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# DELIVERING SUSTAINABLE GROWTH FOR ALL



# Solutions to your Pursuits

Creating new values from  
Finance × Services × Business Expertise

## Tokyo Century

Tokyo Century Group will work alongside customers in pursuit of their growth as a highly specialized and unique financial services company and will contribute to the creation of an environmentally sound, sustainable economy and society.

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# We will accelerate our growth as a company with financial capabilities for the next 10 years.

In April 2019, Tokyo Century celebrated the 10th anniversary of its establishment through a merger.

Over the past 10 years, we have been able to leverage a free management environment and creativity to establish a dominant presence focused on financial services that raise the added value of assets above traditional leasing. I believe we have significantly expanded into new business areas and created a multitude of new financial services, particularly through viable businesses in cooperation with our partners.

Over the next 10 years, along with steadily benefitting from our up-front investments, we intend to achieve and maintain sustainable growth by balancing risk and return.

I also believe we have successfully created an internationally unique business model as a company with financial capabilities. We intend to fulfill our social responsibilities by contributing to society through our main operations and doing our best to deepen the bonds of trust with all our stakeholders. We look forward to your continued support and patronage.

**Shunichi Asada**  
President & CEO,  
Representative Director

# OUR STRENGTHS

## Core Assets That Generate Our Competitive Advantage

**Our commitment runs through our corporate DNA to assist partner companies in developing business and pursuit of growth**

We envision a sustainable future by seeking mutual, medium- to long-term growth with our partner companies.

True to this conviction, our highly specialized personnel take on the challenges posed by new businesses that transcend the boundaries of finance. Our business scope has expanded worldwide to 37 countries and regions, and Tokyo Century Group has established a unique position by integrating its businesses with a formidable network of partner companies.

### Major Partner Companies

 <b>Equipment Leasing</b>	<ul style="list-style-type: none"> <li>Fujitsu</li> <li>IHI</li> <li>Orient Corporation</li> <li>Kawasaki Heavy Industries</li> <li>Tsukishima Kikai</li> <li>Bplats</li> <li>AMADA HOLDINGS</li> <li>Yaskawa Electric</li> </ul>	 <b>Mobility &amp; Fleet Management</b>	<ul style="list-style-type: none"> <li>Nippon Telegraph and Telephone</li> <li>Orient Corporation</li> <li>ANA Holdings</li> </ul>
 <b>Specialty Financing</b>	<ul style="list-style-type: none"> <li>Kyocera</li> <li>Nippon Tochi-Tatemono</li> <li>Aviation Capital Group</li> <li>GA Telesis</li> <li>Kobe Steel</li> </ul>	 <b>International Business</b>	<ul style="list-style-type: none"> <li>TISCO Financial Group</li> <li>Uni-President Enterprises Group</li> <li>Dalian Bingshan Group</li> <li>Bank of the Philippine Islands</li> <li>Hitachi Construction Machinery Group</li> <li>Lippo Group</li> <li>Grab</li> <li>China UnionPay Merchant Services</li> </ul>

## OUR STRENGTHS



## Creating Diverse Businesses That Match the Current Trend in a Management Environment Free of Regulatory Constraints

Tokyo Century is characterized by its capacity to explore new businesses in a management environment free of regulatory constraints. We are expanding our business scope beyond the realms of finance into new areas such as subscriptions, car rental, aviation, renewable energy (including power generation from solar power and biomass fuel sources) and FinTech. We are creating a variety of new businesses that match the current trend based on creative ideas unrestricted by preconceived concepts and our experience in fusing know-how accrued in the three spheres of “Finance × Services × Business Expertise.”





# 2

## Global Business in 37 Countries and Regions through Alliances with Partner Companies

Backed by relationships of trust with about 25,000 customers, Tokyo Century Group is promoting collaborative ventures, expanding its network to 37 countries and regions worldwide. By utilizing know-how accrued and advancing its alliances with partner companies in and outside of Japan, we take on the challenge of transforming into a new financial services business that opens new domains.



# 3

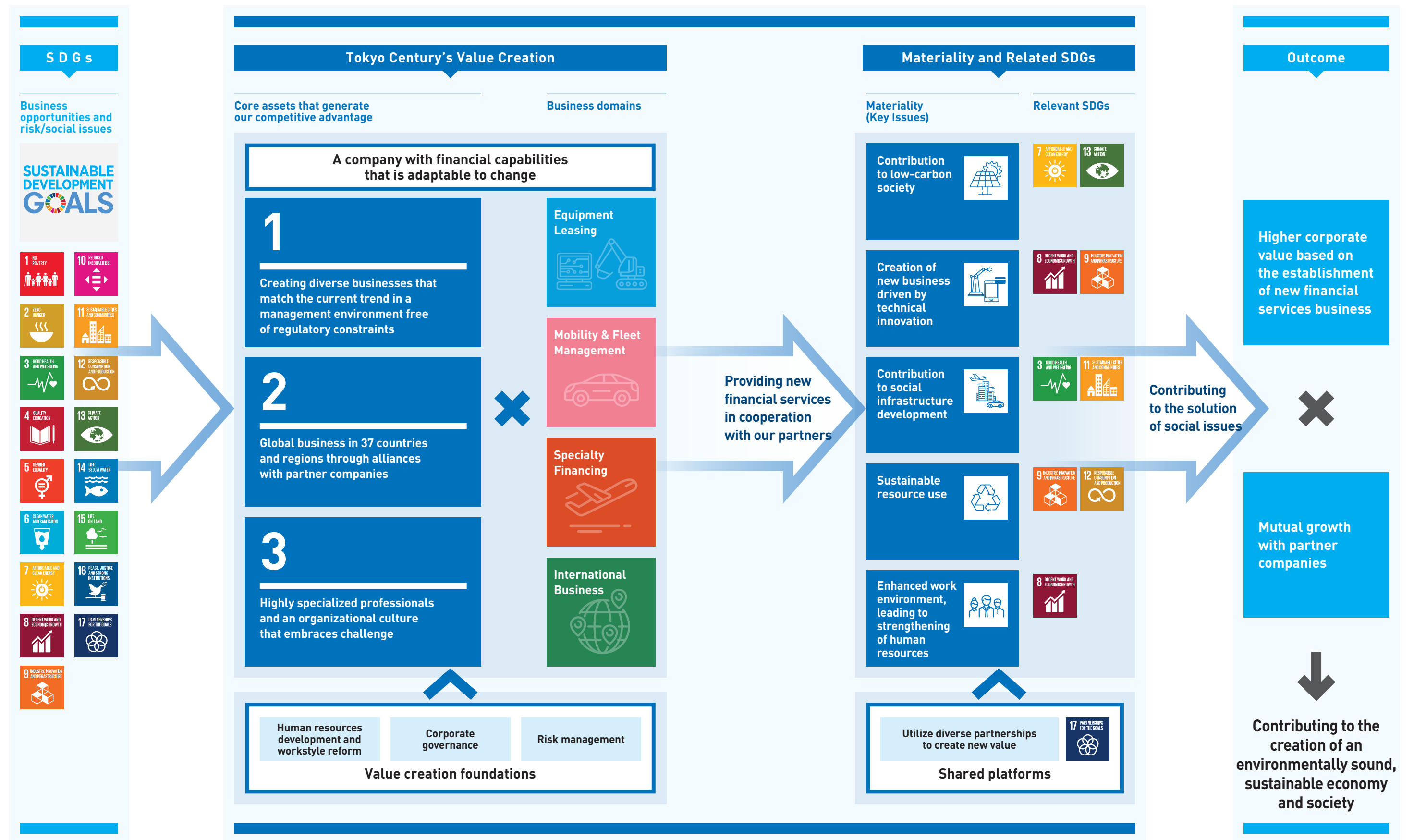
## Highly Specialized Professionals and an Organizational Culture That Embraces Challenge

