

Mitsubishi UFJ Lease & Finance Company Limited

ESG Data

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Period covered: fiscal year ended March 2020 (from April 1, 2019 to March 31, 2020)

Company: Mitsubishi UFJ Lease & Finance Company Limited

(certain data includes group company details)

* Some activities that took place outside the period covered are included.

Governance			
Corporate governance	Management philosophy	<p>We will prove worthy of the trust of customers, shareholders, and employees as we contribute to realize a more prosperous society.</p> <ul style="list-style-type: none"> • We will work to achieve sustained improvement in corporate value by offering the best solutions to customers. • We aim to play a part in the development of regions and society by pursuing environmentally considerate corporate activities in compliance with laws and regulations. • We will create a workplace environment that motivates each and every employee and in which they can take pride. 	
	Policy	<p><Basic approach></p> <p>We focus on achieving sustainable growth and enhancing the medium- to long-term corporate value of the Company while striving to contribute to a more prosperous society. We work on this with the awareness that transparent and sound management is one of our social responsibilities, respecting the rights and interests, and responding to the trust, of all our stakeholders including shareholders, customers, regional communities and employees. To fulfill that social responsibility, we continuously work to enhance our corporate governance such as by activating the Board of Directors, strengthening the Audit & Supervisory Board and the internal audit system, ensuring timely and appropriate information disclosure, and increasing activities linked to investor relations.</p>	
		<p><Basic policy></p> <ul style="list-style-type: none"> • Protection of shareholder rights and equality • Appropriate collaboration with all stakeholders • Appropriate and transparent disclosure • Responsibilities of the Board of Directors • Shareholder interactions 	
		<p>Reference (our website)</p> <table border="1"> <tr> <td>Described in "Report on Corporate Governance" posted on the page below.</td> </tr> <tr> <td>https://www.lf.mufg.jp/english/corporate/governance/index.html</td> </tr> </table>	Described in "Report on Corporate Governance" posted on the page below.
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Directors, the Board of Directors	<p><Description of the Board of Directors></p> <p>Our Board of Directors meets regularly (9 times in FY2019) and holds special meetings when necessary (once in FY2019). It deliberates on and makes decisions on laws and regulations together with important management issues established in the Articles of Incorporation. Also, Outside Directors contribute to sound decision making by the Board of Directors and management overview, each putting to work their rich management experience and point of view.</p> <p>In FY2019, it deliberated on and made decisions concerning important investment projects, both domestically and overseas, and on crucial items concerning strategy and other important items for each individual business division.</p> <p>In addition, we have introduced the Executive Officer System. The purpose of the Executive Officer System is to separate the functions of management decision making and supervision enhancement and business execution, clarify their roles and responsibilities, while further fulfilling and activating the function of the Board of Directors.</p> <p>Since June 24, 2020, we have 9 Directors, including 4 Outside Directors, and 39 Executive Officers, including 4 who also double as Directors.</p> <p>In principle, we hold Managing Directors' meetings once a week as a body for consulting and making decisions based on decisions made at Board Meetings as to management policies, while establishing specific execution plans and control.</p> <p>Also, in order to strengthen corporate governance, we have installed a Advisory Council as an advisory group to the Board of Directors. The Management Council consists of 3 Representative Directors, 3 full-time auditors, 4 Outside Directors, and 3 Outside Auditors. The Executive Chairman serves as Chief of the Management Council and consults beforehand with the Board on governance issues, including the naming of the Managing Director and Directors' compensation.</p>		
	<p><Approach to the balance and diversity in terms of knowledge, experience and ability, and size of the Board of Directors as a whole></p> <p>The Board of Directors is comprised of directors who have a background in various businesses and industries, including financial institutions, trading houses and manufacturers, in a number appropriate to ensure such diversity.</p> <p>It is expected that each Director fully demonstrates his/her skills and abilities backed by their respective experience, and practices supervising the management leveraging deep insights from every aspect. Although there are currently no female and foreign Directors, one female Audit & Supervisory Board Member has been newly appointed. Audit & Supervisory Board Members attend the Board of Directors to confirm the appropriateness of business execution and monitor and confirm its management supervision functions, expressing opinions when necessary. Also, more than one Director with rich overseas business experience have been appointed. The Company will continue to consider responding to gender diversity with the awareness that it is one of the important management topics.</p>		
	<p><Evaluations of the Board of Directors and the disclosure of evaluation results></p> <p>In order to strengthen Corporate Governance, we have installed a Management Council as an advisory body to the Board of Directors, and the Management Council meets regularly. The Management Council is made up of Representative Directors, full-time auditors, Outside Directors, and Outside Auditors, and they exchange opinions on a wide range of topics concerning the Board of Directors. Also, the Council promotes ongoing improvement by analyzing, evaluating and providing advice to the Board of Directors to enhance the effectiveness of the Board, as well as giving ongoing study to and solutions to perceived issues.</p> <p>The following is an overview of the evaluation results of the Board of Directors in FY2019.</p> <ol style="list-style-type: none"> 1. Reports on the operational status of each business division made directly by heads of each business division allowed for a deeper understanding on each business and business division as well as on the company as a whole. (Measures were strengthened based on the evaluation of the Board of Directors made in the previous year.) 2. Digitalization of materials is a trend and further measures need to be taken. <p>Taking the above evaluation into consideration, we will continue to improve the effectiveness of the Board of Directors.</p>		

Directors, the Board of Directors	<Appointment of directors> We define how to appoint directors, etc. in the Articles of Incorporation, and disclose the content.					
	Referential website (Japanese only)	http://www2.tse.or.jp/disc/85930/140120170615407250.pdf				
	Maximum number of directors under the Articles of Incorporation	22 persons				
	Term of office of directors under the Articles of Incorporation	1 year				
	Chair of the Board of Directors	Company Chairperson				
	Number of directors	Males: 9, females: 0				
	Appointment of outside directors	Appointed				
	Number of outside directors	4 persons				
	Of outside directors, the number of those designated as independent directors	2 persons				
	Number of Board of Directors meetings in 2018	10 times (8 after the Annual Meeting of Stockholders)				
	Attendance by outside directors and outside Audit & Supervisory Board members	Outside Directors		Outside Audit & Supervisory Board Members		
		Minoura Teruyuki	10 times (100%)	Yasuda Shota	9 times (90%)	
		Haigou Toshio	8 times (80%)	Nakata Hiroyasu	8 times (80%)	
		Mitsumasa Ichio	8 times (100%*)	Minagawa Hiroshi	8 times (100%)	
Hayashi Naomi		9 times (90%)	* Since the time when he was appointed as a director or an auditor at the Annual Meeting of Stockholders of June 2019.			
This is listed in the Notice of Convocation section of our website. http://www.lf.mufg.jp/investors/meeting/index.html						
Corporate governance	<Basic policy> Executive compensation of the Company is determined with the aim of increasing corporate value through execution of business strategies, with consideration also given to incentivizing those executives. In addition, the level of compensation should be appropriate for the roles and responsibilities of each executive based on market standards, from the perspectives of both increasing medium- and long-term corporate value and boosting short-term performance.					
	Structure	In principle, Director compensation (excluding Outside Directors, same below) consists of base compensation (fixed compensation), annual incentive compensation (performance-linked compensation), and medium- to long-term incentive compensation. The annual incentive compensation is paid out as a cash bonus, while the medium- to long-term incentive compensation is distributed in the form of stock options.				
	Ratio	While, basically, the ratio of compensation excluding performance-based compensation (base compensation and stock options) and performance-based compensation is roughly 1.3:0.3 (the ratio of base compensation, stock options, and bonus is roughly 1:0.3:0.3), the amount is decided on an overall assessment for each Director, depending on his or her role and job responsibilities.				
	Amounts of compensation	According to a shareholders' resolution, the annual amount of base compensation and bonus will be 480 million yen or less annually and compensation linked to stock options will be 150 million yen or less annually. To conduct procedures on executive compensation with transparency and objectivity, its policies and details of the compensation are deliberated by the Board of Directors after explaining to the Advisory Council (attended by Representative Directors, Outside Directors and Outside Audit & Supervisory Board Members) and obtaining the council's opinion in advance. The decision on the specifics for base compensation and bonus payouts, as well as non-monetary compensation related to the provision of company housing, is left to the President and CEO, but within the cap limits resolved by the General Meeting of Shareholders. Individual compensation amounts are post-reported to the Advisory Council and reviewed. The number of stock acquisition rights to be granted to each Director for a stock option scheme is also resolved by the Board of Directors.				
	Non-monetary compensation	If it becomes necessary for a director (excluding outside directors) to reside in a region away from home due to a personnel transfer that requires a change of responsibility or place of posting, the Company provides that director with an appropriate property as company housing (hereinafter, the difference between the total monthly rent necessary for the Company to rent the company housing and the total monthly rent collected from Directors is referred to as "Non-monetary compensation related to the provision of company housing.") Based on the resolution by the General Meeting of Shareholders, the amount of Non-monetary compensation related to the provision of company housing will be no more than 2 million yen per month.				
	Outside directors	From the standpoint of securing the effectiveness of the supervisory function, incentive compensation, including bonus and stock options, is not provided. Compensation consists only of base compensation.				
	Total amount of compensation by executive category					
		Total amount of compensation (millions of yen)	Total amount of compensation by type (millions of yen)			Number of executives in scope (person)
			Fixed compensation	Performance-linked compensation	Stock options	
	Directors (excluding outside directors)	322	199	57	61	3
Audit & Supervisory Board members (excluding outside members)	65	65	-	-	-	4
Outside directors/Audit & Supervisory members	81	81	-	-	-	10
Reference (our website, Japanese only)	http://www.lf.mufg.jp/investors/library/security-report/index.html					
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Reference (our website, Japanese only)	http://www.lf.mufg.jp/investors/library/security-report/index.html					

