024)

Candidate's Name	Title	Reasons for Appointment and Expected Role
Takahiro Yanai	Director, Chairman	Since 2017, Mr. Takahiro Yanai has served as the President & CEO of Mitsubishi UFJ Lease & Finance Company Limited based on his management experience at a major Japanese financial institution. He has a wealth of experience as the chief of execution of duty leading the management of the Company as it expands globally. By using deep knowledge based on his experience, he has been in charge of supervision of management as a non-Executive Director, Chairman since April 2023. We have deemed him to be the best candidate to aim for further improvement of the soundness of the management of the Company and enhancement of corporate value over the medium to long term. We have therefore appointed him as a candidate for Director.
Taiju Hisai	Representative Director, President & CEO	Since 2021, Mr. Taiju Hisai has served as the Deputy President and an Executive Officer of the Company and has led the overall business of the Company based on a wealth of management experience at a major Japanese financial institution. He has served as the Representative Director, President & CEO, and an Executive Officer acting as the chief of execution of duty since April 2023. He has sufficient experience and knowledge to assume business management of the Company as it expands globally. We have deemed him to be the best candidate to take command of business as the Representative Director, President & CEO, and an Executive Officer and to aim for the Company's sustainable growth and improvement of corporate value over the medium to long term. We have therefore appointed him as a candidate for Director.
Aiichiro Matsunaga	Representative Director, Deputy President	Since April 2024, Mr. Aiichiro Matsunaga has served as the Deputy President, and Executive Officer of the Company. With his wealth of management experience at a major Japanese general trading company, he has managed the overall operations to assist the President. He has sufficient experience and knowledge to assume business management of the Company as it expands globally. We expect him to contribute to the Company's sustainable growth and improvement of corporate value over the medium to long term as an Executive Director and have therefore appointed him as a candidate for Director.
Kazumi Anei	Director, Deputy President	Mr. Kazumi Anei has served as an Executive Officer and the Chief Marketing Officer of Hitachi Capital Corporation since 2016 and 2020, respectively, and since 2021, he has led the overall business of the Company as the Director, Deputy President, and an Executive Officer of the Company. He has sufficient experience and knowledge to assume business management of the Company as it expands globally. We expect him to contribute to the Company's sustainable growth and improvement of corporate value over the medium to long term as an Executive Director and have therefore reappointed him as a candidate for Director.
Haruhiko Sato	Director Managing Executive Officer	Mr. Haruhiko Sato currently assumes the positions of the Head of the Corporate & Strategic Planning Division and CFO, serving as the Director, Managing Executive Officer of the Company. He has a wealth of experience at a major Japanese general trading company, as well as experience and knowledge in the corporate division, which he has cultivated while engaged in the business management of the Company as it expands globally. We expect him to utilize this background and contribute to the Company's sustainable growth and improvement of corporate value over the medium to long term as an Executive Director. We have therefore reappointed him as a candidate for Director.
Yuri Sasaki	Director (Outside Director) (Independent Director)	Ms. Yuri Sasaki has been contributing to appropriate decision-making and supervision of overall management by the Board of Directors as an independent Outside Director based on her academic knowledge as a university professor as well as outstanding knowledge and a wealth of experience as an international finance researcher. We have therefore appointed her to a Director position. We expect her to use her knowledge and expertise to contribute to appropriate decision-making and supervision of overall management by the Board of Directors as an independent Outside Director from an objective perspective independent of executive management responsible for the execution of duty and to contribute to the improvement of the soundness, transparency, and fairness of the management of the Company as a member of the Governance Committee, Nomination Committee and Compensation Committee.

Candidate's Name	Title	Reasons for Appointment and Expected Role
Kayoko Kawamura	Director (Outside Director) (Independent Director)	Ms. Kayoko Kawamura has a wealth of experience and knowledge in DX, having previously served as a systems engineer and head of application development for financial institutions among other positions at IBM Japan, Ltd., and is currently primarily responsible for supporting digital transformation (DX) for client companies. In addition, since she has experience in the management of corporate organizations as a part-time officer, we have determined that she can contribute to appropriate decision-making and supervision of overall management by the Board of Directors as an independent Outside Director and are therefore appointing her as a new candidate for Director. We expect her to use her knowledge to advise us on the promotion of DX, one of our important measures, to contribute to appropriate decision-making and supervision of overall management by the Board of Directors as an independent Outside Director from an objective perspective independent of executive management responsible for executing business and to contribute to the improvement of the soundness, transparency, and fairness of the management of the Company as a member of the Governance Committee, Nomination Committee and Compensation Committee.
Shota Kondo	Director (Outside Director)	Mr. Shota Kondo has a wealth of management experience at a major Japanese general trading company, as well as a deep knowledge of Japanese and international businesses. We have determined that he can use his experience and knowledge from a practical perspective to contribute to appropriate decision-making and supervision of overall management by the Board of Directors as an Outside Director. We have therefore appointed him to a Director position. As Mr. Kondo concurrently serves as the Executive Vice President of Mitsubishi Corporation, a major shareholder of the Company, he is not designated as an Independent Director. Mitsubishi Corporation is an important business partner for the Company to work together with to aim for the improvement of corporate value. Among other positions, including overseas assignments in the U.S., he had served as the General Manager of the Natural Gas Group CEO Office and the General Manager of the Corporate Strategy & Planning Dept. Currently, he serves as the Group CEO of the S.L.C. (Smart-Life Creation) Group. We expect to utilize Mr. Kondo's management experience and extensive knowledge of overall Japanese and international businesses for the Company's management and effectively utilize advice from him, who has served as a chief of business areas of collaboration between Mitsubishi Corporation and the Company. We deem that this will lead to the improvement of the Company's corporate value and contribute to the enhancement of the interests of all shareholders, including minority shareholders. Mr. Kondo has indicated his intention to perform his duties as a Director for the benefit of the Company and not for any specific shareholder. If any item of business posing a conflict of interest between Mitsubishi Corporation and the Company is submitted to the Company's Board of Directors, he will participate in neither the resolutions nor the deliberations. We expect him to use his knowledge to contribute to appropriate decision-making and supervision of overall management by the Board of Directors as an Outside Director and to contribute to the improvement of the soundness, transparency, and fairness of the management of the Company as a member of the Governance Committee, Nomination Committee and Compensation Committee.
Yoshitaka Shiba	Director, Audit & Supervisory Committee Member	Mr. Shiba has experience as the Group CAO (Chief Audit Officer) and the General Manager of the Internal Audit Division in addition to his management experience at Japan's leading financial institution. We have appointed him as a Director with the expectation that, by taking advantage of his knowledge and expertise, he would contribute to ensuring the sound management of the Company as a Director who is also an Audit & Supervisory Committee Member.

Candidate's Name	Title	Reasons for Appointment and Expected Role
Hiroyasu Nakata	Director, Audit & Supervisory Committee Member (Outside Director) (Independent Director)	We have determined that, based on his deep knowledge as a legal expert, Mr. Hiroyasu Nakata can contribute to the Board of Directors' appropriate decision-making and overall management supervision as an Independent Outside Director, and to neutral and objective audits, and therefore appointed him as a Director. We expect that he will contribute to ensuring the sound management of the Company as an Independent Outside Director and contribute to improving the soundness, transparency, and fairness of management as a member of the Governance Committee, the Nomination Committee, and the Compensation Committee, based on the above knowledge and from an objective perspective independent from the management team that executes duty.
Hiroko Kaneko	Director, Audit & Supervisory Committee Member (Outside Director) (Independent Director)	Based on her extensive experience at major audit firms and as a university professor, as well as her in-depth knowledge as an accounting expert, she has contributed to the Board of Directors' appropriate decision-making and overall management supervision as an Independent Outside Director and to neutral and objective audits and has therefore been reappointed as a Director. We expect that she will contribute to ensuring the sound management of the Company as an Independent Outside Director, and contribute to improving the soundness, transparency, and fairness of management as a member of the Governance Committee, the Nomination Committee, and the Compensation Committee, based on the above knowledge and from an objective perspective independent from the management team that executes duty.
Masayuki Saito	Director, Audit & Supervisory Committee Member (Outside Director) (Independent Director)	Based on his extensive management experience at Japan's leading manufacturer and his extensive knowledge in the finance and accounting fields, Mr. Masayuki Saito has been contributing to the Board of Directors' appropriate decision-making, overall management supervision, and neutral and objective audits as an Independent Outside Director. We have therefore ppointed him as a Director. We expect that he will contribute to ensuring the sound management of the Company as an Independent Outside Director and contribute to improving the soundness, transparency, and fairness of management as a member of the Governance Committee, the Nomination Committee, and the Compensation Committee, based on the above knowledge and from an objective perspective independent from the management team that executes duty.