Our strengths are personnel capable of structuring new business schemes from a global viewpoint and an organizational culture that embraces challenge. To be the ideal partner for supporting customers in their pursuits requires global thinking and professionalism to enable us to assist and aid the business development of partner companies. We are focused on creating an organization that is free of an excessive devotion to conventional notions and previous successes, and brimming with the spirit of taking on challenges to pioneer new business domains.



# OUR VALUE CREATION

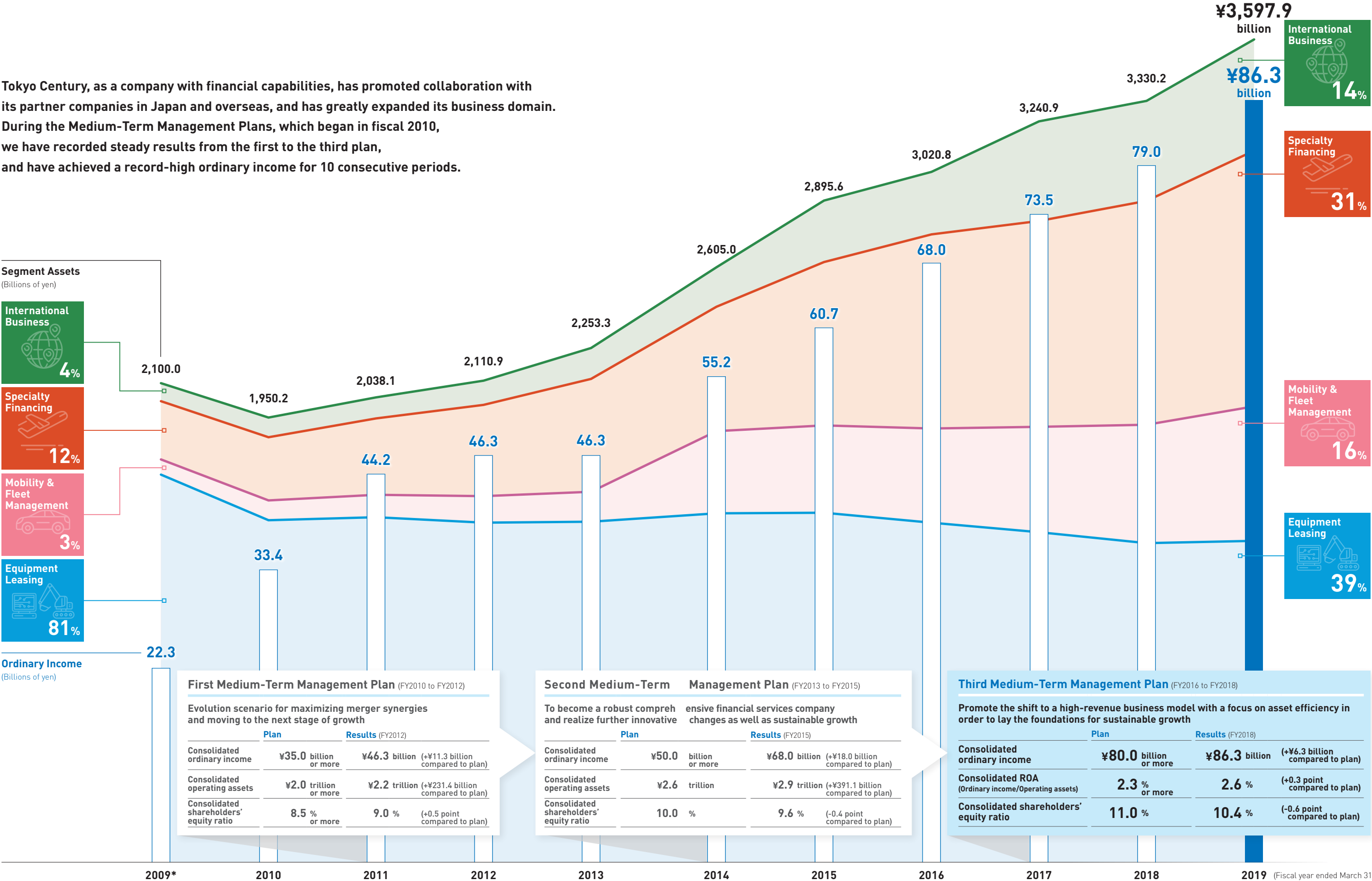
## Tokyo Century's Value Creation Business Model





Tokyo Century's Trajectory of Growth

Tokyo Century, as a company with financial capabilities, has promoted collaboration with its partner companies in Japan and overseas, and has greatly expanded its business domain. During the Medium-Term Management Plans, which began in fiscal 2010, we have recorded steady results from the first to the third plan, and have achieved a record-high ordinary income for 10 consecutive periods.



\* Data for fiscal 2008, the year immediately prior to the merger, is a simple aggregation of data for the former Century Leasing System, Inc. and the former Tokyo Leasing Co., Ltd.