Corporate governance	Audit & Supervisory Board member, the Audit & Supervisory Board	<Description of the Audit & Supervisory Board> The Company has established the Audit & Supervisory Board and strives to ensure fair oversight of the execution of duties by directors. The Audit & Supervisory Board is comprised of 6 Audit & Supervisory Board members, of which 3 are outside members. Outside Audit & Supervisory Board members contribute to ensuring the sound management of the Company by leveraging their abundant knowledge and experience in management and other fields to conduct audits from their respective viewpoints.	
		<Compensation of Audit & Supervisory Board members> From the standpoint of ensuring the effectiveness of the supervisory function, incentive compensation, including bonus and stock options are not provided to Supervisory Board members. Compensation consists only of base compensation. In accordance with a shareholders' resolution, annual compensation is to be 120 million yen or less. The amount of compensation for each Supervisory Board member is decided upon via discussions with the Board member.	
		Establishment of an Audit & Supervisory Board	Established
		Number of Audit & Supervisory Board meetings	11 times
		Maximum number of Audit & Supervisory Board members under the Articles of Incorporation	No upper limit is specified.
		Number of Audit & Supervisory Board members	6 persons
		Appointment of outside Audit & Supervisory Board members	Appointed
		Number of outside Audit & Supervisory Board members	3 persons
		Of outside Audit & Supervisory Board members, the number of those designated as independent audit & supervisory board members	2 person
		Attendance by outside Audit & Supervisory Board	Attendance by each outside Audit & Supervisory Board member is disclosed on our website below. https://www.lf.mufg.jp/pdf/english/investors/agm2019_01.pdf
Independence criteria for outside directors/Audit & Supervisory Board members	<p>In addition to the criteria for independent directors/Audit & Supervisory Board members stipulated by the Tokyo Stock Exchange and other domestic financial instruments exchanges, the Company determines the independence based on an objective and practical approach by identifying their applicability under items (1) through (6) below in the current fiscal year or any of the previous three fiscal years.</p> <p>(1) A major shareholder (with 10% or more of the total voting rights) or a person involved in the operation^{*1} of a major shareholder</p> <p>(2) A person involved in the operation of a lender of amounts exceeding a predefined scale^{*2}</p> <p>(3) A person involved in the operation of a business partner with which transactions exceed a predefined scale^{*3}</p> <p>(4) A consultant, lawyer, certified public accountant, or other provider of specialized services receiving amounts of monetary payments or other financial assets from the Company in addition to compensation as a director, Audit & Supervisory Board member, or executive officer that exceed 10 million yen in a given fiscal year</p> <p>(5) A representative or other employee of the accounting auditor</p> <p>(6) An individual affiliated with an organization that received donations exceeding a predefined amount^{*4}</p> <p>*1: An executive director, executive officer, or employee with operational responsibilities</p> <p>*2: A lender from which borrowings account for more than 2% of the Company's consolidated total assets</p> <p>*3: A business partner with which transactions account for more than 2% of the total revenues of the business partner or of the Company</p> <p>*4: Donations exceeding 10 million yen in a given fiscal year</p> <p>In cases where any of the preceding six items apply, if said person is judged to possess effective independence and reported as an independent director/audit & supervisory board member to a domestic financial instruments exchange, such as the Tokyo Stock Exchange, the reasons will be explained and disclosed at the time of appointment.</p>		
Establishment of Committees	As advisory bodies of the Management Committee, the Company has the Risk Management Committee, Environment Committee, System Committee, ALM Committee, Compliance Committee, and Disclosure Committee.		
	Number of meetings held in 2019		
	Risk Management	4	
	Environment Committee	1	
	System Committee	1	
	ALM Committee	4	
Compliance Committee	4		
Disclosure Committee	4		
Internal control system	The Company has adopted a resolution on the system for ensuring properness of operations in accordance with Article 362, Paragraphs 4 (vi) and 5 of the Companies Act as well as Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act. Details are posted on the following website.		
	Reference (our website, Japanese only)	https://www.lf.mufg.jp/investors/library/security-report/index.html	

Risk management	Policy	Due to the development of a business model, enhancement of business domains and greater interest in ESG, and more diverse and more complex risks surrounding our company, it is becoming more necessary to adequately recognize various risks and properly control them. We establish a management system suitable for the content of risks to prevent risks from emerging, and minimize their impact at the time of their occurrence.	
	Management	To realize sustainable growth by maintaining sound financial management and improving profitability, the Company is conducting business operations that incorporate a framework to manage integrated risks. Important risks managed under the integrated this framework include credit risk, asset risk, investment risk, market risk, liquidity risk, operational risk, and others, with risk management performed on a consolidated basis. Specifically, we have in place a structure for allocating risk capital to each risk category based on the Risk Capital Management Policy and after quantifying each risk through risk assessment methods applicable to the characteristics of each asset and business. This structure also enables rational risk-taking within a tolerable range. As part of these frameworks, the Company regularly monitors the status of risk capital use and asset portfolios. This status is reported to the Risk Management Committee and the Management Committee as well as to the Board of Directors, all of which deliberate upon the matters presented to construct an appropriate response and facilitate enhanced internal communication related to risks.	
		Officer in charge	Executive officer in charge of the Risk Management Department
	Major initiatives against critical risks	Credit Risk	When examining whether or not to undertake individual projects, the Company strives to secure appropriate returns based on risks by closely examining the credit status of business partners using the Group's own rating system, and comprehensively reviewing them after taking into account factors such as the value of leased property and country risk. Furthermore, a system is developed where the credit status of business partners is continuously checked even after business starts so that necessary measures can be taken if their credit status gets worse. Furthermore, to prevent credit from concentrating in particular business partners, industries, countries/regions, etc. in the portfolio as a whole, credit is managed by taking risk diversification into account. By regularly measuring the amount of credit risk in the portfolio and monitoring whether or not it falls within a certain range of capital, the Company strives to ensure sound management.
		Asset Risk	<Global Assets> When undertaking individual projects on operating leases of global assets, the Company strives to secure appropriate returns that match with the credit risk and asset price fluctuation risk. It does this by comprehensively reviewing matters including liquidity of future assets, in addition to matters confirmed upon conducting a transaction on movable property. Furthermore, investment criteria are established and applied within the Group to maintain a portfolio that takes into account risk diversification in target models and regions, and due dates, etc. Moreover, a system is developed where the credit status of business partners and industry trends are continuously checked even after business starts, so that necessary measures can be taken such as collecting deposits to recover asset deterioration from them as necessary if their credit status gets worse. In addition, predictive management meetings are held by business divisions and risk management divisions to regularly check target industry trends and signs that affect asset price fluctuation for each major asset category. By regularly measuring the credit risk of business partners and amount of asset price fluctuation risk in the portfolio and monitoring whether or not they fall within a certain range of capital, the Company strives to ensure sound management. <Real Estate> When undertaking individual projects, the Company strives to secure appropriate returns that match with the asset price fluctuation risk by making comprehensive decisions based on a careful study of future asset values, liquidity, etc. Furthermore, a system is developed to maximize earnings where asset management as well as price and industry trends are continuously checked even after a transaction. In addition, predictive management meetings are held by business divisions and risk management divisions to regularly check industry trends and signs that affect asset price fluctuation. By regularly measuring the amount of asset price fluctuation risk in the portfolio and monitoring whether or not it falls within a certain range of capital, the Company strives to ensure sound management.
		Investment risk	When undertaking investment projects, the Company strives to secure appropriate returns that match with the investment fluctuation risk. It makes comprehensive decisions on this by holding investment council meetings according to the investment amount and risk level, etc. of individual projects, confirming the opinions of each relevant department and carefully studying values of future investments, liquidity, etc. from a broad perspective. Furthermore, a system to maximize earnings is developed where investment management and industry trends are continuously checked even after a transaction. By regularly measuring the amount of fluctuation risk of investment value in the portfolio and monitoring whether or not it falls within a certain range of capital, the Company strives to ensure sound management.
		Market Risk	The Company controls interest volatility risk by keeping close watch on financial market trends, monitoring interest rates of asset management and funding as well as the mismatch status of currency, etc. through ALM (asset liability management) at all times, and performing hedge operations as needed while taking into account the trend of interest rates. To respond to foreign exchange risk, the Company strives to minimize foreign exchange valuation losses (gains) with a principle of funding in a currency that matches the foreign currency operating assets. Furthermore, the Company regularly measures the risk amount, quantitatively presents the extent of potential loss in the portfolio position held over a certain period of time and probability if interest and foreign exchange markets move in an unfavorable direction, on historical statistics, and monitors whether or not it falls within a certain range of capital. In this way, the Company strives to ensure sound management. The ALM Committee is held quarterly or as the situation requires, to decide ALM policies based on the environmental trend of financial markets and the status of risk amount.