III-3 Outside Directors' Independence Decision Criteria (Principle 4.9)

(Repost of page 11)

"Outside Directors' Independence Decision Criteria" prescribed by MHC are as follows:

[Outside Directors' Independence Decision Criteria]

MHC shall judge the independence of Outside Directors by confirming if they fall under any of the following items (1) through (6) at any time in the past three fiscal years, and considering if the individual is independent objectively and substantially from multiple perspectives, assuming that they are meeting the requirements of Independent Directors/Auditors specified by financial instruments exchanges in Japan, such as the Tokyo Stock Exchange.

(1) Major shareholder (i.e., a shareholder holding 10% or more of the total voting rights) of MHC or an Executive thereof (Note 1)

(2) Executive of a lender of MHC that exceeds MHC's standard (Note 2)

(3) Executive of a business partner of MHC that exceeds MHC's standard (Note 3)

(4) 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 MHC, excluding officers' remuneration

(5) Representative partner or partner of MHC's Accounting Auditor

(6) Person who belongs to an association which receives donations from MHC 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 MHC's standard refers to a lender from whom the amount MHC has borrowed exceeds 2% of the consolidated total assets of MHC.

(Note 3) A business partner that exceeds MHC's standard refers to a business partner whose dealings with MHC have a value equal to more than 2% of the consolidated net sales of MHC 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 there are special circumstances to designate the relevant candidate as an Independent Director/Auditor and he/she is judged to be substantially independent, and is to be registered as an Independent Director/Auditor with a financial instruments exchange in Japan, such as the Tokyo Stock Exchange, the reason for the candidate's eligibility shall be explained and disclosed at the time of registration and in the reference documents for a general shareholders meeting concerning the agenda of the election of the candidate as an Outside Director or Audit & Supervisory Committee Member.

III-4 Information on Outside Directors who have Concurrent Posts (Supplementary Principle 4.11.2)

Regarding the nomination of Director candidates, MHC 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.

MHC considers that current Directors put sufficient time and effort into their work to fulfill their respective roles and responsibilities appropriately.

Information on Directors who have concurrent positions has been included in page 9 of Other Matters Subject to the Electronic Provision Measures for the 53rd Annual General Meeting of Shareholders (Matters omitted from Documents Delivered to Shareholders.)

https://www.mitsubishi-hc-capital.com/pdf/english/investors/agm2023_02.pdf

III-5 Establishment of Independent Nomination Committee and Compensation Committee (Supplementary Principle 4.10.1)

MHC has established the Nomination Committee and Compensation Committee as advisory bodies to the Board of Directors with a view to strengthening the independence, objectivity, and accountability of the functions of the Board of Directors regarding matters including the nomination and compensation of Directors.

The Nomination Committee discusses the appointment of Directors, the succession plan for the President & CEO, the knowledge, experience, skills, etc. that the Directors should have, and other matters.

Compensation Committee regularly monitors the Directors' remuneration system of MHC in comparison with the market standard by using an external specialized agency, and discusses policies concerning the systems, standards, etc. for Directors' remuneration.

Members of the Nomination Committee and Compensation Committee shall be selected by the Board of Directors, and items discussed in the committees shall be resolved by a majority of committee members in attendance. It is stipulated in internal rules that the Board of Directors shall make decisions in deference to decisions made by the committees.

Furthermore, MHC has established the Governance Committee, which consists of the Outside Directors, Representative Directors, etc., and has exchanged a wide range of opinions on the improvement of the Board of Directors' effectiveness and other matters regarding the Board of Directors, in order to work on the improvement of the soundness, transparency, and fairness of MHC's management.

For the status of each committee's activities, please refer to [Status of Activities of the Board of Directors, Audit & Supervisory Committee, and Other Committees (Frequency of Meetings, Specific Discussion Items, Attendance of Directors and Committee Members)] (page 36).

III-6 Policies and Procedures for determining Remuneration of Directors and Management (Principle 3.1 (iii))

1. Basic Policy

- MHC's officers' remuneration 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 remuneration 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.

According to the basic policy above, MHC's Board of Directors has resolved the policies on the remuneration, etc. of individual Directors (excluding persons who are Audit & Supervisory Committee Members).

The remuneration, etc. of Executive Officers shall be handled in the same manner as the remuneration, etc. of Executive Directors.

2. Remuneration System

- In principle, Executive Directors' remuneration, etc., consists of base remuneration, short-term incentive compensation (performance-based monetary compensation), and medium-to long-term incentive compensation (performance-based stock compensation). As short-term incentive compensation, cash is paid as a bonus, while medium-to long-term incentive compensation is paid as provision of MHC's shares, etc. in a trust framework.
- With a view toward maintaining a sound performance-based ratio, the ratio of fixed remuneration (base remuneration) to floating compensation (bonus and stock compensation) is generally set at 1:0.6 (the ratio of base remuneration to bonus to stock compensation is generally set at 1:0.3:0.3).
- Bonuses and stock compensation, which represent incentive compensation, are not paid to non-executive directors including Outside Directors (excluding persons who are Audit & Supervisory Committee Members) from the standpoint of ensuring the effectiveness of their supervisory functions.

① Fixed Remuneration

The amount of fixed remuneration is determined based on the amount corresponding to the position and comprehensive consideration of the roles, responsibilities, and other factors of each Director.

② Floating Compensation

With respect to bonuses and stock compensation, financial indicators which are emphasized as indicators of MHC's growth from the perspective of management strategy, are set as indicators (key performance indicators, or "KPIs") for the company-wide performance evaluation, with a view to clarifying the relationship between business performance and remuneration. (KPIs and evaluation ratios are as shown in the Remuneration System for Executive Officers (on page 46))

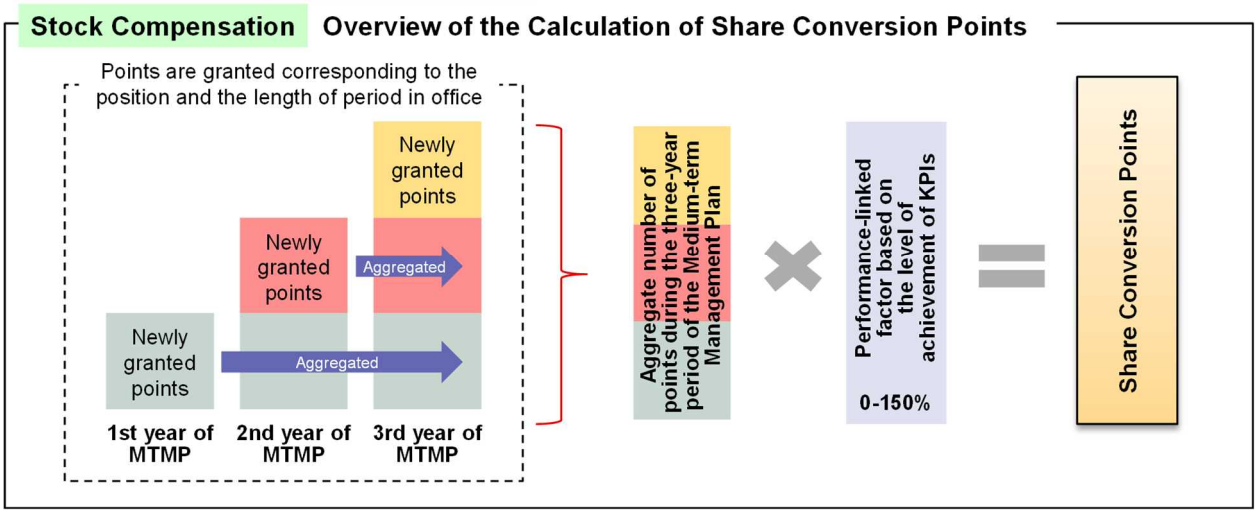
[Bonuses]

- (1) The net income attributable to owners of the parent, (2) ROA, and (3) ROE, which have been set as MHC's numerical goals, are set as KPIs for the company-wide performance evaluation.
- The bonus of Representative Directors is fully linked to the company-wide performance evaluation, while the bonus for other Executive Directors is based 70% on the company-wide performance evaluation and 30% on the evaluation of the duties for which each individual is responsible. For both positions, the amount of bonuses to be paid is determined within the range of 0% to 150% of the standard amount based on the achievement rate of KPIs.
- For the portion based on the responsible duties, quantitative and qualitative evaluations are conducted by the President & CEO, 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.