# OUR STRATEGY

## Overview of the Fourth Medium-Term Management Plan

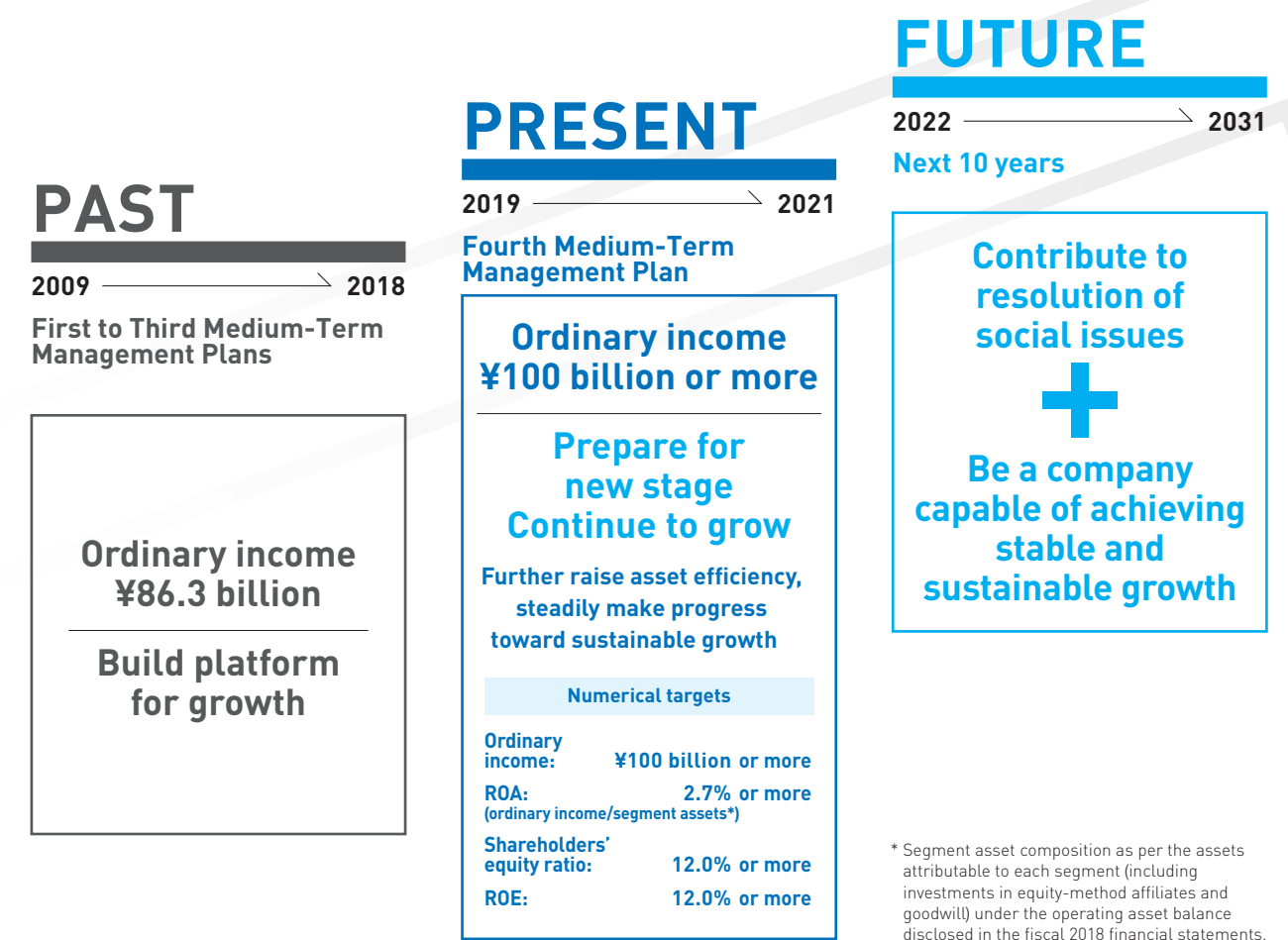
In our Fourth Medium-Term Management Plan, we aim to become a company that can realize sustainable growth with an eye on the next 10 years, while continuing to promote management focused on raising asset efficiency.

### Management Components to Create Stable and Sustainable Growth

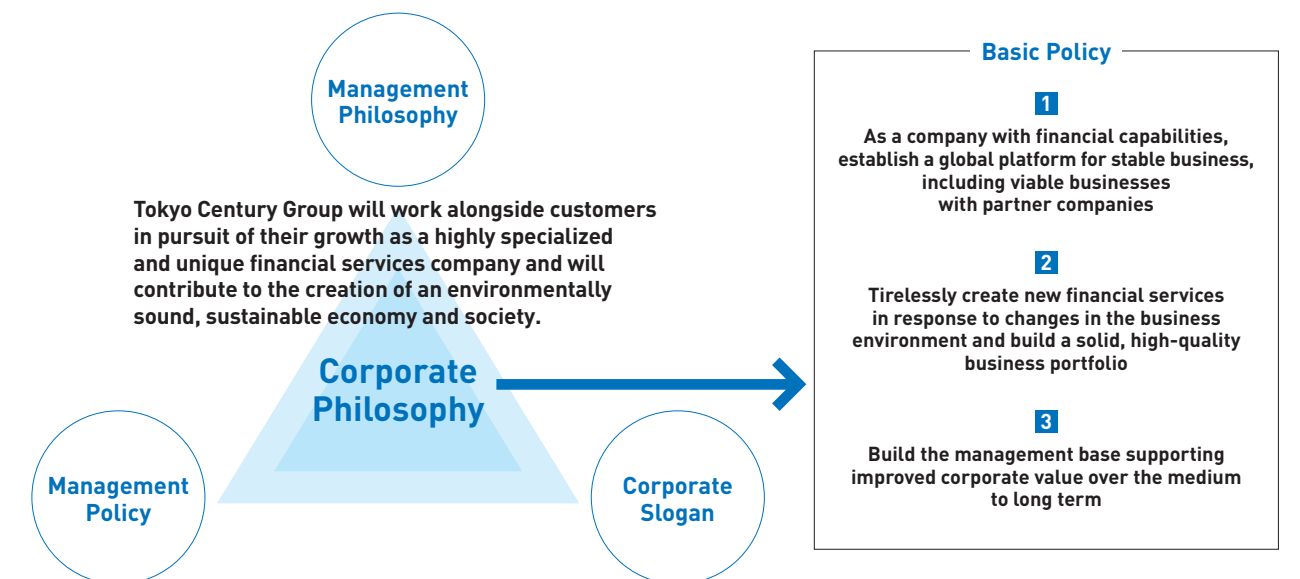


<b>Business model</b> <ul style="list-style-type: none"> <li>Take advantage of a management environment free from regulatory constraints to provide highly specialized and unique financial services with partner companies as a company with financial capabilities</li> </ul>	<b>Human resources strategy</b> <ul style="list-style-type: none"> <li>Build personnel policies giving employees a sense of fulfillment</li> <li>Recruit and develop personnel who will create new values</li> <li>Promote active participation of women and other diversity initiatives</li> <li>Promote career design to support employee career paths and enhance expertise</li> </ul>
<b>Business strategy</b> <ul style="list-style-type: none"> <li>Encourage autonomous management of four operating segments</li> <li>Tirelessly strive to develop viable and other new businesses</li> <li>Pursue deeper alliance strategy                             <ul style="list-style-type: none"> <li>Expand business domains</li> <li>Accelerate pace of business transformation (business incubation)</li> </ul> </li> </ul>	<b>Risk management</b> <ul style="list-style-type: none"> <li>Develop risk management systems in response to diversification of risk profile</li> <li>Strengthen capability to develop viable and new businesses</li> <li>Continually optimize risk measurement</li> <li>Enhance cybersecurity</li> </ul>
<b>Financial strategy</b> <ul style="list-style-type: none"> <li>Diversify procurement methods</li> <li>Improve external credit ratings</li> <li>Strengthen asset and liability management (ALM)</li> <li>Enhance shareholder returns</li> </ul>	<b>Governance</b> <ul style="list-style-type: none"> <li>Strengthen Group governance</li> <li>Instill compliance policy</li> <li>Engage with stakeholders</li> </ul>