Risk management	Major initiatives against critical risks	Liquidity Risk	<p>The Company strives to diversify its funding by directly funding from markets such as corporate bonds, commercial paper, and lease securitization, in addition to loans from financial institutions. The Company also adjusts the balance between long-term and short-term funding and conducts thorough cash management. Moreover, by setting up commitment lines, etc., emergency liquidity supplementation measures are taken to secure liquidity of funds. Stage management of fund liquidity is also conducted in which the liquidity status is checked and reported to the ALM Committee to determine whether necessary funds including repayment funds can be secured for the time being even in the event where the funding environment deteriorates. The ALM Committee comprehensively and systematically manages market and liquidity risks, including predictive control, takes hold of the actual situation of risks and issues carried, and deliberates policies on countermeasures against such risks including diversification of funding and liquidity risk management. The Group's status regarding interest rate risk, market risk (interest rates, foreign exchange, etc.), and the evaluated stage of fund liquidity risk is to be reported to the Committee.</p>
		Risk Related to Expansion of Operating Base, Strategic Partnerships, and M&As, etc.	<p>When undertaking projects such as M&A, each relevant department studies individual projects according to the investment amount and risk level, etc. Also, by appointing outside experts, the Company makes comprehensive decisions, carefully studying future investment effects, etc. from a broad perspective. Furthermore, a system is established to apply the Group's rules, etc., to M&A projects after execution to appropriately operate business. Business plans and performance management, etc., of projects are monitored so that necessary measures may be taken in a timely manner.</p>
		Operational Risk	<p><Risks related to earthquakes, wind and flood damage, infectious disease, terrorism, etc.> The Company has established a system where the overseeing department is designated according to assumed risk events and a task force is set up to respond in the event of a crisis. Furthermore, the Company is proceeding with the development of a business continuity system by drawing up a business continuity plan (BCP), taking dual measures for key systems, developing a system infrastructure that enables telecommuting, and implementing commuting shifts after limiting businesses that are to be continued, etc.</p> <p><System risk> To operate a system in a stable manner, the Company has established and implemented a strong maintenance and management system by cooperating with partner companies. It has also established a system where a series of measures are taken in the event of a system failure. Measures include prompt information-sharing on such event with parties inside and outside the company, implementation of measures, and subsequent drawing up and implementation of recurrence-prevention measures. Furthermore, to control IT on a Group basis, the standard method for system development used in the Company's development process is applied to Group companies inside and outside Japan.</p> <p><Cybersecurity risk and information security risk> The Company has established a system where MUL-CSIRT (Computer Security Incident Response Team), an in-house cross-organizational team, is set up. Accordingly, the entrance, inside and exit are protected on a multistage basis, and measures are taken in the event of an incident. Specifically, as preparation against cyber-attacks that exploit vulnerabilities, a management system is established to prevent troubles beforehand where software is updated to the latest version, and unauthorized external access, computer virus intrusions, cyber-attacks, etc. are detected. Furthermore, a cooperative structure inside and outside the company implemented in the event of an incident is established and people are trained on it. Drills on targeted e-mail attacks and in-house education on information security are also continuously conducted for all employees.</p> <p><Compliance risk> In addition to strict compliance with laws, regulations, and internal rules, business activities, etc. are to be conducted in accordance with social norms, etc. with high ethical standards. The Company strives to strengthen the compliance system by providing ongoing education on compliance and implementing measures which prevent acts of money laundering, financing of terrorism, and illegal acts.</p> <p><Risk of system change> In regard to various systems on laws and regulations, accounting, taxation, etc. inside and outside Japan, the Corporate Center, each business division, area companies, and sites located in each country all continuously monitor the status of revisions and changes to systems, etc. that concern the business and country that each is in charge of. By reinforcing such monitoring through active utilization of outside experts, information on various changes and revisions is gathered, and measures are implemented at an early stage.</p> <p><Administrative risk> Business is conducted in accordance with administrative rules established for each transaction. Rules are regularly reviewed as appropriate. Furthermore, a system is established to internally report in the event of an administrative accident where internal report and measures against the event that occurred are promptly conducted, the cause of the accident identified, and recurrence-prevention measures are drawn up and practiced.</p>
	Crisis management structure	<p>The Company gives consideration to minimizing impacts of natural disasters, man-made disasters, infectious diseases, accidents and the like on business operations by establishing the Crisis Management Policy, the Disaster Prevention Policy and response manuals. In addition, learning from the Great East Japan Earthquake, we arranged a practical BCP and conduct training.</p>	
	Reference (our website)	https://www.lf.mufg.jp/english/corporate/governance/riskmanagement.html	