[Stock Compensation]

- From the perspective to increasing its medium- to long-term corporate value, (1) net income attributable to owners of the parent, (2) ROA, (3) ROE, and (4) TSR against TOPIX growth rate, which MHC has set as numerical goals, etc. in the Medium-term Management Plan, are set as indicators (KPIs) for the performance evaluation.
- By using a trust framework, MHC's shares, etc. corresponding to share conversion points, which are calculated using the following formula, are provided. Specifically, one share of MHC or a corresponding amount of cash per point is delivered. In principle, the portion of MHC's shares possessed in the trust are converted into cash value therein, and compensation is provided in the form of Company shares and cash at a percentage of 50:50.

  Share conversion points =
  the number of points granted corresponding to the position and the number of months in office of the relevant person. (the aggregate number of points during the three-year period of the Medium-term Management Plan multiplied by the performance-linked factor based on the level of achievement of KPIs (ranging from 0 to 150%)



<Malus and Claw-back Clause for Stock Compensation and Shareholding Policy>

- As for stock compensation, the points or share conversion points that have already been granted can be confiscated, and money equivalent to MHC's shares, etc. that have already been delivered reclaimed, in the case of a material violation of the office regulations or internal regulations, resignation for personal reasons during the term of office against the will of MHC, gaining employment at a competitor without MHC's permission, etc.,
- MHC recommends the holding of its shares by its Directors. Further, in principle, Directors shall continue to hold MHC's shares obtained during the term of their office until the time of their resignation, regardless of the number of shares held.

③ Other Compensation

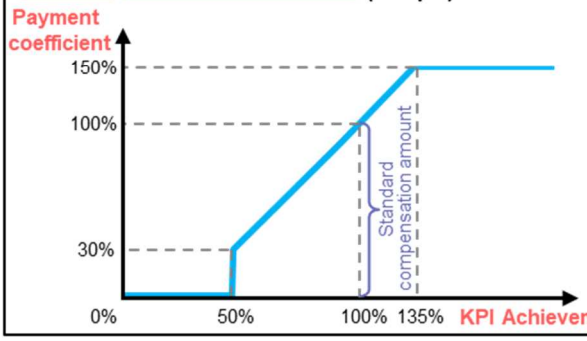
When it is necessary for Directors (excluding Outside Directors and those who are Audit & Supervisory Committee Members) to reside in an area away from home due to a transfer resulting from a change of duties or base, MHC provides such Directors with appropriate company housing. (The difference between the total rent per month required by MHC to rent company housing and the total company housing rent per month collected from the Directors will be referred to as "non-monetary remuneration 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. (Currently, company housing is provided to no one eligible for this compensation.)

Remuneration System for Executive Officers

Type of Remuneration		Details of Remuneration	Remuneration Ratio	KPIs for Evaluation/ Evaluation Weight			Range of Payment Coefficient Based on KPI Achievement
Fixed	Basic Remuneration	■ Fixed remuneration according to position	62.5% 1	-			-
Floating	Bonus (Short-term Incentive) Performance-based	■ Amount determined based on the consolidated business performance of the previous year, etc. 1. KPIs for performance evaluation are set in line with MHC's numerical targets 2. Regarding responsible duties, quantitative and qualitative evaluations are conducted from the perspective of performance and the level of contribution	18.75% 0.3	Position / KPI	Representative Director	Other	0-150%
				Net income attributable to owners of the parent ROA*1 ROE*2	100%	70%	
				Responsible Duties	-	30%	
	Stock (Medium- to Long-term Incentive) Performance-based	■ Amount determined based on the level of achievement during the three-year period of the Medium-term Management Plan	18.75% 0.3	Net income attributable to owners of the parent ROA*1 ROE*2 TSR against TOPIX growth rate*3	100%		0-150%

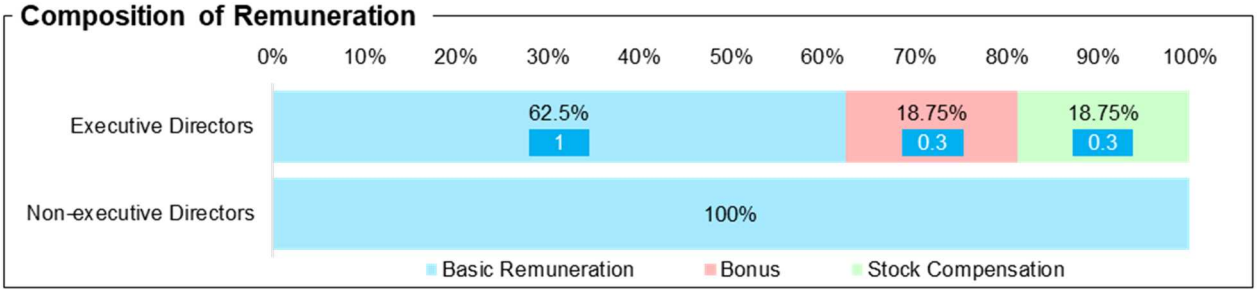
*1 Return On Asset
*2 Return On Equity
*3 Total Shareholder Return

Bonus **Stock Compensation** **Changes in Payment Coefficient for Performance-based Compensation (Sample)**



KPI Achievement Rate	Payment Amount (Standard compensation amount × Payment Coefficient)
Less than 50%	0
50%	Standard compensation amount × 30%
100%	Standard compensation amount × 100%
135% or more	Standard compensation amount × 150%

Composition of Remuneration



3. Timing and Conditions of Remuneration Payment

- Base remuneration 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.
- As stock compensation, points are granted at the end of every fiscal year (the end of March) corresponding to the position and the number of months in office of the relevant person. In principle, the aggregate number of the said points of three years is multiplied by the performance-linked factor to calculate share conversion points, based on which MHC's shares, etc. are provided in July of the final fiscal year of the Medium-term Management Plan period (three years).
- Non-monetary remuneration related to the provision of company housing is paid every month, separately from the base remuneration.

Compensation Type	Payment Timing	Subject Period
Base Remuneration	A predetermined date every month	Each fiscal year
Bonus	After an annual General Meeting of Shareholders	Previous fiscal year (April to next March)
Stock Compensation		Medium-term Management Plan period (three years)
(a) Points*	End of every fiscal year	Every fiscal year
(b) MHC's shares, etc.	July following the end of the relevant Medium-term Management Plan	The Medium-term Management plan period during which (a) was aggregated
Non-monetary remuneration related to the provision of company housing	A predetermined date every month	Each fiscal year

* (b) MHC's shares, etc. are provided based on the share conversion points calculated by multiplying the number of points aggregated during the Medium-term Management Plan period by the performance-linked factor.

4. Method of determining Remuneration, etc. and the Overview of Procedures and Activities of the Committee

- MHC decides details of the remuneration, etc. of Directors (excluding persons who are Audit & Supervisory Committee M embers), determination policy, and other relevant matters at a meeting of the Board of Directors, after the Compensation Committee, the majority of which consists of Independent Outside Directors, deliberates those matters. In addition, the Compensation Committee deliberates the validity of the amount and composition of remuneration every year based on the remuneration-related data provided by an external specialized institution.
- Members and chairperson of the Compensation Committee are selected by the Board of Directors, and the committee makes decisions by a majority of committee members attending. It is stipulated in internal rules that the Board of Directors shall make decisions in deference to the decisions made by the committee.
- MHC considers it useful for persons who are well-acquainted with individual operations and MHC's circumstances to flexibly determine the specific amounts, based on certain standards, of base remuneration and bonuses and non-monetary remuneration related to the provision of company housing to be paid to Directors (excluding persons who are Audit & Supervisory Committee members). The following measures are being taken so that the authority of the President & CEO. They shall be determined at the discretion of the Representative Director, President & CEO (Taiju Hisai) up to the limits approved by resolution of the General Meeting of Shareholders, based on the policy resolved by the Board of Directors and Compensation Committee. The following measures shall be taken so that the authority of the President & CEO will be exercised appropriately. As stock compensation, MHC's shares, etc. corresponding to the share conversion points calculated based on the regulations for share delivery, which were stipulated by the resolution of the Board of Directors, shall be provided.