### Positioning of Fourth Medium-Term Management Plan




### Corporate Philosophy and Basic Policy





## A Message from the President & CEO

**Strongly contributing to the realization of  
an environmentally sound, sustainable economy  
and society as a company with  
financial capabilities**



**Shunichi Asada**  
President & CEO,  
Representative Director

## Looking Back on the Past 10 Years and Tokyo Century's Strengths

Tokyo Century is a financial services company formed in April 2009 from the merger of Century Leasing System and Tokyo Leasing initially known as Century Tokyo Leasing. This year, we celebrated our 10th anniversary. At the time of the merger, business conditions for the leasing industry were expected to be severe due to such factors as the revisions to leasing accounting standards and the global financial crisis triggered by the Lehman Brothers' bankruptcy. We ourselves saw few prospects for major growth in a business format centered on conventional leasing, and we have therefore sought to expand our operations by creating a new financial services business model.

Our main strengths are our extensive client base and the capability to provide customers with a full range of support, from financial assistance to services and viable businesses in a largely unrestricted management environment free of regulatory constraints. The scope of our business has, in fact, expanded by entering into such innovative fields as subscriptions, rent-a-car operations, a power generation business centered on renewable energy, and a FinTech business. To reflect the shift in our business model away from conventional leasing, we even removed the word "leasing" from our company name in 2016 to become known simply as Tokyo Century. This decision was taken to signal our determination to be a company with financial capabilities that can flexibly respond to the needs of society and to the true needs of our customers.

In terms of earnings, we have posted record-high ordinary income in each of the last 10 years stretching back to the period directly before the merger, and we plan to further increase shareholder dividends that we consistently raised every year since our founding. This steady growth has also contributed to increasing our market capitalization. I am extremely pleased to report that we have also received a degree of recognition from investors over the last 10 years for our innovative business model and management strategy.

Throughout this period, I have been deeply impressed by the efforts of each and every one of our employees to apply their accumulated experience to adapt the business to change and to work every day with a positive mindset. Tokyo Century is transforming itself from a conventional leasing company by expanding financial services and viable businesses, and I believe that the change in thinking and proactive stance toward work by employees are proving to be key elements in the company's current growth. I am convinced that everyone is now deeply engaged in establishing financial services and viable businesses with creativity and confidence.

We have worked hard to grow our business base, including expanding segment assets to more than ¥3.5 trillion, and we now occupy a unique international position as a company able to freely develop in a liberal regulatory environment. Over the next 10 years, we intend to steadily reap the benefits from our up-front investments while continuing to create a multitude of new businesses that answer the needs of society.

## Review of the Third Medium-Term Management Plan

The main theme of the three-year Third Medium-Term Management Plan which began in fiscal 2016 was the same as the first and second plans, to build a basis for future growth. We made strong progress on pursuing business focused on asset efficiency and expanding viable businesses that take full advantage of the high degree of management freedom we enjoy. The management targets of the plan called for ordinary income of at least ¥80 billion, an ROA of at least 2.3%, and a shareholders' equity ratio of 11.0%, and we concluded the plan in fiscal 2018 by booking ordinary income of ¥86.3 billion, an ROA of 2.6%, and a shareholders' equity ratio of 10.4%.

Ordinary income grew by ¥18.3 billion compared to fiscal 2015, due to our strategy of expanding comparatively high-ROA viable businesses such as aviation, solar power generation, and mobility services. We were also able to significantly outperform our target for the compound annual growth rate (CAGR), achieving an actual rate of more than 8%. Our ROA rose by 0.3 percentage point over the fiscal 2015 figure to 2.6% on the contribution from viable businesses. The final shareholders' equity ratio fell just short of the plan target, in part because of a decision to prioritize M&As and other strategic growth investments, although we were able to maintain robust financial stability.

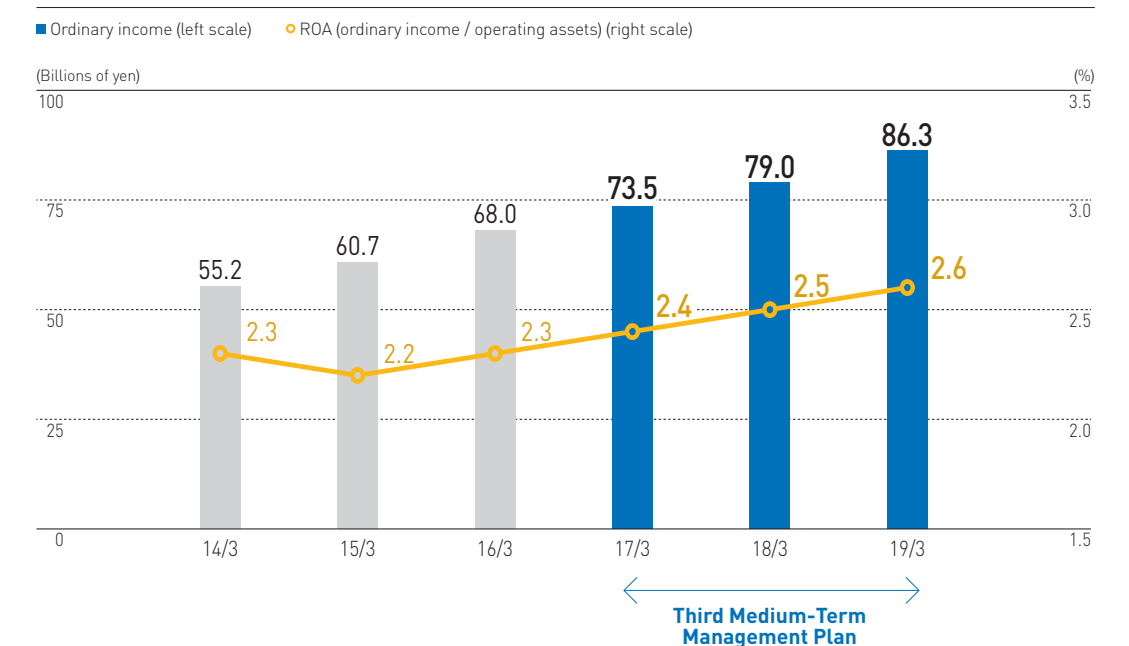
During the period of the Third Medium-Term Management Plan, we worked to strengthen our sales and management bases, and the results of the practical measures undertaken in each operating segment were as follows. In Equipment Leasing, we expanded into new domains beyond leasing, including converting Bplats which provides subscription platforms, to an equity-method affiliate, and launching robot rental business in partnerships with major robotics manufacturers. In Mobility & Fleet Management, with a view to boosting profitability by accumulating high-quality assets, Nippon Car Solutions acquired Tokyo Gas Auto Service as a consolidated subsidiary, and Nippon Rent-A-Car Service reviewed its franchise system and completed its transition to direct management. Our focus in Specialty Financing was building aviation and real estate business value chains, which involved converting Aviation Capital Group, a leading U.S.-based commercial aircraft lessor, to an equity-method affiliate, as well as converting Shinko Real Estate to a consolidated subsidiary and Nittochi Asset Management to an equity-method affiliate. In International Business, we completed the conversion of CSI Leasing, a major independent U.S. leasing company, to a wholly owned subsidiary, and invested in Grab, the largest ride-hailing services company in Southeast Asia, followed by converting Grab Rentals into joint ventures and other business forms. We also invested in an electronic money and point services company operated under the OVO brand by Lippo Group, a leading Indonesian conglomerate.