Compliance	Policy	<p><Mitsubishi UFJ Lease & Finance Group, Code of Ethics and Code of Behavior></p> <p>Code of Ethics</p> <p>The Code of Ethics establishes fundamental values and ethics to be embraced by all members of the Mitsubishi Lease & Finance Group as basic guidelines for the Group's officers and employees.</p> <ol style="list-style-type: none"> 1. Establishing Trust 2. Taking a Customer-first Approach 3. Strict Compliance with Laws and Regulations 4. Respect for Human Rights and the Environment 5. Confronting Anti-social Forces <p>Code of Behavior</p> <p>As members of Mitsubishi UFJ Lease & Finance Group, we act while keeping the following in mind.</p> <ol style="list-style-type: none"> 1. Establishing Trust <ul style="list-style-type: none"> (1) Working with integrity based on high ethical standards; (2) strict maintenance of confidentiality and information management; (3) proper accounting treatment and information disclosure 2. Taking a Customer-first Approach <ul style="list-style-type: none"> (1) Responses with integrity and discipline; (2) observing the suitability rule and ensuring accountability; (3) strict confirmation of intentions 3. Strict Compliance with Laws and Regulations <ul style="list-style-type: none"> (1) Compliance with laws and regulations; (2) prohibition of unfair trading; (3) respecting intellectual property rights; (4) prohibition of mixing business with personal affairs 4. Respect for Human Rights and the Environment <ul style="list-style-type: none"> (1) Respect for human rights; (2) creating a better work environment; (3) environmental consideration 5. Confronting Anti-social Forces <ul style="list-style-type: none"> (1) Confronting anti-social forces; (2) preventing money laundering 		
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		<p><Basic policy on anti-social forces></p> <p>The Company has established the following basic policy on anti-social forces and strives to ensure the properness and safety of operations by having all officers and employees comply with the policy.</p> <ol style="list-style-type: none"> 1. Organizational response 2. Coordination with external specialized organizations 3. Rejecting any relationship including transactions with anti-social forces 4. Taking legal actions under civil and criminal codes in emergency situations 5. Prohibition of backroom deals and provision of funds 		
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	Reference (our website)	https://www.lf.mufg.jp/english/corporate/governance/compliance.html		
<p><Basic Policy on Anti-Corruption></p> <p>Mitsubishi UFJ Lease & Finance Group abides by Japanese Criminal Laws, the National Public Service Ethics Act, Unfair Competition Prevention Act, Foreign Corrupt Practices Act of the United States, Bribery Act of the U.K., Chinese regulations on commercial bribery and other laws and regulations on bribery applied to the countries and areas in which our group operates businesses. The group prohibits the provision and reception of bribes that could cause doubt and distrust among society.</p> <p>In addition, all officers of our group companies shall observe the following:</p> <ol style="list-style-type: none"> (1) We shall not conduct any form of corruption such as money laundering, embezzlement and obstruction of justice. (2) By fully understanding laws and regulations, to public servants and people who are equivalent thereto, we shall not provide entertainment or presents that would cause doubt and distrust among society, and offer money or other benefit aiming to receive an unfair advantage. (3) Regarding entertainment and presents from suppliers, we shall not offer or receive those that deviate from social common sense or healthy commercial custom. (4) We shall not demand suppliers, etc. to provide personal benefit by utilizing the position and authority in the Company. <p>In addition, to eliminate bribery from the businesses in which our group is engaged and assure fair business execution, we request our business partners to observe laws and regulations to prohibit bribery and ask for their understanding and cooperation regarding the basic policy of our group.</p>				
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Management	<p><Internal structure></p> <p>With our compliance system, under the leadership of the Chief Compliance Officer (COO), who is responsible for the establishment and operation of the company-wide compliance system, the Legal Compliance Department plans and manages the internal system, guides and supervises each department/group company and provides guidance for the correction of compliance violations. When a compliance violation case is revealed due to a report through the Hotline, etc., the Legal Compliance Department shall serve as the Secretariat and handle the case by setting out the basic policies of making an immediate report to the executives, fulfilling social responsibilities as a company, preventing the expansion of damage and thoroughly preventing recurrence. Depending on the content of compliance violation, we shall consider utilizing investigation by a third party to identify the cause of the occurrence and study and execute recurrence prevention measures. In addition, we shall reinforce employee training to be more compliance-conscious.</p>			
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Compliance	Management	<p><Education of employees to improve their awareness of compliance></p> <p>The company offers periodical training to officers and employees of Japanese and overseas group companies as internal compliance education. In addition, we conduct self-checks twice a year through e-learning.</p> <p>The training is conducted by classes such as those for new employees, newly assigned managers and compliance promotion committee members to build up the members' knowledge needed for each task. Group companies conduct employee education based on the specialty of the industry of the company, overseas laws, regulations and customs.</p> <p>Self-checks cover a wide range of topics including code of conduct related to anti-corruption in general and laws and regulations related to financial operations (Money Lending Business Act, Financial Instruments and Exchange Act, insider trading regulations, response to anti-social forces, measures against money laundering/financing of terrorism, etc.). The results of self-checks are reflected in subsequent in-house training and education to strengthen the compliance system and anti-corruption. (Participants in Japan: about 2,900; participants overseas: about 600; sites: 15; percentage of correct answers to each question is as shown in the table below.)</p> <p>Percentage of correct answers to each question in FY2019 Compliance Self-Check</p> <table border="1"> <thead> <tr> <th></th> <th>Field</th> <th>Percentage of correct answers</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Insider trading regulations</td> <td>76%</td> </tr> <tr> <td>2</td> <td>Insider trading regulations</td> <td>78%</td> </tr> <tr> <td>3</td> <td>Insider trading regulations</td> <td>63%</td> </tr> <tr> <td>4</td> <td>Money Lending Business Act</td> <td>92%</td> </tr> <tr> <td>5</td> <td>Money Lending Business Act</td> <td>96%</td> </tr> <tr> <td>6</td> <td>Entertainment/gifts</td> <td>87%</td> </tr> <tr> <td>7</td> <td>Act on Prevention of Transfer of Criminal Proceeds</td> <td>96%</td> </tr> <tr> <td>8</td> <td>Act on Prevention of Transfer of Criminal Proceeds</td> <td>89%</td> </tr> <tr> <td>9</td> <td>Act on Securing, Etc. of Equal Opportunity and Treatment between Men and Women in Employment</td> <td>98%</td> </tr> <tr> <td>10</td> <td>Antimonopoly Act</td> <td>99%</td> </tr> <tr> <td>11</td> <td>Whistleblower Protection Act</td> <td>99%</td> </tr> <tr> <td>12</td> <td>Subcontract Act</td> <td>93%</td> </tr> <tr> <td>13</td> <td>Secondhand Articles Dealer Act</td> <td>89%</td> </tr> <tr> <td>14</td> <td>Response to anti-social forces</td> <td>83%</td> </tr> <tr> <td>15</td> <td>Foreign Exchange and Foreign Trade Act</td> <td>100%</td> </tr> </tbody> </table>		Field	Percentage of correct answers	1	Insider trading regulations	76%	2	Insider trading regulations	78%	3	Insider trading regulations	63%	4	Money Lending Business Act	92%	5	Money Lending Business Act	96%	6	Entertainment/gifts	87%	7	Act on Prevention of Transfer of Criminal Proceeds	96%	8	Act on Prevention of Transfer of Criminal Proceeds	89%	9	Act on Securing, Etc. of Equal Opportunity and Treatment between Men and Women in Employment	98%	10	Antimonopoly Act	99%	11	Whistleblower Protection Act	99%	12	Subcontract Act	93%	13	Secondhand Articles Dealer Act	89%	14	Response to anti-social forces	83%	15	Foreign Exchange and Foreign Trade Act	100%
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<p><Compliance education and the system of compliance violation investigation></p> <p>We periodically confirm observance of the Mitsubishi UFJ Lease & Finance Group's Code of Ethics and Code of Behavior using self-checks. According to the most recent investigation, the number of significant compliance violations to be announced was zero (from April 1, 2019 to March 31, 2020).</p> <p>We reviewed the codes in March 2020. Nothing was revised in March 2020. We shall continue to abide by the codes, and conduct a periodic review.</p>																																																		
<p><Compliance Committee></p> <p>In principle, the Compliance Committee, which is chaired by the Chief Compliance Officer, meets four times a year, and successively carries out inspections, audits and checks of compliance status. The Compliance Committee aims to take appropriate measures against the Group's compliance risks through its activities, thereby contributing to sound management. It functions as an advisory body to the Management Committee. The status of compliance violations and operational risks identified and reported through compliance hotline, audits, in-house monitoring, etc. is reported to the Compliance Committee via the Secretariat, and managed. Matters with instructions, etc. from the Compliance Committee, including resolution of problems, are promptly communicated with the relevant departments and branches, with efforts made to address them appropriately.</p> <p><Number of Compliance Violations></p> <p>As a result of investigating cases identified through the compliance hotline, audits, in-house monitoring, etc. and reported, 12 cases were found as compliance violations in FY2019. There were no compliance violations that had a significant impact on the Group management. (Reference) The number is based on (1) violations of laws and regulations reported to the Compliance Committee, and (2) cases with measures taken in accordance with the rules of employment as a result of the investigations made based on the hotline.</p>																																																		

Compliance	Management	<p><Whistle-Blowing System> Mitsubishi UFJ Lease & Finance Group has set up a Compliance Hotline System as an whistle-blowing system for officers, employees, etc. to report and consult about illegal acts, etc. (any act of violation of laws and regulations, internal rules, Code of Ethics, or acts deemed likely to be such by officers, employees, etc.), including corruption. As contact points to which officers can report and consult with regarding incidents without concern, the Compliance Hotline System appoints (1) The Head of the Legal Compliance Department or a person who is designated by the Head of the Legal Compliance Department in advance, (2) full-time Audit & Supervisory Board members, (3) outside lawyers and (4) an external consultation service. As for an external consultation service, we receive anonymous reports and consultation.</p> <p>(Subjects of consultation and report) The subjects include any violations of laws, regulations, internal rules and the Code of Ethics, and suspicious acts by officers, employees, etc.</p> <ul style="list-style-type: none"> · Act that would affect the protection of customers' interest · Act that could influence conservation of the environment · Act that could impact on the assurance of fair competition, such as violation of the Antimonopoly Law · Act of providing an unfair advantage, such as bribery to domestic and overseas public servants · Any other inappropriate acts including violations of laws, regulations and rules and acts that would against social justice <p>We prohibit the unfair treatment of the officers who reported to or consulted with us on the grounds of the reporting/consultation.</p> <p><Prevention of Fraud and Corruption> Mitsubishi UFJ Lease & Finance Group complies with laws and regulations relating to prohibition of fraud, corruption, bribery, etc. applicable to countries and areas where the Group operates, and prohibits act of fraud, entertainment and gifts, giving or receiving bribery, etc. that may invite suspicion or distrust from society. In addition, all officers and employees of the Group will observe the following:</p> <ul style="list-style-type: none"> • Not conduct any form of corruption such as money laundering, embezzlement and obstruction of justice. • Fully understand laws and regulations, and not provide entertainment or gifts that may invite suspicion or distrust from society, or offer any money or other benefits for the purpose of gaining any unfair advantage to Japanese or foreign public officials or any other persons equivalent thereto. • Carry out a firm stance against antisocial forces that threaten the order and safety of the civil society and not have any relationship whatsoever with them, including business relationships. • Not conduct any act that may violate insider trading regulations. • Not give or receive gifts to or from business partners that deviate from social norms or sound business practices. • Not take advantage of position and authority in the Company to make a demand to business partners, etc. for private profit. 			
		Number of cases reported internally through the Compliance Hotline	24 cases	Number of consultations to the sexual harassment, maternity harassment and other harassment hotline (Refer to P11 for details)	2 cases
		(Number of reports and consultations to the compliance hotline and to the sexual harassment, maternity harassment and other harassment hotline, and their breakdown)			
		Harassment	16 cases	Management	5 cases
		Compliance	4 cases	Others	0 cases
		Communication			
		1 cases			
		<p><Strict prohibition of bribery> The Company has established the Gift and Entertainment Handling Policy, and enhances and ensures understanding of the Policy by employees through training and regular e-learning.</p> <p><Information security> We have put in place a set of information security management rules and produce a range of manuals. Together, these regulate areas including the use, management, and disposal of information, creating a strict security system. We also hold regular information security audits and carry out awareness checks on all employees. In addition, we have set up a cross-organizational team, "MUL-CSIRT," as a system to control security incidents to prevent and handle cyberattacks, etc.</p>			
		Reference (our website)	https://www.lf.mufg.jp/english/corporate/governance/control.html		
		<p><Personal Information> We have established the Personal Information Protection Policy, the Personal Information Protection Rules, and the Personal Information Protection Manual (for employee education), and handle customers' personal information appropriately.</p>			
Reference (our website, Japanese only)	http://www.lf.mufg.jp/policy/index.html				
Performance	<p><Dismissal of employees based on violation of the Basic Policy on Anti-Corruption> There was no dismissal case based on a violation of the Basic Policy on Anti-Corruption.</p>				
	<p><Fine for corruption> No payment occurred related to corruption, penalty or reconciliation.</p>				

