

Measures for Governance Reinforcement

Revision and Verification of Policies for Cross-Shareholdings

The Company engages in cross-shareholdings for purposes such as building stable, long-term relationships with business partners and promoting sales, and it maintains these holdings under a policy of emphasizing medium-to-long-term improvements in its corporate value. Each fiscal year, individual holdings are evaluated based on their profitability, among other factors, and the policies for these holdings are revised. Regarding holdings that have been deemed to be of particular importance, the policy of continuing these holdings is verified after reporting this decision to the Board of Directors.

Enhancement of Criteria for Determining the Independence of Outside Directors

In addition to the criteria for independent directors stipulated by the Tokyo Stock Exchange and other domestic financial instrument exchanges, the Company determines the independence of individual outside directors based on an objective and practical approach by identifying their applicability under items (1) to (6) below in fiscal 2016 or in any of the previous three fiscal years.

- (1) A major shareholder of the Company (with more than 10% of total voting rights) or a person involved in the operation^{*1} of a major shareholder
- (2) A person involved in the operation of a lender of amounts exceeding a predefined scale^{*2}
- (3) A person involved in the operation of a business partner with which transactions exceed a predefined scale^{*3}
- (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
- (5) A representative or other employee of the accounting auditor

- (6) An individual affiliated with an organization that receives donations exceeding a predefined amount^{*4}

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 to a domestic financial instruments exchange, such as the Tokyo Stock Exchange, the reasons will be explained and disclosed at the time of appointment.

^{*1} An executive director, executive officer, or employee with operational execution responsibilities

^{*2} A lender from which borrowings account for more than 2% of the Company's consolidated total assets

^{*3} A business partner with which transactions account for more than 2% of the total revenues of the business partner or of the Company

^{*4} Donations exceeding 10 million yen in a given fiscal year

Analysis and Evaluation of the Board of Directors' Effectiveness

As a venue for incorporating outside opinions into management, we hold forums for the exchange of opinions between the representative director and Audit & Supervisory Board members as well as the outside director who has been designated as an independent director and other outside officers. Matters related to the Board of Directors are also discussed, and the members perform analyses and evaluations of the effectiveness of the Board of Directors. The following is an overview of the fiscal 2016 Board of Directors' evaluation results.

1. The Board of Directors is being operated in a sound, appropriate, and effective manner while pursuing improvements.
2. In order to further enhance discussions at the meetings of the Board of Directors, deliberations on important items at management committees and other meetings should be reported to the Board.



Information regarding corporate governance is available on the Company's corporate website.

<http://www.lf.muftg.jp/corporate/governance/> (Japanese only)

Directors, Audit & Supervisory Board Members, and Executive Officers (As of June 29, 2017)

Chairman Tadashi Shiraishi	Outside Directors Teruyuki Minoura Toshio Haigou Tadashi Kuroda Kiyoshi Kojima Shinya Yoshida	Managing Executive Officers Kenji Yasuno Hideya Takaishi Jun Utsuki Yoshiaki Yamamoto Takatoshi Haruna Yoichi Shimoyama Masaki Komoro Hiroaki Odajima Hiroshi Mii Shuji Miake Hiroshi Nishikita Naoki Matsumuro Masashi Nakano Masaki Mizutani Osamu Muramoto	Executive Officers Kazuo Shibayama Yoshiaki Kaji Kazuhiko Takeuchi Satoru Sera Yuji Suzuki Susumu Nozaki Toshio Oka Kunihiro Sawada Tsutomu Kugasa Takeo Nakai Yukio Maruyama Shuji Matsuo Hidekazu Tanaka Yasuyuki Hirota Masao Kaneko Toru Fukuyama
President & CEO Takahiro Yanai*	Audit & Supervisory Board Members Akira Hane Naohito Suzuki Kazuhide Yamauchi		
Vice President Toshimitsu Urabe*	Outside Audit & Supervisory Board Members Shoji Tokumitsu Shota Yasuda Shinichiro Hayakawa Hiroshi Minagawa		
Senior Managing Directors Yasuyuki Sakata* Tsuyoshi Nonoguchi*			
Managing Directors Hideki Kobayakawa* Naoki Sato* Katsuhiko Aoki* Hiroto Yamashita* Takeo Kudo*			

* Indicates concurrent posts of director and executive officer

Further Enhancing Risk Management

The risks facing Mitsubishi UFJ Lease & Finance are becoming increasingly more diverse and complicated following the evolution of the Company's business model and the expansion of its business domains. Amid these circumstances, it is becoming more important for the Company to appropriately recognize the risks it is exposed to and control them in a precise manner. Accordingly, the Company has established various management systems in accordance with the specifics of each individual risk and is making concerted efforts to prevent risks from materializing as well as to minimize the loss and damage caused by risks should they occur.

Strengthening Integrated Risk Management

To realize sustainable growth by maintaining sound management and improving profitability, the Company is conducting business operations that incorporate frameworks to manage integrated risks. Specifically,

the Company has in place a structure for distributing risk capital to each risk category based on the Risk Capital Management Policy and after quantifying each risk through risk assessment methods that correspond with the characteristics of each asset and business. This structure also supports rational risk-taking within an acceptable range. The status of risk capital use and return on risk is monitored on a regular basis and reported to the Risk Management Committee along with other important matters such as the condition of each portfolio. In addition to enhancing internal communication related to risks, the Company conducts stress tests based on multiple scenarios to verify its resistance to risks from a wide variety of perspectives. Under the new medium-term management plan, the Company has placed the further strengthening of integrated risk management as an important initiative for strengthening its business foundation and supporting its growth strategies.