[Measures to ensure the Proper Performance of the Delegated Authorities]

- Base remuneration shall be determined based on a certain standard (remuneration table) to be established beforehand by the deliberation at the Compensation Committee.
- The following measures shall be taken for performance-based bonuses.
  - Set key performance indicators (KPIs) in line with numerical targets to be deliberated at the Board of Directors.
  - Determine the amount in accordance with the rate of achievement of the KPIs, based on a coefficient for bonus payment which will be deliberated at the Compensation Committee and established in advance.
  - Report the results of the company-wide evaluation and the amounts of bonuses to the Compensation Committee after the fact and have them verified.

  The following measures shall be taken for the bonuses based on the responsible duties
  - Conduct evaluations based on an evaluation sheet standardized through discussion in advance by the Compensation Committee (in which targets set beforehand and the weighting and evaluation standards for individual targets are specified).
  - Evaluate the results for the responsible duties individually based on this evaluation sheet, report the amount of bonuses to the Compensation Committee and have them verified.
- As stock compensation, points corresponding to the position and the number of months in office of the relevant person at the end of every fiscal year are granted based on the prescribed standards as per the regulations for share delivery, which are resolved by the Board of Directors. In principle, the performance-linked factor, which is determined upon completion of the Medium-term Management Plan every three years shall also be as per the regulations for share delivery.

- Regarding non-monetary remuneration 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.

  (Currently company housing is provided to no one eligible for this compensation.)

■ Bonuses and stock compensation, which represent incentive compensation, are not paid to Directors who are Audit & Supervisory Committee Members from the standpoint of ensuring the fairness of audits.

■ The amounts of remuneration for Directors (Audit & Supervisory Committee Members) shall be decided through discussions among Directors who are Audit & Supervisory Committee Members, within the range resolved at the General Meeting of Shareholders.

■ The amounts of remuneration, etc. for Directors have been resolved at the General Meeting of Shareholders as follows.

Type of Remuneration	Amount of Remuneration, etc.	Date of Resolution at the General Meeting of Shareholders	Number of Applicable Directors at the time of the Resolution at the General Meeting of Shareholders becoming Effective*	Number of Applicable Directors as of June 25, 2024
Directors (excluding persons who are Audit & Supervisory Committee Members)				
Monetary remuneration (total of base remuneration and bonus)	800 million yen/year	February 26, 2021	10	8
Outside Directors	100 million yen/year		3	3
Non-monetary remuneration related to the provision of company housing	2 million yen/month		7 Excluding Outside Directors	0 (No applicable person)
Stock Compensation		June 27, 2023	4 Excluding non-executive directors and Directors not residing in Japan	4
Trust contribution amount	800 million yen/year 2,400 million yen during the applicable period			
Number of shares delivered	1.55 million shares/year 4.65 million shares during the subject period			
Directors (Audit & Supervisory Committee Members)				
Monetary remuneration (base remuneration)	200 million yen/year	February 26, 2021	5	4

* The number of Directors related to the amount of remuneration, etc. is not specified.

IV Sustainability, Human Capital

IV-1 Actions on Sustainability and Investment in Human Capital and Intellectual Property, etc. (Principle 2.3, Supplementary Principle 2.3.1, 3.1.3, and 4.2.2)

1. Efforts on sustainability

MHC believes that Efforts toward sustainability—among them, protecting the global environment, respecting human rights, and embracing diversity—are an essential responsibility to society that corporations should fulfill. To continue to survive, corporations must pursue long-term growth while gaining the trust of their stakeholders by engaging in business activities that seek to resolve environmental, social, and economic issues.

With this fundamental understanding, and to lead and promote sustainability-based management, MHC established a Sustainability Committee to better contribute to the realization of a sustainable and prosperous future. The Sustainability Committee is an advisory body to the Executive Committee, and aims to lead and promote sustainability efforts in a way that is unified with the management strategies. The Sustainability Committee is chaired by the Head of the Corporate & Strategic Planning Division, and its members comprise Executive Officers in charge of business departments and the corporate center,

including the President & CEO. The committee implements a wide range of activities—including checking the progress of activities and the level of achievement of targets in non-financial sectors, deliberating over new activities, and discussing non-financial indicators—and reports the results to the Executive Committee and the Board of Directors.

As described in [Materiality] (page 26), MHC has identified the materiality issues as priority key challenges which must be addressed to achieve the sustainable development of the Group. The Basic Sustainability Policy consists of and integrates "Our Mission", "Our Vision", and the materiality. In light of the significance of these materiality issues, the Group will proceed with effective management and business activities aimed at solving the issues.

Please refer to MHC's website for details of our efforts on materiality.

https://www.mitsubishi-hc-capital.com/english/sustainability/materiality.html

2. Investment in Human Capital and Intellectual Property, etc.

(1) Initiatives Related to Human Capital

① Direction of Strategy

The MHC Group recognizes that accumulating and utilizing human capital is an important issue to improve corporate value through the realization of its Basic Management Policy and the medium- to long-term management direction. In particular, to realize the SX/DX and business portfolio transformation shown in the Medium- to Long-term Management Direction and achieve performance indicators targeted by the Group, the Company will secure and utilize necessary human capital in terms of both quality and quantity.

② Themes that we want to accomplish

In securing and utilizing human capital (qualitative shift inhuman resources and securing the quantity of human resources), we uphold two themes to be accomplished in the medium to long term.

What we want to accomplish (a) Fulfillment of a talent portfolio Develop and secure human resources contributing to the Company's realization of strategies (quality and quantity)	We define the quality and quantity of human resources necessary to realize the medium-to long-term management direction and visualize a talent portfolio. We understand the disparities between our necessary human resources and current human resources in terms of quality and quantity and implement measures for filling them to supplement necessary human resources.
What we want to accomplish (b) Maintaining and improving MHC Engagement	Our Group defines the efforts of employees working together toward value creation as MHC Engagement. We are engaged in maintaining and improving the three elements comprising MHC Engagement: self-motivation (whereby employees work of their volition), diversity (whereby diverse employees can combine diverse ideas), and working environment (whereby employees can exercise their self-motivation and diversity to the fullest extent).

③ Details of Initiatives

With regard to the above themes to be accomplished, we will give priority to working on the two matters, redevelopment of the human resource management base and creation of a system for maintenance and improvement in MHC engagement.

	Details of Initiatives
Reconstruction of the Human Resource Management Base	The MHC Group has collected/accumulated information on human resources and used it for utilization of human resources (allocation and development) to date. Going forward, for "What we want to accomplish (a) fulfillment of a talent portfolio," we will reconstruct the human resource management base, define types of human resources necessary to realize the medium- to long-term management direction, and then further understand human resources and conduct the human resource development that contributes to a qualitative shift. In understanding human resources, we handle qualitative factors such as experience, knowledge, skills, and competency in addition to the quantitative perspective, including the number of employees. In human resource development (qualitative shift), we identify qualitative issues to fulfill a talent portfolio and take measures for capacity development. Moreover, we will improve the accuracy of matching between human resources and jobs by systematically organizing information on jobs, in addition to information on human resources, to further ensure that the right people are placed in the right jobs.