To further strengthen our management base, we shifted to full-scale measurement of risk on a consolidated basis and refined measurement logic for factors including asset risk and foreign-currency-denominated investment or liquidity. We also endeavored to strengthen internal management control worldwide, including the creation of an internal reporting system and establishing crisis management measures such as business continuity planning. Through these efforts, we were able to build capacity and reinforce risk control systems, and, as a result, our credit rating from Japan Credit Rating Agency, Ltd. was upgraded from A+ to AA- in January 2019, and our rating outlook by Rating and Investment Information, Inc. was revised from A Flat “stable” to “positive” in March 2019. Another outcome of the Third Medium-Term Management Plan was having the company added to stock market indices. We are now a constituent of the MSCI Japan Index used as a benchmark for institutional investors, the FTSE Blossom Japan Index, and the MSCI Japan ESG Select Leaders Index, comprised of companies selected for demonstrating strong ESG practices.



## Achievement of Management Targets

Third Medium-Term Management Plan Targets			Fiscal 2018 Results	
Ordinary income	¥80 billion or more	➔	¥86.3 billion	Target achieved
ROA (ordinary income / operating assets)	2.3% or more		2.6%	Target achieved
Shareholders' equity ratio	11.0%		10.4%	Target not achieved





## Overview and Management Targets of the Fourth Medium-Term Management Plan

With an eye on the next 10 years, we embarked on the Fourth Medium-Term Management Plan starting in fiscal 2019, which is intended to prepare for a new stage and achieve sustainable growth. In the 10 years since the merger, we have focused on transforming ourselves from a finance-focused company and promoting viable businesses that can be operated jointly with our partners and by expanding into new business areas. The goal of the Fourth Medium-Term Management Plan is to build on the achievements of the previous plan, further expanding viable businesses and raising asset efficiency to push our ROA even higher and make steady progress on sustainable growth.

The Fourth Medium-Term Management Plan includes targets for ordinary income, ROA, the shareholders' equity ratio, and ROE, and it calls for achieving an ordinary income of at least ¥100 billion in fiscal 2021, the final year of the plan. Accomplishing the ordinary income target will require even greater development and expansion of our innovative business model in cooperation with our partners. Through fiscal 2018, we calculated our ROA based on total operating assets, but beginning from fiscal 2019, we changed the denominator for this calculation to segment assets in order to reflect factors such as the investments made in equity-method affiliates. Final ROA for fiscal 2018 using the balance of segment assets as the denominator was 2.5%, and the target within the Fourth Medium-Term Management Plan is to grow ROA by at least 0.2 percentage point over the three years, to 2.7% or more. An ROA of 2.7% or more is an industry-leading goal, and meeting the target will depend on providing high-value-added financial services. In order to become an industry-leading financial services company in both name and fact, we will continue to focus on expanding our innovative business model built on cooperation with partners in Japan and overseas. We target a shareholders' equity ratio of at least 12.0% to increase resilience to risk that matches the expansion in business scope. This target of ROE of at least 12.0% is a new goal, appearing first in this medium-term plan. In addition to achieving our targets for ordinary income, ROA, and shareholders' equity ratio, we believe having an ROE that exceeds the cost of shareholders' equity will help link an increase in profits to a rise in corporate value.

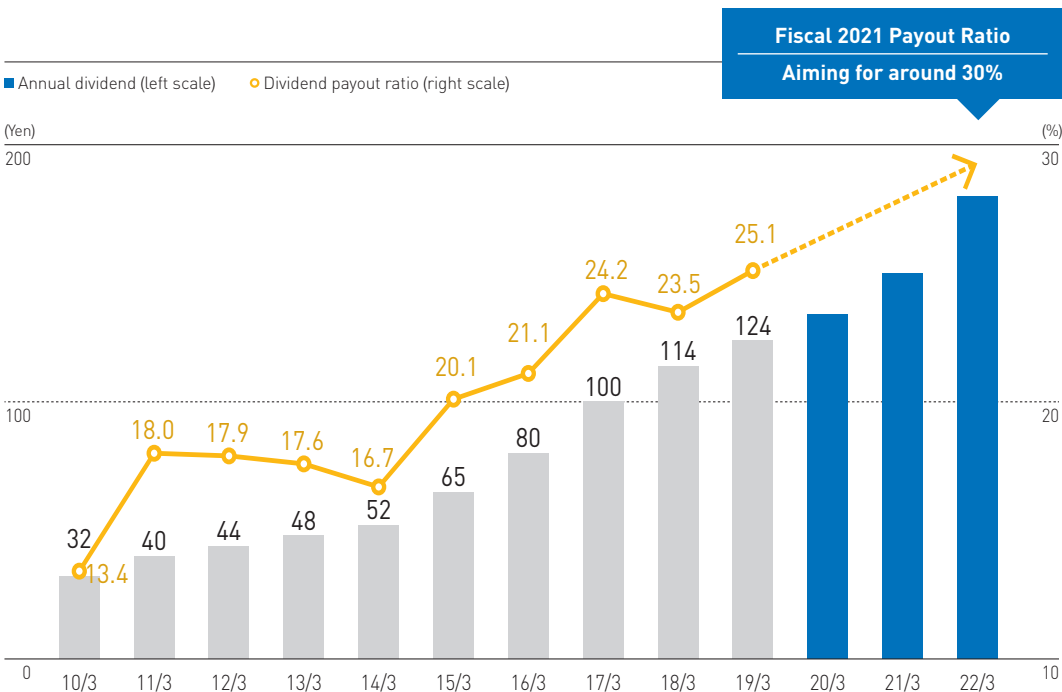
Our capital policies are intended to steadily expand earnings through the practice of strong financial discipline while we remain mindful of shareholder returns and, at the same time, continue to invest in promising businesses to generate sustainable growth. We intend to raise the dividend payout ratio to around 30% by the final year of the Fourth Medium-Term Management Plan while maintaining a balance with growth investment.