Environment			
Environmental management	Policy	<p><Eco policy></p> <p>1. We meet economic targets through our leasing business, and promote environmental conservation in all our business activities.</p> <p>2. We enhance environmental performance by continuously improving systems through activities such as setting and reviewing environmental goals and management reviews.</p> <p>3. We strive to protect the environment by preventing pollution through the following measures.</p> <p>(1) We promote resource saving, energy saving and waste reduction, and other objectives to improve efficiency and reduce costs.</p> <p>(2) We emphasize waste volume reduction, resource recycling, and reuse when handling lease-up assets.</p> <p>4. We comply with relevant laws and regulations and other requirements.</p>	
	Management	Environmental management system	
		Person with ultimate	President & CEO
		Responsible	Environment Committee
		Supervision of climate change-related matters by the Board of Directors	To cope with climate change, we have adopted the EMS system of ISO14001 for management review to evaluate environmental activities and provide guidance on the future direction. In addition, we hold the Environment Committee, the major members of which are the Board of Directors including the President, Deputy President and other directors. In addition, we hold the Environment Committee, the major members of which are the Board of Directors including the President, Vice President and other officers.
		ISO14001	<p>In 2001, obtained ISO14001 certification, which is the international standard for environmental management systems.</p> <p>In 2019, the Company underwent the 13th Surveillance Review, and received approval for the renewal of its certification.</p> <p>Business sites certified : Mitsubishi UFJ Lease & Finance Company Limited, Head Office / MUL Business Company Limited, Head Office / MUL Eco-Business Co., Ltd., Tokyo Office</p>
		Environmental audits	We conduct internal audits on the registered offices of ISO 14001 above to confirm whether operations are carried out in accordance with the rules on our environmental management system (EMS). The audit conducted in the fiscal year ended March 2020 resulted in no findings such as Material Non-Conformance and Minor Non-Conformance.
		Number of environmental accidents and legal infringements	0 cases
	Long-term quantitative goal to reduce GHG emissions	<p>To prevent global warming, we established a mid- and long-term goal to reduce greenhouse gas emissions (25% reduction of the electricity consumption per 1 m² at the Head Office from that of fiscal year 2009) by fiscal 2020.</p> <p>* Standard value of the base year (2009) 96.16 kWh/m²</p>	
	Environmental education	In addition to the carrying of an Eco-Policy Card stating Eco policy by all employees, we distribute a quarterly Environmental Bulletin to provide various pieces of environmental information to raise environmental awareness. Furthermore, we provide special education and training for employees engaged in operations that are closely related to the environment, such as disposal of lease-up assets as well as handling of assets covered by the Construction Material Recycling Act, the Soil Contamination Countermeasures Act and Air Pollution Control Act.	
	Biodiversity initiatives	<Biodiversity Guidelines>	
		To contribute to preserving biodiversity, we have established a set of Biodiversity Guidelines consisting of business-based initiatives and office-based initiatives. In our business-based initiatives, we promote 3Rs (reduce, reuse, recycle) of lease-up assets as well as the business of trading used equipment, and environment- and energy-related businesses. In our office-based initiatives, we strive to utilize resources effectively and reduce wastes, such as by promoting the use of paper certified by the Forest Stewardship Council (FSC), which supports the conservation of the forest ecosystem, reduced use of photocopies, paper and electricity, green procurement and eco-friendly driving.	
		<Promotion of 3Rs>	
To contribute to a recycling-oriented society through the leasing business, we promote 3Rs—reduction (in wastes), reuse (utilization as used products) and recycling of lease-up assets.			
Reduce		Reducing wastes by extending product use periods through re-leasing or reselling	
Reuse	Re-leasing or selling as used products		
Recycle	Reusing as raw materials		
<Waste disposal and selection of outsourcees>			
In addition to reducing waste by strictly applying the 3Rs for lease-up assets, we appropriately dispose of assets that cannot be reused in compliance with the Waste Management and Public Cleansing Act and other relevant laws, regulations and ordinances. Furthermore, we properly dispose of assets that use polychlorinated biphenyls (PCBs) in accordance with the Act on Special Measures concerning Promotion of Proper Treatment of PCB Wastes. When outsourcing waste disposal operations to an external operator, we carry out stringent checks on its financial condition, facilities, recycling rate, legal compliance and other aspects, as well as requesting cooperation in environmental protection. After selecting an operator, we conduct regular on-site inspections to confirm its state of operations.			
<Forest and forestry regeneration project>			
To regenerate Japan's forests and harmonize the interests of forests and those of business, we collaborate with the Gifu Prefecture Union of Forestry Cooperatives and other partners in a forest and forestry regeneration project.			

		FY3/2020					FY3/2021 targets
		Unit			Total volume		
		Unit	Baseline value	Performance	Unit	Performance	
Environmental data	Total energy input (total electricity consumption)* ¹	Per m2 (kW-h)	107.0	76.2	k Wh	2,111,745	Below baseline value (FY2017-FY2019 average)
	Photocopy paper consumption* ¹	Per person (sheets)	1,849	695	piece	1,338,837	—
	Paper consumption* ¹	Per person (sheets)	10,382	7,639	piece	14,703,011	Below baseline value (FY2017-FY2019 average)
	CO2 emissions from electricity consumption* ¹	Per m2 (kg-CO2)	43.15	34.62	—	—	Below baseline value (FY2017-FY2019 average)
	CO2 emissions from gasoline consumption* ¹	Per vehicle (kg-CO2)	2,414.75	1,251.83	—	—	Below baseline value (FY2017-FY2019 average)
	Company vehicle fuel consumption* ¹	km/liter	11.7	15.7	—	—	Below baseline value (FY2017-FY2019 average)
	Share of green procurement* ¹	%	—	77.0	—	—	Promotion of green procurement
	CO2 emissions from company vehicles(scope 1: direct GHG emissions)* ¹	tCO2	—	160.90	—	—	—
	CO2 emissions from electricity consumption(scope 2:)	tCO2	—	959.09	—	—	—
		*1 Mitsubishi UFJ Lease & Finance Company Limited and two affiliated companies (MUL Business Company Limited and MUL Eco-Business Co.,Ltd.)					
	Reference (our website)	https://www.lf.mufg.jp/pdf/english/corporate/envdata.pdf					
Promoting acquisition of value assets	We actively promote the acquisition of value assets (VA) that can be used for a long time due to their resistance to deterioration, and try to reduce waste and environmental burden.						
Introduction of low-pollution vehicles	All of our company vehicles are low-pollution ones.						
		Unit	FY3/2020				
	Overall* ²	Vehicles	128				
(Breakdown)	Low-emission vehicle	Vehicles	37				
	Hybrid vehicle	Vehicles	91				
	*2 Mitsubishi UFJ Lease & Finance Company Limited, non-consolidated						
Environmental conservation costs	Category	Major initiatives			Unit	FY3/2020	
	Costs within business area* ³	Pollution prevention (eco-vehicle leasing fees)			Millions of yen	63	
	Upstream and downstream costs* ⁴	Disposal of lease-up assets			Millions of yen	499	
	Management activity costs* ³	Environmental management system maintenance and operation costs, Corporate Report preparation costs			Millions of yen	16	
	*3 Mitsubishi UFJ Lease & Finance Company Limited, non-consolidated *4 Two affiliated companies (MUL Business Company Limited and MUL Eco-Business Co.,Ltd.)						
Economic benefit from environmental conservation	<Content of key initiatives> Revenue from sale of used components (MUL Eco-Business Co., Ltd.)* ⁵				Millions of yen	30	
	*5 One affiliated company (MUL Eco-Business Co.,Ltd.)						
Others	Signing of the Principles for Financial Action	The Company has been a signatory to the Principles for Financial Action towards a Sustainable Society (Principles for Financial Action for the 21st Century), a proactive initiative by financial institutions, since it was formulated in November 2011. The Principles for Financial Action for the 21st Century consist of seven principles for financial institutions that want to take an active role and responsibility in the creation of a sustainable society and guidelines tailored to each sector to implement the principles. We will continue to make active efforts for the environment and society based on these principles.					