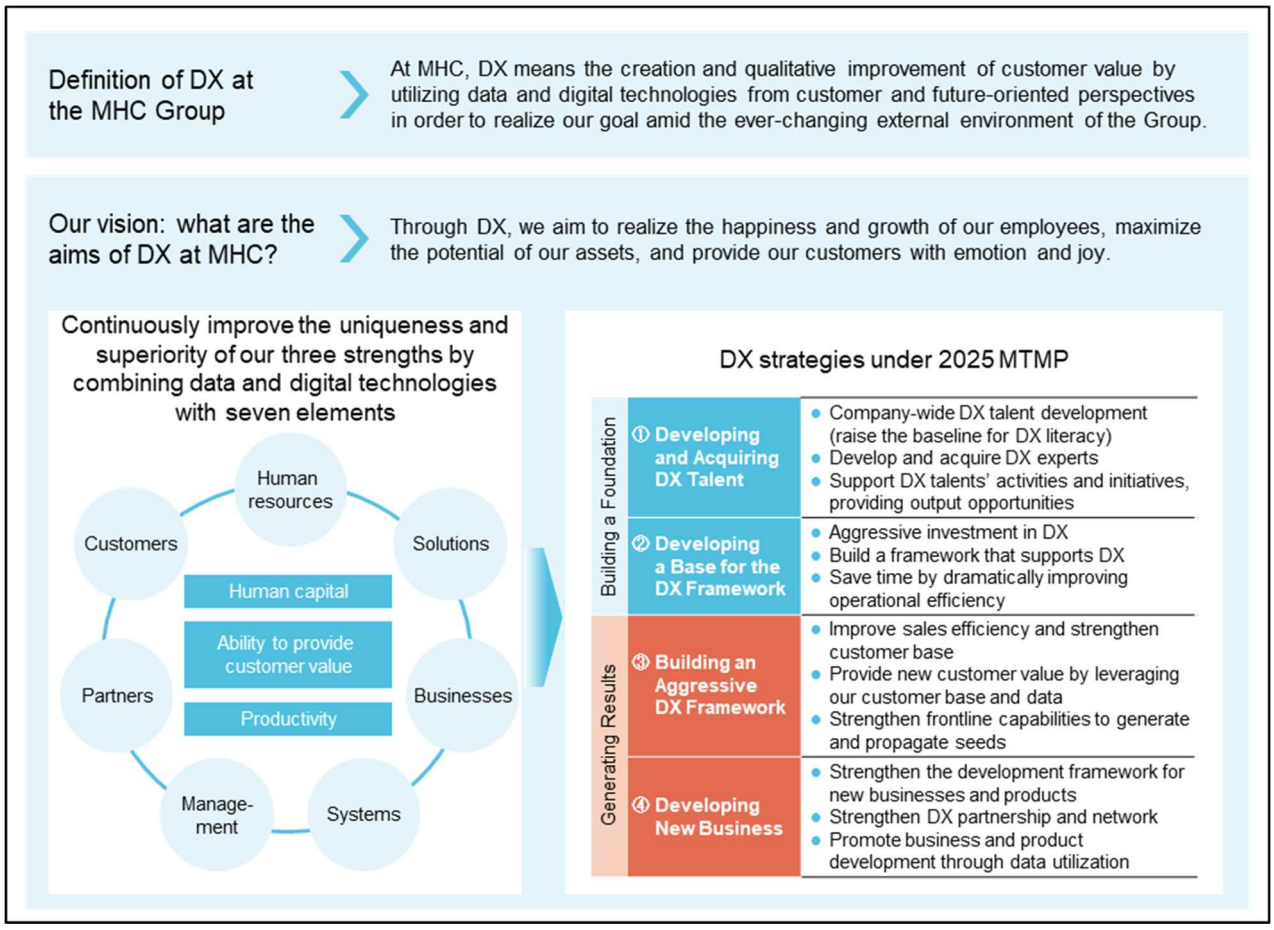
	Details of Initiatives
Creation of a System for Maintenance and Improvement in MHC Engagement	The MHC Group has identified current issue areas through an engagement survey and implemented improvement activities to date. Going forward, we will set MHC engagement indicators and strive to maintain and improve them. We will continuously realize the status of high engagement as the entire Group, ultimately securing the quantity of human resources.

④ Indicators and Targets

Visualizing the level of talent portfolio fulfillment and enhancing the analysis of engagement survey results are set as non-financial targets of the 2025 MTMP. Quantitative targets for both of them are planned to be disclosed at the time of announcing the financial results for FYE3/2025.

(2) Intellectual Property Strategy

MHC is also enhancing the use of computerized information (software and database), innovative property (R&D and licenses), economic competencies (talent (human capital) and organization) and other intangible assets, regarding them as important for sustainable growth. We strive to develop a framework to encourage innovation in order to improve profitability and accelerate growth by continuing to create new businesses, and steadily execute DX strategies and expand DX-related new businesses and products in order to achieve our goal of providing high value-added services and improving productivity through the use of digital technologies and data. At the same time, MHC is working to develop talent who are positive about creating innovations and digitalization by promoting self-development of employees, such as promoting the acquisition of related qualifications as a part of the education system.



3. Impact of Climate Change-related Risks and Revenue Opportunities on MHC's Business Activities, Revenue, etc.

MHC promotes its unique and advance business with consciousness of global environment to solve social issues. Especially, climate change exerts a grave impact on the global environment, including its ecosystems, as well as on people's lives and business activities. It believes climate change constitutes a major risk confronting the MHC Group, and simultaneously, may also bring new business opportunities. To clearly specify its policy, it is supporting recommendations by the Task Force on Climate-related Financial Disclosure (TCFD).

Furthermore, recognizing the importance to disclose climate-related financial information, it also endeavors to play its part in the realization of international targets identified by the United Nations Sustainable Development Goals (SDGs) and the Paris

Agreement. To this end, it will act in collaboration with other Group companies as well as a broad range of stakeholders, including government agencies, external business corporations, and industrial associations to realize society's transition with decarbonization.

MHC will address information disclosure in line with the four thematic areas (governance, strategy, risk management, metrics and targets) of the TCFD recommendations to enhance disclosure regarding climate change. At the same time, it will emphasize environmentally-conscious efforts through customers' business and the efforts to reduce greenhouse gas emissions of the Group.

For details, please refer to "Information Disclosure according to Four Disclosure Items suggested by TCFD Recommendation" in the Annual Securities Report for the 53rd Fiscal Year (page 25 for (i) Governance, page 26 for (ii) Risk Management and (iii) Strategy, and page 27 for (iv) Metrics and Targets.)

	Short Term (Every Year)	Medium Term (to Fiscal year 2030)	Long Term (to Fiscal year 2050)
Scope1 and Scope2	Energy usage in Japan: Reduction by 1% compared to the prior fiscal year	Reduction by 55% compared to fiscal year 2019	Net zero

IV-2 Ensuring Diversity in Key Personnel within the Organization (Supplementary Principle 2.4.1)

[Views on ensuring Diversity]

We position the promotion of diversity, equity & inclusion as an important management strategy for the further expansion of the Group's business domains and global operations, with our basic policy to foster a vibrant organizational culture that can create new value by bringing together a diverse group of human resources who can leverage one another's strengths and bring out the most of each person's motivation and talents.

One of our action principles is "Diversity: Embrace diversity and respect each other." With this as the foundation, we aim to realize a vibrant organization that can create new value by bringing together a diverse group of human resources who represent a broad range of individual attributes such as nationality, age, and gender; and differences in life stage, experience, and values; and who can leverage one another's strengths and bring out the most out of each person's motivation and talents.

Please refer to MHC's website for details of the promotion of diversity, equity & inclusion,

https://www.mitsubishi-hc-capital.com/english/sustainability/social/employees_and_families.html

<Women>

We have formulated an action plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace and strive to promote women's success. We have introduced systems that encourage the long-term employment of women and support their career development through rank-based training, dispatch to external training, and other opportunities. The percentage of female managers as of March 31, 2024 is 16.0% (non-consolidated basis).

We will strive to further increase the percentage of female managers through proactive personnel development.

<Foreign Employees>

MHC continues hiring activities not bound by nationality, and there are approximately 20 foreign employees (non-consolidated basis) as of March 31, 2024.

MHC has recruited and hired persons with necessary attributes and capabilities according to the business environment as appropriate, regardless of nationality. After hiring foreign nationals, MHC provides an environment necessary for such employees to demonstrate their abilities, such as opportunities for education and promotion (rank-based training, training for selected employees, e-learning, etc.) equivalent to those for Japanese employees.

While there are currently no foreign employees working as managers, MHC will promote the appointment of foreign employees as managers through initiatives to develop diverse talent.

Meanwhile, local talent accounts for about 50% of the managerial positions of overseas Group companies as of March 31, 2024. MHC continues the appointment of foreign employees aiming to realize strategic management based on the characteristics of each country and region.

<Mid-career hiring>

Mid-career hires account for about 25% of the managerial positions of MHC (non-consolidated basis) as of March 31, 2024. MHC has recruited and hired persons with necessary attributes and capabilities according to the business environment as appropriate, regardless of past career. To advance the evolution and layering of our business models, which is announced in the Medium-term Management Plan, in mid-career recruitment we seek to hire experienced professionals from each industry

in which the Group operates. We also engage in recruitment activities that cast a wider net to attract potential talent with skills and ability that can contribute to each field of the MHC Group in the future. As measures to enhance our recruitment framework, we have developed schemes for referral-based recruitment in response to employee introductions and alumni recruitment to re-hire employees who have resigned in the past as part of efforts to recruit from a diverse pool of talent and secure sufficient quantities.

On the development front, we train generalist human resources geared to function in various departments, but we also develop and cultivate professionals to lead business areas. In recent years, in particular, aiming to sophisticate and globalize our business, we have established a development support system including external seminars and acquisition of professional qualifications to improve highly specialized skills required in each domain. We are also making efforts to develop leaders with a view to promoting them to manager positions.