## Fourth Medium-Term Management Plan Targets

	Fiscal 2015	Fiscal 2018	Fiscal 2021 Targets
Ordinary income	¥68.0 billion	¥86.3 billion	¥100 billion or more
ROA (ordinary income / segment assets)	2.3%	2.5%	2.7% or more
Shareholders' equity ratio	9.6%	10.4%	12.0% or more
ROE	13.1%	12.7%	12.0% or more

## Dividend and Dividend Payout Ratio

Improve payout ratio based on stable long-term return of profits while ensuring balance with investment in future growth





## Strengthening the Management Base during the Fourth Medium-Term Management Plan

In the Fourth Medium-Term Management Plan, we also intend to continue pushing forward to put into place a management base for supporting a medium- and long-term increase in corporate value. We believe that our human resources strategy is a key management focus in this respect. I would not be surprised if the pace of change in the operating environment further accelerated over the next 10 years to a point where changes were occurring every few years.

To respond to the evolving business environment and rapid expansion of our business areas, Tokyo Century has accelerated the promotion of diversity for its employees. Since our viable businesses require a high degree of expertise, we have been hiring individuals in the middle of their careers in addition to new graduates. As a consequence, we have added personnel with diverse abilities in a variety of fields, including foreign nationals, and I feel this has energized the entire corporate climate. In addition, half of the new graduates hired are women, recognizing their essential role for our company's growth.

Amid societal progress in reforming working styles, Tokyo Century is planning to support the health and well-being of employees by offering options such as flexible working hours and working at home. Moreover, we believe that accelerating diversity and providing training that both increase employee fulfillment and create a sense of personal growth will bolster the development of cutting-edge businesses which depend on creativity.

Risk management is also a key factor in enabling sustainable growth through a further increase in asset efficiency, and one of the goals of the Fourth Medium-Term Management Plan is to create a more sophisticated risk management structure. We must also strengthen our responses to information security, crisis management, and product quality control to facilitate more flexible risk taking.

In corporate governance, we added a new external director in June 2019, with the result that external directors now comprise more than one-third of all board members, and we expect this will further enliven discussions at the Board of Directors meetings.

The Board of Directors has implemented free discussion to allow for open debate on how to achieve sustainable growth, and I believe this will represent a valuable forum for also considering future management strategy. I think that lively discussions at Board of Directors meetings and the implementation of checks and balances driven by external directors will give the company the basis it needs to strive for further growth, and I remain fully committed to strengthening corporate governance going forward.

## Over the Next 10 Years

Achieving sustainable growth over the next 10 years will require that we expand viable businesses in cooperation with our partners and enter a phase for achieving profitability from our up-front investments. In addition, we must focus on creating new businesses tailored to resolving social issues. In practical terms, while deeply mining growth businesses such as aviation, mobility, real estate, and renewable energy, we must expand operations closely related to the SDGs.

We anticipate that the future business environment will necessitate new services grounded in technological advances, as illustrated by key concepts such as digital, mobility, and subscriptions, and we believe this will increase opportunities for delivering financial services as a company attuned to prevailing demands. Given that our earnings currently derive from four operating segments with stable business bases, we will need to develop a fifth pillar to drive future growth.

## Facing Organizational Reform as a Company with Financial Capabilities

Amid this era of major change, we will continue creating new financial services as a company with financial capabilities. As part of this effort, we intend to play a role in realizing an environmentally sound, sustainable economy and society as a key corporate mission declared in our Management Philosophy for the next 10 years.

Starting in fiscal 2019, we have identified five materiality issues related to the SDGs. For "Contribution to a low carbon society," we will expand our reusable energy business, including the dissemination of solar power generation as a clean energy source. For "Creation of new business driven by technical innovation," we will leverage our originality to contribute to the digital economy in areas such as subscriptions and FinTech. For "Contribution to social infrastructure development," we will provide mobility services centered on Nippon Rent-A-Car Service and contribute to regional revitalization through the ANA InterContinental Beppu Resort & Spa, scheduled to open in August 2019. For "Sustainable resource use," we are considering entry into the development of a circular economy focused on the value of assets, for example, through CSI Leasing operations in IT equipment leasing, aviation, and automobiles. By adding "Enhanced work environment, leading to strengthening of human resources" to these issues, the shared platforms for the five materiality issues is to "Utilize diverse partnerships to create new value," and we believe this will assist us in contributing to the achievement of the SDGs by expanding our core business operations.

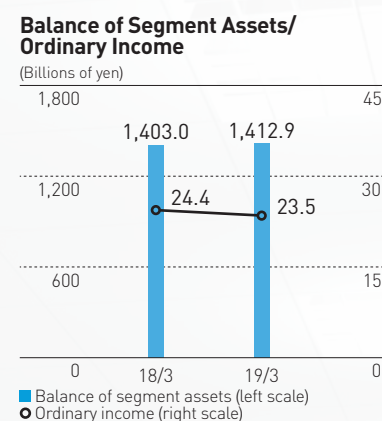
A strong track record tends to make any organization fearful of upsetting the status quo. Tokyo Century, however, believes that adapting to changing conditions is an essential aspect of corporate management and consequently places high priority on organizational reform. By combining the capabilities of the entire Group, we will provide the best products and services around the world to assist customers and corporate partners in pursuing their own growth. We look forward to the continued support and patronage of our stakeholders.





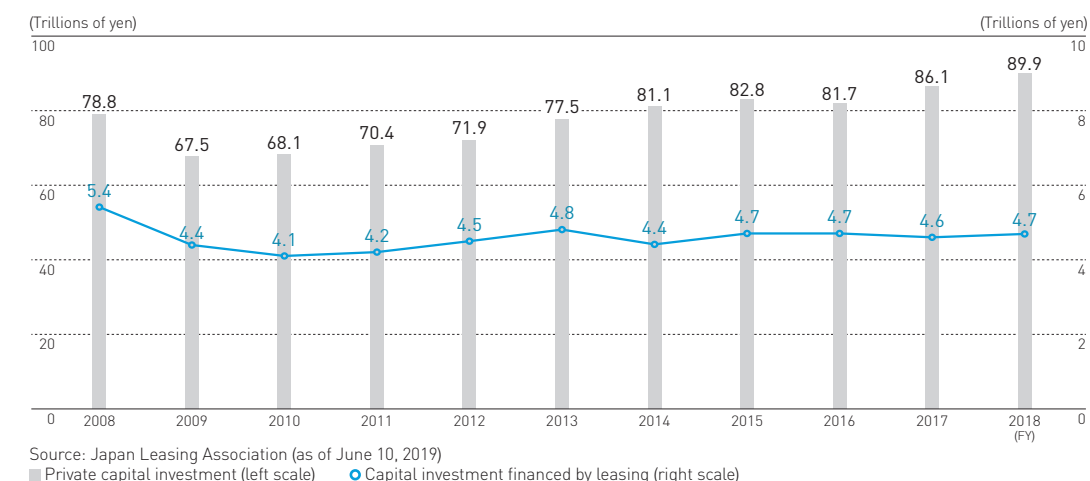
## Equipment Leasing

We cater to a variety of customer needs by providing financial services centered on leasing and installment sales for all types of equipment and machinery, including information and communications equipment, factory equipment, medical equipment, construction machinery, and commercial equipment.