Social		
	Policy	<p>To achieve the corporate philosophy and globally expand our businesses, we at Mitsubishi UFJ Lease & Finance Company Limited recognize that consideration for human rights and labor is an important issue. Therefore, we strive to respect all human rights in society and conduct business operations.</p> <p>1. Basic approach to human rights Mitsubishi UFJ Lease & Finance Company Limited respects and endorses international norms for human rights, labor, and the environment and for prevention of corruption such as “the Universal Declaration of Human Rights,” “International Covenants on Human Rights (International Covenant on Civil and Political Rights, International Covenant on Economic, Social and Cultural Rights),” “Guiding Principles on Business and Human Rights (Ruggie framework)” and “ILO Declaration on Fundamental Principles and Rights at Work.” Under the basic approach to human rights, we strive to respect the human rights of all stakeholders</p> <p>2. Prohibition of forced and child labor We prohibit any forced or child labor including slave labor and human trafficking. In addition, we support Children’s Rights and Business Principles. We avoid the infringement of children’s rights by our businesses, and execute social action programs for the realization of children’s rights.</p> <p>3. Specific policy and initiatives on human rights In addition, guided by a fundamental spirit of respect for humanity, we take a clear stance against violation of human rights and against discrimination on the grounds of ethnicity, nationality, creed, religion, disability, gender, sexual orientation, gender identity or other criteria, and we ensure our employees observe this. The Company seeks to create a workplace where each employee improves his or her awareness of human rights, respects each other’s character and individuality and can work with motivation and pride.</p> <p>4. Human rights-related education and enlightenment We appoint a Human Rights Awareness Promotion Officer in each division and hold training sessions twice a year to help each employee have a correct understanding and deeper awareness of human rights. In addition, we are also a regular attendant of an external event, “MUFG Human Rights Enlightenment Liaison Group.” We participate in a human rights study group and forums with the people in charge of human rights enlightenment of MUFG group companies to utilize the knowledge gained there for our enlightenment activities and improve the awareness of human rights.</p>
Human rights	Management	<p><Internal reporting and consultation hotline> We set up a consultation hotline internally and externally to deal with sexual and power harassment, discrimination and the infringement of human rights at a workplace or while working. We offer consultations to our members as well as our business partners. We do not allow these acts, and we have arranged a structure to prevent them. By establishing a hotline to handle various reports/consultations, we aim to identify and prevent issues at the early stage.</p> <p>Rules on Sexual and Maternity Harassment have been established and they set forth the following: ■ Consultation hotline (details of consultation: sexual harassment, maternity harassment) [Internal] Consultation hotline: Consultees (both sexes are allocated in the Human Resources Department) Means: oral, telephone, documents such as letters, e-mail* *Dedicated address that only consultees can check. [External] Consultation hotline: external consulting agency with contract Means: telephone, e-mail</p> <p>■ Investigation and fact-finding</p> <ul style="list-style-type: none"> • Consultees will investigate, find facts, and take measures judged most appropriate, while taking into account human rights and privacy of consulters. • Officers, employees, etc. requested to cooperate in investigation/fact-finding shall cooperate in good faith and not interfere. • Consultees shall not disclose to a third party any information obtained in the course of responding to a consultation or complaint without just cause or consent of the consulter. <p>■ Evaluation and improvement</p> <ul style="list-style-type: none"> • If, as a result of investigation and fact-finding, sexual harassment, maternity harassment, etc. are recognized, the Human Resources Department shall promptly take corrective measures, including improving the consulter’s work environment, together with recurrence-prevention measures. • The Human Resources Department shall check whether or not corrective measures, etc. are functioning, including after corrective measures have been implemented. If necessary, corrective measures, etc. shall be improved as appropriate. • The Human Resources Department shall follow up on whether there is any disadvantageous treatment, harassment in the workplace, etc. to consulters or those who cooperated in investigations because they consulted, complained, or cooperated in investigations. If any disadvantageous treatment is recognized, appropriate remedial and recovery measures shall be taken.