MHC continues to implement proactive measures to develop mid-career hiring, aiming to maintain and raise the ratio of mid-career hiring in management.

MHC will continue efforts for maintaining and raising the ratio of mid-career managers by actively developing mid-career hiring.

V Relationships with Stakeholders

V-1 Polies for the Establishment of Systems and Efforts for promoting Constructive Dialogue with Stakeholders (Principle 5.1)

With the recognition that it is one of its 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, MHC pursues proactive and constructive dialogue with shareholders.

With the Corporate Communications Department and the General Affairs Department serving as the primary point of contact, MHC has established a system for collaboration with the Corporate & Strategic Planning Department, Accounting Department, etc. to implement the following initiatives.

- Financial results briefings are held twice each year, after the announcement of full-year financial results and second quarter financial results, in which the President & CEO and management provide explanations and also answer any questions that are asked.
- MHC's management, the Corporate Communications Department, and the General Affairs Department conduct individual interviews with domestic and foreign shareholders and institutional investors, and IR and SR activities, such as participation in briefings and various conferences.
- MHC provides a wide range of information such as the movies of financial results briefings and materials with scripts, and summaries of Q&A sessions on the corporate website to investors including individual investors. In conjunction with this, MHC participates in IR events and various briefings for individual investors which are organized by securities companies and stock exchanges.

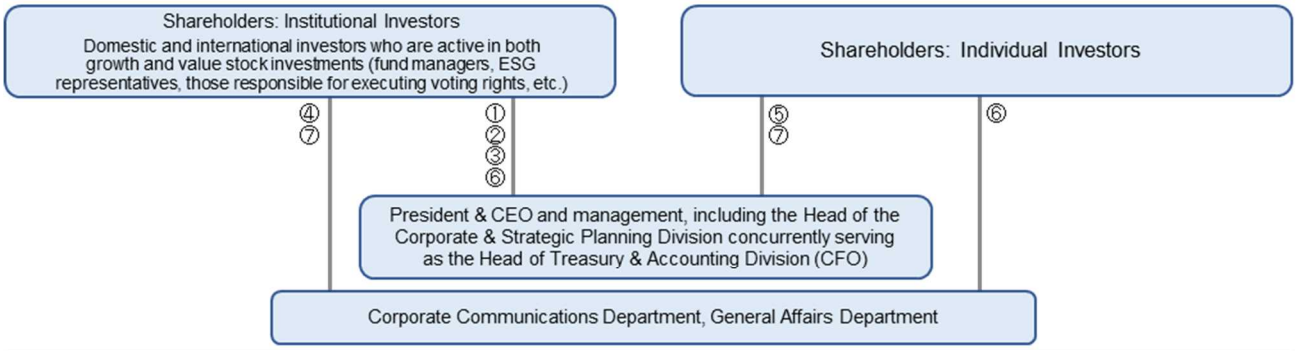
Opinions and concerns expressed in the dialogue with shareholders are promptly reported to MHC's management. In addition, those are regularly reported to the Board of Directors so that the information is shared with Independent Outside Directors as well. MHC appropriately and carefully manages insider information, in accordance with MHC's internal rules, and also discloses such information in accordance with the information disclosure policy. Please refer to the corporate website for the information disclosure policy:

https://www.mitsubishi-hc-capital.com/english/sustainability/various_policies.html

[Status of Dialogues with Shareholders, etc.]

1. Key Figures in Dialogues with MHC's Shareholders and an Overview of the Shareholders

As described in MHC's policy regarding constructive dialogues with shareholders, members of MHC's management including the President & CEO, as well as the Corporate Communications Department and General Affairs Department, often engage in these dialogues with its shareholders and investors. The following are the major initiatives undertaken in fiscal year 2023.



[Major Initiatives in 2023]

	Description	Major Persons in charge at MHC
①	Financial results briefings (Question and answer sessions with shareholders and institutional investors)	President & CEO, Head of the Corporate & Strategic Planning Division concurrently serving as the Head of Treasury & Accounting Division (CFO)
②	Individual interviews between domestic and international shareholders and institutional investors and management	President & CEO, Head of the Corporate & Strategic Planning Division concurrently serving as the Head of Treasury & Accounting Division (CFO)
③	Participation by officers in charge of IR in various conferences held by securities companies (Interviews with domestic and international shareholders and institutional investors)	Head of the Corporate & Strategic Planning Division concurrently serving as the Head of Treasury & Accounting Division (CFO)
④	Individual interviews between domestic and international shareholders and institutional investors and departments in charge of IR and SR	Corporate Communications Department, General Affairs Department
⑤	Exhibition at IR events targeting individual shareholders and investors	Corporate Communications Department
⑥	General meeting of shareholders	President & CEO and management (Inside Directors, Outside Directors, Executive Officers, etc.)
⑦	Response to inquiries from shareholders and investors	Corporate Communications Department

2. Major Themes of Dialogues

The following are the major themes of the dialogues, including items which are of particular concern to MHC's shareholders, etc.

- MHC's management strategy based on Our 10-year Vision and the Medium- to Long-term Management Direction announced in May 2022
- MHC's management strategy based on the Medium-term Management Plan for FY2023-FY2025 ("2025 MTMP"), which started in fiscal year 2023
- Strategies by business during the 2025 MTMP period
- MHC's stance regarding shareholder returns, including its policy for distributing dividends and stock buybacks going forward
- The impact of raising global interest rates and prices of goods on the Customer Solutions Segment and the Global Business segment
- The recovery of the Aviation Business from the COVID-19 crisis and its business outlook going forward and the business conditions of a marine container leasing company acquired in November 2021, etc.

3. Items Introduced in light of the Dialogues

MHC formulated the Medium-Term Management Plan, announced in May 2023, having taken into account the concerns of its shareholders and investors.

Further, in consideration of the valuable opinions MHC received regarding the disclosure of financial results-related information, it has improved its reporting in Financial Results statements by choosing to disclose occurrences deserving special mention by segment, among other improvements, making the actual performance of each segment easier to understand.

4. Update on Management and the Board of Directors

In August 2023 and February 2024, MHC provided an update on the Executive Committee and the Board of Directors regarding the status of dialogue between MHC's management, etc. and its shareholders and investors.

V-2 Procedures for approving related Party Transactions (Principle 1.7)

When MHC engages in transactions with its own Directors or Audit & 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 MHC or the common interests of the shareholders:

- The Compliance Manual, which compiles the basic policies for promoting compliance by the Group, clearly prohibits transactions that constitute conflicts of interest and preferential transactions.
- When a transaction takes place between MHC and its Directors or Audit & Supervisory Committee Members, the appropriateness of the terms of the transaction, as well as the manner of determination thereof, are deliberated in advance at meetings of the Board of Directors before a decision is made.
- In view of the importance of MHC offering credit to major shareholders and to MHC's subsidiaries, when the amount of credit exceeds a certain percentage of total assets, based on the internal rules, the appropriateness of the amount of the credit offering, as well as the manner of determination thereof, are deliberated in advance at meetings of the Board of Directors before a decision is made regarding such credit offering.
- Regarding deliberations and resolutions of the Board of Directors concerning transactions between MHC and a company in which MHC's Director concurrently serves as an officer, the fairness of the deliberations is guaranteed by requesting such Director to recuse from participating in them.
- Audit & Supervisory Committee Members and the Accounting Auditor audit the status of transactions between related parties.