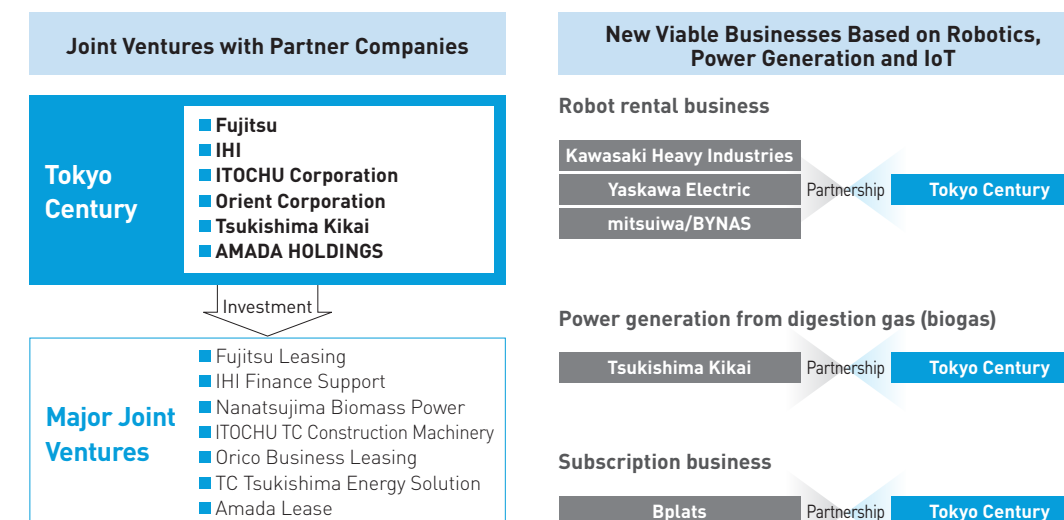


**Increasing value in the leasing  
business and responding  
to digital solutions backed by  
a robust customer base**

## Private Capital Investment and Capital Investment Financed by Leasing



## Business Alliance System for Equipment Leasing



## TOPIC

### Acquired shares in ITOCHU Construction Machinery (renamed ITOCHU TC Construction Machinery) to provide comprehensive next-generation solutions as a one-stop response to construction industry needs

Tokyo Century acquired a 50% stake in ITOCHU Construction Machinery, which sells and rents large construction machinery and a variety of other construction equipment and materials in Japan and overseas. The name of the company was changed to ITOCHU TC Construction Machinery, and it became an equity-method affiliate of Tokyo Century. By combining our IT solutions and subscriptions platforms (see P46-49) with the customer base of ITOCHU Construction Machinery, we will provide cutting-edge services to address user issues and needs for construction machinery. In real terms, the business involves not just the sale and rental of construction machinery but also the provision of next-generation comprehensive solutions as a one-stop response to the diverse needs of the construction industry through services that contribute to increased construction site productivity. This includes the installation of ICT machinery at construction sites and greater efficiency in project management through the use of IT tools.

# Rapidly Accelerating Creative Ventures that Transcend the Boundaries of Leasing



**Osamu Tamano**

Director and Managing Executive Officer  
President, Equipment Leasing Business  
Development Unit

## Review of the Third Medium-Term Management Plan

Key Theme
<b>Expanded into new domains beyond leasing business</b>
Achievements
<ul style="list-style-type: none"> <li>■ Converted Bplats, which provides subscription platforms, to an equity-method affiliate</li> <li>■ Launched robot rental business in partnerships with major robotics manufacturers</li> <li>■ Set up joint biogas power generation business with Tsukishima Kikai</li> <li>■ Converted Amada Lease to a consolidated subsidiary</li> </ul>

## Fourth Medium-Term Management Plan

Key Theme
<b>Boost value of leasing business and adapt to digital transformation</b>
Main Initiatives
<ol style="list-style-type: none"> <li><b>1 Boost value of leasing business and accelerate business co-creation</b></li> <li><b>2 Create new business domains in response to digital transformation</b></li> <li><b>3 Optimize organization and improve operational efficiency to suit changes in business style</b></li> </ol>

### Boosting Value of Leasing Business and Accelerating Business Co-Creation

The currently severe business environment surrounding leasing business, exemplified by prolonged ultra-low interest rates and the start of reviewing accounting standards on leasing, makes it difficult to continue growing through traditional leasing operations alone. While striving to increase the value of its leasing business by expanding core solutions and service functions, Tokyo Century is working on generating dynamic, sustained growth through broader creative ventures that leverage its strengths and those of its prime business partners.

### Creating New Business Domains in Response to Digital Transformation

Against a backdrop of reform in digital technology powered by IT, businesses focusing on IoT, Big Data, AI, and subscriptions have emerged in many industrial sectors. We believe these areas will emerge as new business domains for Tokyo Century, and we see our role as utilizing the unique strengths of a leasing company to respond to the sea change represented by this digital transformation. In March 2019, we began an IoT subscriptions marketplace business through an alliance with SORACOM and Bplats, and we intend to accelerate efforts using digital technology as we seek to establish a leading position in this area.

Our leading-edge approach has been highly regarded, and Tokyo Century was selected as a “2019 Competitive IT Strategy Company” under a selection program jointly conducted by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange for five consecutive years.

### Expanding and Strengthening Businesses that Contribute to an Environmentally Sound, Sustainable Economy and Society

We believe that environmental contributions are keys for a leasing company with a large volume of assets. Contributing to an environmentally sound, sustainable economy and society has long been one of our top management goals as well as a materiality issue related to the SDGs. In addition to our current focus on promoting the reuse and appropriate disposal of properties at the end of their leases, we have redoubled our efforts in areas such as rental and reuse businesses toward creating a circular economy. In cooperation with our business partners, we are also striving to expand sustainable ecological operations, such as our renewable energy generation business.