Human rights	Management	<p>[CASE]</p> <p>The phrase "open workplace" is often cited as an ideal form of a workplace. It is how the workplace should be. An "open workplace" refers to a free and open-minded working environment for workers, and certainly not a frank environment where one can speak out as one likes. It refers to an environment where a framework is in place to listen to opinions based on a certain discipline. Conversely, unsociable and conservative workplaces are described as "closed" and many companies are trying to breakthrough this framework.</p> <p>In this case, a dispatched employee working at a Group company, and feeling anxious from the intimidating words and actions of his/her boss seen and heard at the workplace, blew the whistle via the Company's external hotline. It was so-called an "environmental type" harassment case in which the said person was not harassed in person.</p> <p>The case began with anonymous whistle-blowing from a dispatched employee of a Group company to the hotline available for external anonymous whistle-blowing. The call was about how the person wanted the superior to be guided and supervised to improve business behavior for not sharing information necessary for work and showing strong likes and dislikes toward other employees, with some being neglected.</p> <p>Information was promptly transferred from the hotline to the Legal & Compliance Department, and an investigation began. However, since the whistle-blowing was anonymous, fact-finding needed to be carried out with the utmost care from the perspective of protecting the whistleblower. Accordingly, fact-finding was performed through an interview with 75% of Group company employees (including dispatched employees) on the topic of "openness of workplace" and "harassment." Naturally, the fact that the investigation was based on the whistle-blowing was kept as a secret, and it was strictly regarded as a survey on the workplace environment.</p> <p>The interview revealed the following: i) In regard to "openness of workplace," while some posed negative remarks such as "closed," "non-sharing of information," and "a sense of alienation," many said that openness was improving. ii) In regard to "harassment," power harassment by a superior to his/her subordinate was not viewed as a problem in particular. Furthermore, an interview on the status of Group companies was conducted with departments and branches overseeing them. The findings revealed that there was a conflict between reform-promoting superiors and conservative subordinates who were involved in the course of internal reforms of Group companies. Based on these investigation results, the Legal & Compliance Department consulted with the legal advisor and concluded as follows:</p> <p>"The superior's words and actions are misleading, but cannot be recognized as an act that corresponds to a violation of compliance. In consideration of this whistle-blowing, however, further improvement of in-house communication is requested to the management of Group companies, including supervisors, so that employees may actively engage in their work."</p> <p>The investigation results were reported to the management and Audit & Supervisory Board Members of Mitsubishi UFJ Lease & Finance, as well as to the Compliance Committee held quarterly. Although the case was not recognized as a serious violation of compliance or as an act of harassment, the anonymous opinion raised by the dispatched employee helped develop a Group-wide open workplace. Specifically, the opinion has led to further improvement of in-house communication in the Group company. Survey results on the openness of workplaces obtained through the "Compliance Self-Check" conducted semiannually were also fed back to other Group companies.</p>																																			
		<p><Implementation of Training></p> <p>In the first half of FY2019, a total of 18 harassment training sessions were held for employees of a certain age or older, including managerial classes, and some contract employees (approximately 1,300 persons; approximately 66.4% of all employees and contract employees). The General Manager of the Human Resources Department and the General Manager of the Legal & Compliance Department served as lecturers.</p> <p>[Harassment training for executive officers]</p> <p>Recently, various compliance-related scandals in leading Japanese companies have been reported, and they are becoming a major issue undermining management. Furthermore, society has increasingly come to cast a stern eye on them. The Public Interest Whistleblower Protection System - Guidelines for Private Business Operators established by the Consumer Affairs Agency also describes the importance of compliance education to be given to members ranging from management to employees. Likewise, Mitsubishi UFJ Lease & Finance has been regularly holding harassment training sessions for executive officers since FY2019 by rescheduling executive officers meetings.</p> <p>(Total of 39 persons participated on July 23, 2019. Scheduled to be held on July 21, 2020 for FY2020.)</p> <p>[Training for Compliance Promotion Committee Members]</p> <p>Training was held on June 10, 2019. Participants were Compliance Promotion Committee Members (or a person recommended by the Compliance Promotion Committee Manager) (1 person from each department) who are managers at each workplace, and members of the Compliance Promotion Departments in charge of Group companies under management (1 person from each company). The curriculum was as follows: (1) Information security related (Operations Department), (2) Points to note on human rights and labor management in workplaces (Human Resources Department), (3) Compliance related (Legal & Compliance Department).</p> <p>(Due to the COVID-19 disaster, e-learning is scheduled in August for FY2020.)</p> <p>Compliance Training Chart</p> <table border="1"> <thead> <tr> <th>Target</th> <th>CEO Message</th> <th>Group training</th> <th>Video education</th> <th>e-learning (Self-check and permanent courses)</th> <th>Handouts</th> </tr> </thead> <tbody> <tr> <td>Officer Director Officers overseeing business</td> <td rowspan="5">Message from the CEO</td> <td>Training for officers</td> <td></td> <td>Self-Check</td> <td></td> </tr> <tr> <td>General Manager including executive</td> <td>Liaison Meeting of General Managers</td> <td rowspan="3">Video teaching materials</td> <td rowspan="3">e-learning</td> <td rowspan="3">Permanent course</td> </tr> <tr> <td></td> <td>Integrity training</td> <td rowspan="2">Compliance News</td> </tr> <tr> <td>Senior Manager/ Section Manager</td> <td>Training for Compliance Promotion Committee Members</td> <td rowspan="2">Feedback Day</td> </tr> <tr> <td></td> <td>Training for newly appointed managers</td> <td></td> </tr> <tr> <td>General employee</td> <td>Feedback training by Compliance Promotion Committee Members</td> <td></td> <td></td> <td></td> </tr> <tr> <td>New employee Mid-Career employee Dispatched employee</td> <td></td> <td>Training for new employees</td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Target	CEO Message	Group training	Video education	e-learning (Self-check and permanent courses)	Handouts	Officer Director Officers overseeing business	Message from the CEO	Training for officers		Self-Check		General Manager including executive	Liaison Meeting of General Managers	Video teaching materials	e-learning	Permanent course		Integrity training	Compliance News	Senior Manager/ Section Manager	Training for Compliance Promotion Committee Members	Feedback Day		Training for newly appointed managers		General employee	Feedback training by Compliance Promotion Committee Members				New employee Mid-Career employee Dispatched employee		Training for new employees	
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Human rights	Management	<p><Claim Separation related to Human rights> Total of 4 cases occurred in FY2019. Efforts were made to identify actual situations, address problems, and prevent recurrence by taking the following steps.</p> <p>■ Measures upon occurrence of sexual and maternity harassment</p> <ol style="list-style-type: none"> 1. Occurrence of incident (discovered via workplace helpline, sexual/maternity harassment hotline, interviews with Human Resources Department, and other whistle-blowing.) 2. Interviews (target: sufferer, perpetrator, whistleblower, superior and, if necessary, related parties) 3. Proposal of disciplinary action plan based on results of consultation with contract lawyer 4. Determination of disciplinary action after deliberation by management 5. Implementation of disciplinary action against perpetrators as necessary <p>■ Measures for recurrence-prevention</p> <ul style="list-style-type: none"> • The following was set out via the Company intranet. <ul style="list-style-type: none"> (1) Message from CCO on prevention of harassment (2) Call for attention jointly by the General Manager of the Legal & Compliance Department and General Manager of the Human Resources Department • In the training for Compliance Promotion Committee Members, there was a call for attention regarding harassment and specific cases were introduced. • Cases of sexual and maternity harassment were introduced and a call for attention was made by using "Collection of Typical Compliance-related Cases" prepared by the Legal & Compliance Department. • Training was held in which the participants watched a DVD on harassment prevention. • In the first half of FY2019, harassment training sessions were held for employees of a certain age or older, including managerial classes, and some contract employees. The General Manager of the Human Resources Department and the General Manager of the Legal & Compliance Department served as lecturers. 																																																																																														
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		<p><Implementation of Training for Employees> Human rights promotion training with the topic of sexual harassment and sexual minorities is conducted for all employees by e-learning and watching DVDs. The participation rate of e-learning implemented in FY2019 was 99.0%.</p>																																																																																														
Human resources	Policy	<p><Basic policy on human resource development> To promote the "integration of finance and business," which is set out as the basic policy of the mid-term management policy, in addition to the advancement of lease and finance functions, we need to reinforce the "expertise specialized in the business/industry" and develop into a professional group. In these circumstances, we define the following five points as the characteristics of our ideal employees:</p> <p><Employees to be sought></p> <ol style="list-style-type: none"> 1. Customer-oriented By understanding customers' management issues and needs, they establish a solid relationship with domestic and foreign customers considering the possibility of cooperation as alliance partners. 2. Professionalism To provide MUL's unique value, they have awareness and responsibilities as a professional, and keep developing specialties that are appropriate to the person. 3. Creation and innovation To provide high added value and improve productivity, they pursue the creation of new business and continuous innovation. 4. Leadership To complete the organizational mission, they demonstrate strong leadership through their actions that serve as a model and through their responsible decisions. 5. Human resource development For mid- and long-term career development support, they arrange an environment that allows various human resources to demonstrate their abilities and conduct fair evaluations as well as proper human resource development. <p>To nurture such human resources, Mitsubishi UFJ Lease & Finance Group shall arrange an education system that enables each employee to grow and acquire specialties that are appropriate to the person, and promote human resource development.</p>																																																																																														
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Human resources	Performance	<p><Human resource development initiatives> To improve staff knowledge and skills, we implement a range of training systems specific to different staff grades, from junior and mid-level staff to the managerial level. To support career development, we operate a career switch system and an internal job posting system through which employees can take on the challenge of working in a new field of operations. Forms of training are provided for employees recruited by our overseas local subsidiaries to promote an understanding of the Group's corporate culture and business operations and to stimulate active intercultural communication.</p>
		<p><Development of expert human resources> We have established a system for hiring employees with excellent skills and expertise that are externally competitive in various fields, thereby developing and enhancing expert human resources in specific fields.</p>
		<p><Training for employees> [Training by class] <ul style="list-style-type: none"> • First year training (target: about 40 employees with one year of service) It begins with induction training to obtain basic knowledge, attitude and mindset required as an MUL employee. In summer, trainees learn lease accounting, taxation, product knowledge and skills such as credit evaluation, spending three weeks on these topics. In winter, they participate in one-week examination training to acquire basic knowledge as a salesperson. • Young-generation career development training (target: about 40 employees with four years of service) With a 360° survey, trainees confirm the expectations of their supervisor and others. They will learn to be motivated and become proactive by having the mindset of staying eager to work. • Leadership training (target: about 10 employees with four to nine years of service) As a mid-level employee, trainees learn how to behave in an organization and demonstrate leadership. The content is practical. Not only do they learn principles, they also analyze the current status and issues of their workplace and produce an action plan to solve them. • Management basic training (target: about 60 employees with 10 to 12 years of service) By systematically summarizing and confirming what management is, attendants consider how a manager should be and review how they have been guiding junior employees. In this way, they learn the principals of management. • Training program for the leaders of the next generation (target: about 5 employees with 10 to 12 years of service) This is to develop the leaders of the next generation. By organically linking OJT and Off-JT, participants use the Plan-Do-Check-Act (PDCA) cycle for the active operations of their department/store and the training of junior employees. This training aims to develop human resources who will serve as executives in the future. </p>
		<p>[Other training programs that are offered to selected applicants] <ul style="list-style-type: none"> • MUL Business School (MBS) (about 20 employees) To obtain a strategic way of thinking, problem-solving skills, etc. that are required for business leaders who can cope with environmental changes, attendants systematically learn about company management such as management strategy, marketing and finance. • Business English foundation program (beginner, intermediate and advanced) (about 70 employees) We classify employees by level (beginner, intermediate and advanced), and offer programs to improve their reading and speaking skills through about 5 months of intensive learning (online video program, online lesson with native speakers, smartphone-ready vocabulary acquisition application), three seminars and periodical web meetings. • Training by Japan Machine Tool Distributors Association (about 10 people) Through two courses, a basic course and SE course, participants obtain knowledge about the sales of equipment such as machine tools. </p>
		<p>(Training for secretarial positions) <ul style="list-style-type: none"> • Cafeteria training (target: about 100 employees with 4 or more years or service) By selecting and taking an external public seminar by themselves, they obtain knowledge related to business and management skills, finance and legal issues, etc. </p>
Reference (our website)	https://www.lf.mufg.jp/english/corporate/csr/humanresource.html	
		<p><Efforts to promote work-life balance> The Company has been taking various initiatives with the aim of rectifying long working hours. From FY2017 and beyond, in order to advance reforms in a more in-depth way, the "Creating a Comfortable Workplace" project team was established to "develop an environment where each and every employee can efficiently work with motivation and vitality, and where each and every employee can actually feel it." Various concrete measures are being implemented, including personnel system reform and improvement of administrative efficiency.</p> <p><u>1. Work-life synergy working system (selective flexible time work)</u> Allows user of the system to slide their set work time forward or backward in units of 30 minutes or 1hour (can be used in units of 1 day, 1week, or 1 month)</p> <p><u>2. Hourly Vacation System</u> From October 2018, we installed a system whereby, within normal allocated paid leave, the employee can use paid leave in single-hour units for up to 5-days worth per year. The system can be used for early arrival or early departure from the normal employment schedule or for mid-work breaks.</p> <p><u>3. At-home Work System</u> From October 2018, we installed an at-home work system whether for child-care, elderly-care or business reasons, allowing a flexible work schedule from home in line with employee needs.</p> <p><u>4. Other measures</u> We promote a good work-life balance by setting up a no-overtime day and a day on which employees leave the company by 19:00 once a week, and setting up the company-wide goal of ensuring employees take paid-leave.</p>
		<p><Violation of the Labor Standards Act> There was no violation of the Labor Standards Act (no administrative disciplinary action).</p>
		<p><Employment of the disabled> Recognizing that the assurance of working opportunities for people who are socially vulnerable people, to completely provide a environment in which the disabled can work comfortably, in October 2017, we established a group of all newly hired employees with disabilities to handle internal clerical tasks. In FY2019, the Group newly hired 5 individuals with disabilities, and as of March 31, 2020, our statutory employment ratio of disabled individuals was 2.06%.</p>