Major Risk Management Frameworks

Credit Risk

When examining individual projects, the Company works to ensure appropriate returns based on the risks involved in the project while keeping its focus on transaction and credit status as well as country risk. Taking into account the decentralization of risk across its entire portfolio, the Company manages credit limits while regularly measuring credit risk amounts. The Company adopts a system in which the status of credit risk is reported to the Risk Management Committee, which thereby controls risks accordingly.

Asset Risk

When examining individual projects involving lease properties and other operating assets, the Company works to ensure appropriate returns based on the risks involved in the project while keeping a sharp focus on future property value. In addition, while taking into account the decentralization of risk across its entire portfolio, the Company regularly measures the amount of risk related to fluctuations in asset value. The Company has in place a system for reporting the status of asset risk to the Risk Management Committee, which thereby controls risks accordingly.

Market Risk

Through comprehensive asset liability management (ALM), the Company monitors the condition of interest rate mismatches and controls the risk of interest rate fluctuation. In addition, the Company regularly measures the amount of market risk related to fluctuations in interest rates, exchange rates, and security prices. The Company adopts a system in which the status of market risk is reported to the Risk Management Committee and the ALM Committee, which thereby control risks accordingly.

Liquidity Risk

The Company makes efforts to ascertain the Groupwide condition of fund management and promotes adjustments to the balance of long-term fund procurement and the diversification of fund procurement methods. In doing so, the Company is working to procure funds in a stable manner. In addition, by taking steps to replenish liquidity in times of crisis, starting with the acquisition of commitment lines, the Company is securing a sufficient amount of fund liquidity. The results of evaluations made regarding the stages of liquidity risk are reported to the Risk Management Committee and the ALM Committee, which thereby control risks accordingly.

Operational Risk

The Company has established a management structure for its information systems that detects and prevents damage caused by system failure and abnormal interruption, inappropriate access from external sources, penetration of computer viruses, and cyber attacks. Furthermore, the Company continuously carries out internal educational activities related to information security and administrative management. In addition, the Company places compliance as its most important management issue and conducts its business activities with a high level of ethics and in accordance with internal regulations. At the same time, the Company implements compliance-related educational activities on a regular basis and has established measures to prevent inappropriate conduct. The status of operational risk is reported to the Risk Management Committee and the Compliance Committee, which control risks accordingly.

Investor Relations

Basic Policy on Information Disclosure

To promote the disclosure of corporate information in a way that is suitably prompt, accurate, and impartial, Mitsubishi UFJ Lease & Finance has established a set of regulations for handling information disclosure. In line with the following IR Policy, meanwhile, we work to ensure fair and timely disclosure and two-way communication, engaging in proactive IR initiatives to gain the trust of shareholders and investors and assist them in reaching an accurate evaluation of the Company.

IR Policy

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| 1. Objectives and basic approach to IR activities | 4. Forward-looking statements |
| 2. Disclosure standards | 5. Material confidential information |
| 3. Disclosure methods | 6. Quiet periods |

Communication with Shareholders and Investors

■ 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, the progress of management plans, and other data.

- To further promote two-way communication with investors and analysts, in fiscal 2016 we held IR meeting sessions with institutional investors and analysts at which members of top management served as the speakers.
- We take part in conferences and other events organized by stock exchanges and securities companies. We also proactively hold individual meetings and other events.

■ For Overseas Institutional Investors

- At least once every year, we visit major investors in the United States and countries in Europe and Asia, where we hold individual meetings and participate in a range of IR conferences.

■ For Individual Investors

- We participate in various conferences, events, and seminars organized by stock exchanges and securities companies. Every year, we open an exhibition booth at the Nagoya Stock Exchange Expo, the Chubu region's largest IR event, which is organized by the Nagoya Stock Exchange.

Compliance / Internal Control

Compliance Committee and Improvement of Employee Awareness

The Compliance Committee is chaired by the chief compliance officer, a post with Companywide coordinating responsibility that is occupied by the executive officer in charge of the Legal & Compliance Department. The committee meets on a quarterly basis and carries out continuous inspections, audits, and checks of compliance status. Additionally, each employee receives grade-specific training and is subject to a self-check process based on e-learning to promote improved employee awareness.

Compliance Hotline

We operate a Compliance Hotline through which employees can report compliance issues and thereby strive to quickly identify violations and respond appropriately. In addition, in October 2016 we commenced operations of the web service named the "Compliance Office," which can be accessed through the Company's intranet. Employees can post their concerns directly to the Compliance Office without having to contact the Compliance Hotline. In these ways, we moved forward with the creation of an environment that makes it easy for our employees to report issues and receive consultation.

Basic Policy on Antisocial Organizations

We have established a basic policy on antisocial organizations and take measures to ensure that it is strictly complied with and enforced by all corporate officers and employees.

Initiatives on Internal Control

To ensure the appropriate conduct of operations, Mitsubishi UFJ Lease & Finance works to continuously enhance and strengthen the internal control system. Each year, we review and expand the range of operations covered by the system. The relevant corporate departments, branches, and domestic and overseas Group companies report on the implementation status of internal control to the Accounting Department. Following an audit by the Internal Audit Department, this department presents an internal control implementation plan and a report evaluating the effectiveness of internal control to the Disclosure Committee on a quarterly basis. These documents are also submitted to the accounting auditor. Additionally, employees receive a copy of the Internal Controls Handbook to ensure full compliance with the standards of behavior under the internal control system.

Action on Information Security

In the area of information management, 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 recognize that it is our social responsibility to handle customers' personal information appropriately, and we have established a personal information protection policy as part of measures to ensure stringent control.

We also hold regular information security audits and carry out awareness checks on all employees.