VI Other

VI-1 Policies for Cross-shareholdings and Basis for exercise Voting Rights (Principle 1.4)

1. Policies for Cross-shareholdings

Under the corporate policy for enhancing its corporate value, MHC holds listed shares for purposes other than pure investment (targeting gains primarily through fluctuations in the value of shares and the receipt of dividends), such as ① and ② below:

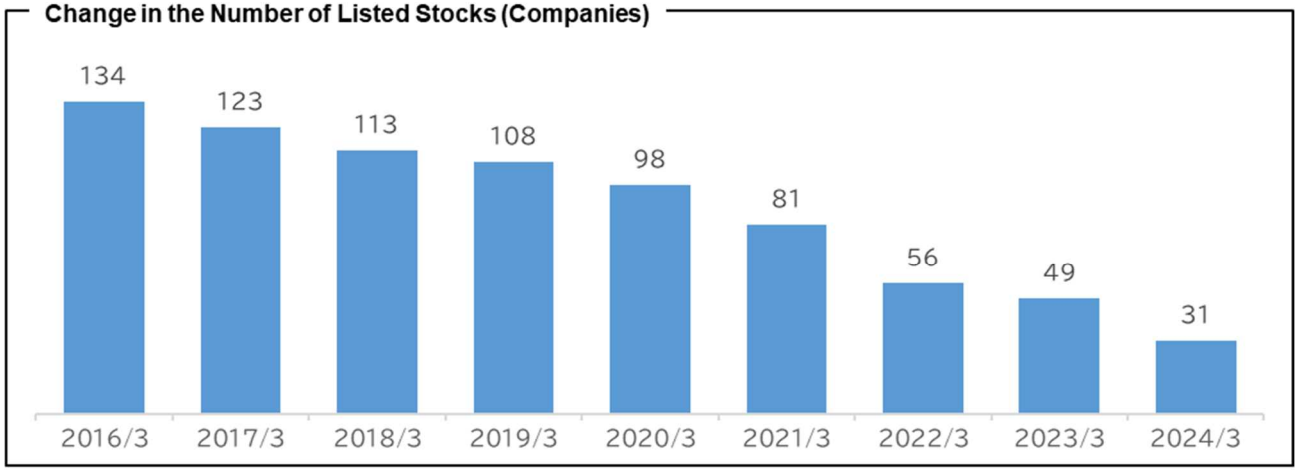
① Developing stable and long-term relationships with business partners and promoting business

② Strengthening such relationships based on capital/business alliances, and creating new business opportunities

In its cross-shareholding practice, MHC's basic policy is to regularly examine if it is rational to hold each share and sell such strategic shares that are judged no longer rational to hold, after gaining understanding of its business partners while considering the impact of sales on businesses and markets.

Even when it is judged as rational to hold shares, MHC may sell such shares in consideration of the impact of the risk of mark-to-market valuation fluctuation of the shares on MHC's finance, capital efficiency, etc.

The change in the number of listed stocks held since March 31, 2016 is as follows. The number decreased from 134 to 31 as of March 31, 2024.



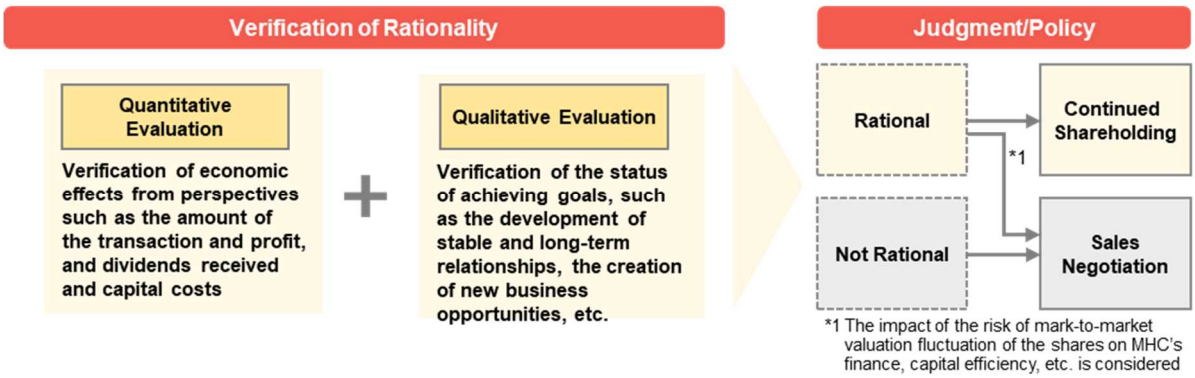
(Note)The numbers for March 2016 to March 2021 are the total of those from the former Mitsubishi UFJ Lease & Finance and Hitachi Capital. The numbers for March 2017 to March 2021 do not include the number of business partners' stocks held by both companies.

2. Method for verifying the Rationality of Cross-shareholdings

MHC's cross-shareholding policy is decided based on (i) and (ii) below and its rationality is verified at the Board of Directors. (See the figure below)

① A quantitative evaluation based on factors including the size of business transactions/profit, dividends received, and capital costs;

② A qualitative evaluation of the business activities to date and potential business opportunities in the future.



3. Verification of the Rationality by the Board of Directors

The Board of Directors examined the listed shares using the manner in 2. Above at the Board of Directors meeting held in fiscal year 2023.

4. Basis for exercising Voting Rights

MHC exercises its voting rights for cross-shareholdings in light of the purposes described in 1. above.

Concerning the following agendas which MHC thinks may affect the enhancement of corporate value and the sustainable growth of MHC and its business partners over the medium-to long-term, MHC exercises its voting rights after carefully verifying their details and potential impact:

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

VI-2 Roles of Corporate Pension Funds as Asset Owners (Principle 2.6)

MHC integrated the fund-type corporate pension plan into the contract-type corporate pension plan in April 2024, which had been in operation since before the business integration in 2021. MHC has constructed the system below to fulfill the functions expected of an asset owner.

- The pension system is operated through appropriate asset allocation by defining a policy asset mix (an asset allocation plan for the entire pension system to be formulated on a medium- to long-term basis) of pension assets in order to secure long-term returns, with the aim of ensuring asset management that secures a stable source of benefits in the future.
- MHC established the “Basic Policy Concerning the Management of Pension Assets” to address conflicts of interest between the beneficiaries of the corporate pension plan (employees) and MHC, with a view toward maximizing the interests of beneficiaries.

  In particular, it conducts appropriate decision-making in consideration of (1) rigorous evaluations by an asset management institution based on evaluations by a specialized body on “qualitative evaluation, primarily of business operations, reputation in society, and investment policies (stewardship code, policy on ESG initiatives, etc.)” and (2) the opinions of the Asset Management Committee.
- Members of the Asset Management Committee who are selected from among persons with experience in corporate pension work to develop further knowledge by participating in training sessions and seminars conducted by asset management institutions and other organizations.

[List of Disclosures based on Corporate Governance Code]

: Principles subject to disclosure requirements

Corporate Governance Code				Status		Relevant Pages of this Report or Links to MHC's Website
Basic Principles	Principles		Supplementary Principles	Compliance	Explanation	
Chapter 1 Securing the Rights and Equal Treatment of Shareholders						
	1-1.	Rights Protection of Shareholders	-	●		(Page 15 of this Report) III Implementation of Measures for Shareholders and Other Stakeholder
			1-1①	●		
			1-1②	●		
			1-1③	●		
	1-2.	Exercise of Shareholder Rights at General Shareholder Meetings	-	●		(Page 15 of this Report) 1. Measures to vitalize the General Meetings of Shareholders and ensure the Smooth Exercise of Voting Rights
			1-2①	●		
			1-2②	●		
			1-2③	●		
			1-2④	●		
			1-2⑤	●		
	1-3.	Basic Strategy for Capital Policy	-	●		Medium-term Management Plan "Premise for Business Strategies (Financial Strategies that support the Evolution and Layering of Business Models)" on page 16 and "Financial Targets" on page 6: https://www.mitsubishi-hc-capital.com/pdf/english/investors/mp_en_2023-2025.pdf
	1-4.	Cross-Shareholdings	-	●		(Page 54 of this Report) VI-1. Policies for Cross-shareholdings and Basis for exercise Voting Rights
			1-4①	●		
			1-4②	●		
	1-5.	Anti-takeover Measures	-	●		
			1-5①	●		
	1-6.	Capital Policy that may Harm Shareholder Interests	-	●		
	1-7.	Related-party Transactions	-	●		(Page 53 of this Report) V-2. Procedures for approving related Party Transactions
Chapter 2 Appropriate Cooperation with Stakeholders other than Shareholders						
	2-1.	Business Principles as the Foundation of Corporate Value Creation over the Mid- to Long-Term	-	●		Basic Management Policy (Our Mission, Our Vision): Basic Management Policy | About Us | Mitsubishi HC Capital (mitsubishi-hc-capital.com) Medium-term Management Plan "Positioning of the 2025 MTMP and Value Creation Process" on pages 9 to 12: https://www.mitsubishi-hc-capital.com/pdf/english/investors/mp_en_2023-2025.pdf
	2-2.	Code of Conduct	-	●		Basic Management Plan (Action Principles): Basic Management Policy | About Us | Mitsubishi HC Capital (mitsubishi-hc-capital.com) Medium-term Management Plan "Positioning of the 2025 MTMP and Value Creation Process" on pages 9 to 12: https://www.mitsubishi-hc-capital.com/pdf/english/investors/mp_en_2023-2025.pdf Mitsubishi HC Capital Group Code of Ethics and Code of Conduct: https://www.mitsubishi-hc-capital.com/pdf/english/sustainability/various_policies/ethics.pdf
			2-2①	●		Compliance: Compliance | Governance | Mitsubishi HC Capital (mitsubishi-hc-capital.com) Mitsubishi HC Capital Group Code of Ethics and Code of Conduct:

Corporate Governance Code				Status		Relevant Pages of this Report or Links to MHC's Website
Basic Principles	Principles		Supplementary Principles	Compliance	Explanation	
						https://www.mitsubishi-hc-capital.com/pdf/english/sustainability/various_policies/ethics.pdf
	2-3.	Sustainability Issues, Including Social and Environmental Matters	-	●		(Page 48 of this Report) IV-1 Actions on Sustainability and Investment in Human Capital and Intellectual Property, etc.
			2-3①	●		
	2-4.	Ensuring Diversity, Including Active Participation of Women	-	●		Diversity, Equity & Inclusion Promotion Initiatives: https://www.mitsubishi-hc-capital.com/english/sustainability/social/employees_and_families.html
			2-4①	●		(Page 51 of this Report) IV-2 Ensuring Diversity in Key Personnel within the Organization
	2-5.	Whistleblowing	-	●		Whistleblowing System: https://www.mitsubishi-hc-capital.com/english/sustainability/governance/compliance.html
			2-5①	●		
	2-6.	Roles of Corporate Pension Funds as Asset Owners	-	●		(Page 55 of this Report) VI-2 Roles of Corporate Pension Funds as Asset Owners
Chapter 3 Ensuring Appropriate Information Disclosure and Transparency						
	3-1.	Full Disclosure	-	●		Information Disclosure Policy: https://www.mitsubishi-hc-capital.com/pdf/english/sustainability/various_policies/disclosure.pdf
			(i)	●		(Page 26 of this Report) I-1 Basic Management Policy (Our Mission, Our Vision, and Action Principles), Materiality (Page 27) I-2 Medium-to Long-term Management Direction (Page 28) I-3 Value Creation Process, Medium-term Management Plan
			(ii)	●		(Page 31 of this Report) I-4 Basic Views and Policies on Corporate Governance
			(iii)	●		(Page 43 of this Report) III-6 Policies and Procedures for determining Remuneration of Directors and Management
			(iv)	●		(Page 39 of this Report) III-1 Policies and Procedures for Appointment and Dismissal of Directors
			(v)	●		(Page 39 of this Report) III-2 Reasons for Appointment, Dismissal and Nomination of Directors
			3-1①	●		
			3-1②	●		English website:: https://www.mitsubishi-hc-capital.com/english/
			3-1③	●		(Page 48 of this Report) IV-1 Actions on Sustainability and Investment in Human Capital and Intellectual Property, etc.
	3-2.	External Auditors	-	●		
			3-2①	●		(Page 33 of this Report) II-3 Overview of Each Organization, Status of Activities, etc.
			3-2②	●		(Page 9 of this Report) [Audit & Supervisory Committee] (Page 33 of this Report) II-3 Overview of Each Organization, Status of Activities, etc.
Chapter 4 Responsibilities of the Board						
	4-1.	Roles and Responsibilities of the Board (1)	-	●		
			4-1①	●		(Page 31 of this Report) II-1 Scope of Delegation to Management
			4-1②	●		
			4-1③	●		

Corporate Governance Code				Status		Relevant Pages of this Report or Links to MHC's Website
Basic Principles	Principles		Supplementary Principles	Compliance	Explanation	
	4-2.	Roles and Responsibilities of the Board (2)	-	●		(Page 11 of this Report) [Incentives]
			4-2①	●		(Page 43 of this Report) III-6 Policies and Procedures determining Remuneration of Directors and Management
			4-2②	●		(Page 48 of this Report) IV-1 Actions on Sustainability and Investment in Human Capital and Intellectual Property, etc.
	4-3.	Roles and Responsibilities of the Board (3)	-	●		(Page 18 of this Report) 1. Basic Views on Internal Control System and the Progress of System Development (Page 23 of this Report) 2. Other Matters concerning Corporate Governance Framework, etc. (Page 39 of this Report) III-1 Policies and Procedures for Appointment and Dismissal of Directors (Page 53 of this Report) V-2 Procedures for approving Related Party Transactions Risk Management: https://www.mitsubishi-hc-capital.com/english/sustainability/governance/risk_management.html
			4-3①	●		(Page 39 of this Report) III-1 Policies and Procedures for Appointment and Dismissal of Directors
			4-3②	●		
			4-3③	●		(Page 39 of this Report) III-1 Policies and Procedures for Appointment and Dismissal of Directors
			4-3④	●		(Page 18 of this Report) 1. Basic Views on Internal Control System and the Progress of System Development (Page 34 of this Report) 4. Status of Audits
	4-4.	Roles and Responsibilities of Auditors, and the Board of Auditors	-	●		(Page 34 of this Report) 4. Status of Audits
			4-4①	●		
	4-5.	Fiduciary Responsibilities of Directors, and Auditors	-	●		
	4-6.	Business Execution and Oversight of the Management	-	●		(Page 10 of this Report) [Independent Directors] (Page 32 of this Report) II-2 Views on the Appropriate Balance of Knowledge, Experience and Skills, Diversity, and Size of the Board of Directors as a whole
	4-7.	Roles and Responsibilities of Independent Directors	-	●		
	4-8.	Effective Use of Independent Directors	-	●		(Page 32 of this Report) II-2 Views on the Appropriate Balance of Knowledge, Experience and Skills, Diversity, and size of the Board of Directors as a whole
			4-8①	●		(Page 33 of this Report) 1. Matters concerning the Board of Directors
			4-8②	●		(Page 13 of this Report) [Supporting System for Outside Directors (Outside Audit & Supervisory Committee Members)]
			4-8③	-		Not applicable to MHC
	4-9.	Independence Standards and Qualification for Independent Directors	-	●		(Page 42 of this Report) III-3 Outside Directors' Independence Decision Criteria

Corporate Governance Code				Status		Relevant Pages of this Report or Links to MHC's Website
Basic Principles	Principles		Supplementary Principles	Compliance	Explanation	
	4-10.	Use of Optional Approach	-	●		(Page 10 of this Report) [Establishment of Voluntary Committees] (Page 43 of this Report) III-5 Establishment of Independent Nomination Committee and Compensation Committee
			4-10①	●		
	4-11.	Preconditions for Board, and Board of Auditors Effectiveness	-	●		(Page 32 of this Report) II-2 Views on the Appropriate Balance of Knowledge, Experience and Skills, Diversity, and size of the Board of Directors as a whole
			4-11①	●		
			4-11②	●		(Page 43 of this Report) III-4 Information on Outside Directors who have Concurrent Posts
			4-11③	●		(Page 38 of this Report) II-4 Overview and Results of Analysis and Assessment of the Effectiveness of the Board of Directors (Supplementary Principle)
	4-12.	Active Board Deliberations	-	●		
			4-12①	●		(Page 13 of this Report) [Supporting System for Outside Directors (Outside Audit & Supervisory Committee Members)]
	4-13.	Information Gathering and Support Structure	-	●		(Page 13 of this Report) [Supporting System for Outside Directors (Outside Audit & Supervisory Committee Members)]
			4-13①	●		(Page 9 of this Report) Cooperation between Audit & Supervisory Committee, Financial Auditors, and Internal Audit Department
			4-13②	●		(Page 18 of this Report) 1. Basic Views on Internal Control System and the Progress of System Development
			4-13③	●		(Page 34 of this Report) 4. Status of Audits
	4-14.	Director and Auditors Training	-	●		(Page 39 of this Report) II-5 Training Policy for Directors
			4-14①	●		
			4-14②	●		
Chapter 4 Responsibilities of the Board						
	5-1.	Policy for Constructive Dialogue with Shareholders	-	●		(Page 52 of this Report) V-1 Polies for the Establishment of Systems and Efforts for promoting Constructive Dialogue with Stakeholders
			5-1①	●		
			5-1②	●		
			5-1③	●		
	5-2.	Establishing and Disclosing Business Strategies and Business Plans	-	●		Medium-term Management Plan: https://www.mitsubishi-hc-capital.com/pdf/english/investors/mp_en_2023-2025.pdf
			5-2①	●		(Page 28 of this Report) I-3 Value Creation Process, Medium-term Management Plan