Diversity	Management	<p><Internal structure> The Company is striving to create an organization that leverages diversity in human resources by establishing a Diversity Promotion Office, setting forth action plans based on The Act on Promotion of Women's Participation and Advancement in the Workplace, and implementing measures relating to the promotion of a good work-life balance for employees.</p>									
	Supporting the education of future generations	<p><Action plan> To make it possible for all employees to fully demonstrate their ability by creating a work environment where they can balance work and raising children and each of them can work comfortably, we have formulated an action plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children.</p>									
		Reference (our website)	https://www.lf.mufg.jp/english/corporate/csr/actionplan.html								
		<p><External evaluation> In December 2017 the Company was awarded the "Platina Kurumin" mark, a certification by the Minister of Health, Labour and Welfare for a Childcare Support Company, as it met the requirements for special certification under the Act on Advancement of Measures to Support Raising Next-Generation Children.</p>									
	Promoting active participation of women	<p><Policy on initiatives> We believe that promoting diverse human resources' active participation, while leveraging their individual attributes such as nationality, age and gender and various values, is a strategically important theme that will lead to enhanced competitiveness of a corporation. Based on this, we have implemented various measures for promoting the advancement of women centering on two driving forces—the enhancement of support systems for balancing work and home and the creation of a work environment where each employee can demonstrate his or her ability to the fullest extent. By continuously implementing these measures and systematically cultivating and promoting female employees with desire and ability, we aim to increase the proportion of female managers by 5% from the 2015 level to 10 % or above in 2020.</p>									
		<p><Action plan and initiatives> We have formulated a general employer action plan for a five-year period from April 1, 2016 to March 31, 2021 based on the Act of Promotion of Women's Participation and Advancement in the Workplace that became effective on April 1, 2016. In addition, we will drive forward with our initiatives and secure human resources by publishing our policy and initiatives on promoting active participation of women in the workplace.</p>									
		Reference (our website)	https://www.lf.mufg.jp/english/corporate/csr/actionplan.html								
		Reference (website of the Ministry of Health Labor and Welfare, Japanese only)	http://positive-ryouritsu.mhlw.go.jp/positivedb/detail?id=1013								
		<p><Major support system></p> <ul style="list-style-type: none"> • Pre-maternity leave • Maternity leave before or after childbirth • Childcare leave • Shorten working hours • Restriction on overtime work • Birth leave • Time for child rearing • Childcare expenses support system • Late-arrival / early-leave system • Sick / injured childcare leave • Information provision tool (iPad) • System for career advising service for those returning to work after leave • System for choosing work locations • System for reemployment of retirees 									
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<p>Usage of major systems (FY3/2020)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%;">Pre-maternity leave</td> <td style="width: 10%; text-align: center;">41 persons</td> <td style="width: 15%;">Childcare leave</td> <td style="width: 10%; text-align: center;">135 persons</td> <td style="width: 15%;">Shorten working hours</td> <td style="width: 10%; text-align: center;">133 persons</td> </tr> </table>						Pre-maternity leave	41 persons	Childcare leave	135 persons	Shorten working hours	133 persons
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Nursing care	<p>We have put in place systems to support nursing care.</p>										
	Nursing care leave	leave for a period up to 1 year in total, which can be divided into up to 3 separate occasions									
	Nursing care allowance	Up to 5 days per year									
	Shorten working hours	Separately from family care leave, this can be applied for a period up to 3 years in total, which can be divided into separate occasions									
	System for choosing work locations	Work location can be changed or chosen according to family care circumstances									
Promotion of foreign employees	<p>The Company employs diverse human resources regardless of nationality. Multinational employees are actively participating in various sites and departments by making use of the overseas trainee system and career switch system.</p>										
Community contribution activities	Volunteer leave	<p>When participating in social welfare, environmental protection and other activities approved by the Company, an employee is entitled to take volunteer leave of up to 5 days.</p>									
	Supporting the education of future generations	<p><Provision of company housing to students from abroad> We are participating in a program for placing exchange students in company dormitories spearheaded by the Association for Promoting Corporate Support for Exchange Students, which was established based on a proposal by the Japan Association of Corporate Executives. Accordingly, we have been offering rooms in the Company dormitories to exchange students since 2015.</p> <p>Program offering rooms in company dormitories to exchange students Since 2015, the Company has been taking part in a Program Offering Rooms in Company Dormitories to Exchange Students (hosted by the Foundation of Corporate Friendship Network for Foreign Students). The Program offers economic support by providing some company dormitories and housing to exchange students. The Company continues to accept exchange students from China and South Korea, helping to foster mutual understanding between Japan and countries around the world.</p>									
		<p><Work experience program> Since 2008, we have been hosting the Job Shadow work experience program for metropolitan high school students jointly with Junior Achievement Japan.</p>									
		<p><Internship> We have an internship program for undergraduate and graduate students to deepen their understanding of the industry and work. We introduce the lines of business of the Company, as well as Group coordination and our unique strengths through case studies and other activities.</p>									

Community contribution activities	Supporting post-disaster restoration	<Support after the 2011 Great East Japan Earthquake①> <u>Donation of lease-up computers</u> Since the fiscal year ended March 2012, we have been donating lease-up PCs to educational institutions and other recipients in the area affected by the disaster through Japan Leasing Association.		
		Number of PCs donated	263 units	
		<Support after the 2011 Great East Japan Earthquake②> <u>Participation in the TOMODACHI Initiative</u> Since 2012, we have been participating with other Group companies of the Mitsubishi UFJ Financial Group in the TOMODACHI Initiative led by the U.S. government and U.S.-Japan Council (Japan). We promote cultural exchanges between Japanese students in disaster-hit regions and U.S. students and faculty members through the TOMODACHI MUFG International Exchange Program.		
		<Support after the 2011 Great East Japan Earthquake (3)> <u>Donation of relief funds</u> We have donated 30 million yen of relief funds to the Central Community Chest of Japan. We have also donated 6.49 million yen collected from officers and employees of Mitsubishi UFJ Lease & Finance Group as a support fund to Japan Platform, a specified non-profit corporation engaged in activities supporting disaster victims and restoration work in disaster areas.		
		<Support after the 2016 Kumamoto Earthquakes> <u>Donations were made to:</u> The Japanese Red Cross Society for 5 million yen of relief funds. And also Japan Platform, a specified non-profit corporation for 7.62 million yen collected from officers and employees of Mitsubishi UFJ Lease & Finance Group as a support fund.		
Initiatives for shareholders and investors	Investor relations	<Information disclosure> We fully understand that timely and appropriate disclosure of company information to shareholders and investors is the essence of a sound security market. To properly conduct prompt, accurate and fair disclosure of company information, we established Rules on Information Disclosure and Policy on Fair Disclosure Rules. Under the IR policy described below, we work to ensure fair and timely information disclosure and two-way communication, and proactively take IR initiatives to gain the trust of shareholders and investors and assist them in accurately evaluating the Company. 1. Objectives and basic approaches to IR activities 2. Disclosure standards 3. Disclosure methods 4. Forward-looking statements 5. Material confidential information 6. Quiet periods		
		Reference (our website)	https://www.lf.mufg.jp/english/investors/policy/index.html	
		<Return to shareholders> We increase our corporate value through sustainable growth and provide returns to our shareholders and investors by paying them dividends continuously and stably. For the fiscal year ended March 2020, dividends were 25.0 yen per share, up 1.5 yen from the previous fiscal year, marking the 21th consecutive fiscal year of dividend increase.		
		<Communication> We participate in various conferences and hold financial results briefings and other events.		
		For analysts and institutional investors	We hold year-end and intermediate financial results briefings at which members of top management give presentations outlining financial results and management strategies, progress of management plans, and other data.	
			We hold individual meetings to reinvigorate dialogue with investors and analysts.	
		For overseas institutional investors	At least once every year, we visit major investors in the U.S. and countries in Europe and Asia, where we hold individual meetings and participate in a range of IR conferences.	
		For individual investors	We exhibit at the Nagoya Stock Exchange Expo, the Chubu region's largest IR event, which is organized by the Nagoya Stock Exchange.	
Reference (our website, Japanese only)	http://www.lf.mufg.jp/corporate/csr/ircommunication.html			
Others				
Evaluation from external institutions	SRI evaluation	FTSE Russell	The Company has been included in the FTSE4Good Index Series, a world-leading socially responsible investment (SRI) index, every year since 2006. In addition, the Company has been selected for an index component of the FTSE Blossom Japan Index, an index developed by the global index provider FTSE Russell, which reflects the performance of Japanese companies that demonstrate strong environmental, social and governance (ESG) practices.	
		MSCI	The Company has been selected as an SRI index component of the MSCI Japan ESG Select Leaders Index and the MSCI Japan Empowering Women Index, which were developed by Morgan Stanley Capital International (MSCI) for companies with particularly strong ESG initiatives. Moreover, an internationally recognized index, MSCI ESG Leaders Index Series, has been consecutively including us in the components since 2007, the year of the calculation. * Former MSCI Global Sustainability Index Series"	
	Other evaluations	Development Bank of Japan	The Company has been granted the "DBJ BCM Rating" with the highest rating for consecutive years since 2013. This rating is the evaluation program organized by the Development Bank of Japan (DBJ) that selects companies with first class initiatives to tackle disaster risk reduction and business continuity management.	
		Reference (our website, Japanese only)	http://www.lf.mufg.jp/corporate/csr/valuation.html	

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