### Further Increasing Asset Efficiency

In addition to ongoing efforts to improve asset efficiency, we intend to intensify our efforts to establish a leaner corporate structure. As well as boosting the profitability of asset businesses by switching to high-margin assets that utilize methods like receivables securitization, we are also working to expand our non-asset operations, which have high profitability.

### Optimizing Organization and Improving Operational Efficiency to Suit Changes in Business Style

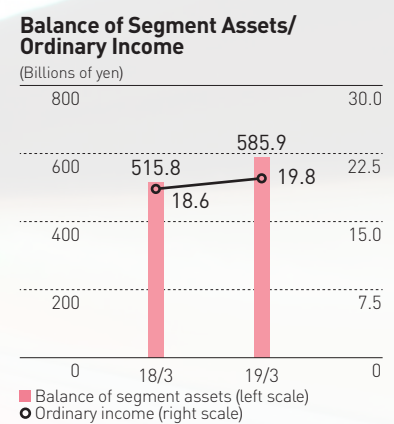
Since the merger, Tokyo Century’s business has transformed from its original focus on leasing to delivering solutions for issues and creating value. We believe that we must make greater strides in reshaping our organization to fit this change in business style. Moreover, we review operational processes established to serve traditional leasing business and seek greater efficiency through the utilization of IT tools and other instruments.





## Mobility & Fleet Management

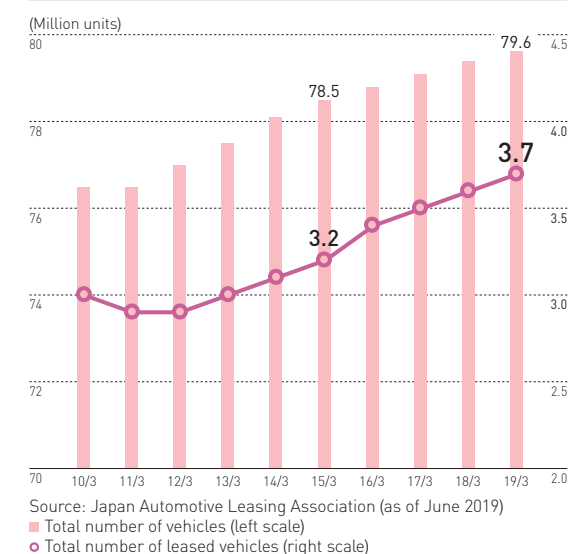
We boast one of the largest services in Japan, with Nippon Car Solutions Co., Ltd., Nippon Rent-A-Car Service, Inc. and Orico Auto Leasing Co., Ltd., serving both corporate customers and individuals by providing optimal services for the needs of users.



## Data Related to Automobile Business in Japan

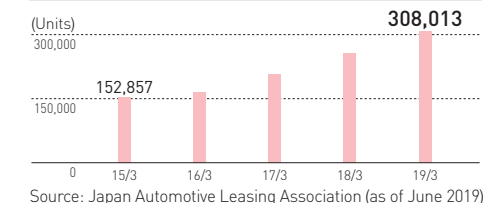
### Total Number of Vehicles and Total Number of Leased Vehicles

Number of leased vehicles rose by an annual average of 4% from March 31, 2015 to March 31, 2019



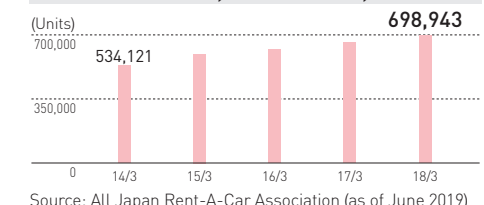
### Number of Leased Vehicles for Individuals

19% average annual increase from March 31, 2015 to March 31, 2019



### Fleet Registrations of Cars in Rental Service

7% average annual increase from March 31, 2014 to March 31, 2018



## Performance of Mobility & Fleet Management Companies

	Main business	Ordinary Income (Billions of yen)				Segment Assets (Billions of yen)			
		FY2016	FY2017	FY2018	Average annual increase	March 31, 2017	March 31, 2018	March 31, 2019	Average annual increase
Nippon Car Solutions	Corporate automobile leasing	10.0	11.0	11.8	8.9%	311.6	334.1	364.2	8.1%
Nippon Rent-A-Car Service	Car rental	4.5	4.6	4.8	3.5%	31.4	35.8	41.5	14.9%
Orico Auto Leasing	Individual automobile leasing	1.6	2.1	2.5	24.9%	122.4	153.3	189.7	24.5%
Total*		16.0	17.7	19.1	9.1%	465.4	523.2	595.5	13.1%

\* Simple sum of the three companies

## TOPIC

### Selected as a “2019 Competitive IT Strategy Company” for achieving greater efficiency and labor savings in fleet maintenance through AI

Nippon Car Solutions provides maintenance services such as inspection and repair for around 100,000 vehicles a month and plays a key role in our automobile leasing business. Traditionally, the manual compilation of maintenance and billing information created issues in administrative speed and accuracy. By partially automating these operations through construction of an AI-based maintenance billing checking system, fewer employees are now needed to check the large volume of maintenance billing data promptly and accurately. This has contributed to quick payments to car maintenance shops and greater efficiency and labor savings in operations.

Our efforts to raise operational efficiency through AI have been recognized for promoting strategic IT deployment, and Tokyo Century was selected as a “2019 Competitive IT Strategy Company” under a selection program jointly conducted by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange.

Expanding business base  
and creating added value  
through fleet services that  
meet diversifying needs

# Creating Innovative Services by Maximizing Synergies among Consolidated Subsidiaries



**Makoto Nogami**  
Deputy President, Director and Executive Officer  
President, Fleet Services Business  
Development Unit

## Review of the Third Medium-Term Management Plan

Key Theme
Boosted profitability by accumulating high-quality assets
Achievements
■ Nippon Car Solutions, our consolidated subsidiary, acquired Tokyo Gas Auto Service as a consolidated subsidiary
■ Nippon Rent-A-Car Service, our consolidated subsidiary, reviewed its franchise system and completed the transition to direct management

## Fourth Medium-Term Management Plan

Key Theme
Grasp changing times as an opportunity to pursue mobility services that go a step further
Main Initiatives
1 Enhance customer value and brand power with unrivalled quality of service
2 Pursue channel and segment strategies aimed at expanding business base
3 Take innovative initiatives for a new era
4 Strengthen Group management systems to support business expansion

Mobility & Fleet Management provides a full range of automotive services, from auto leasing for corporate customers and individuals to car rental and car sharing. The core Group companies in the segment are Nippon Car Solutions (NCS), Orico Auto Leasing (OAL), and Nippon Rent-A-Car Service (NRS).

This broad range of services represents a major advantage in the current climate, which has been dubbed a “once-in-a-century transformation.” During the Fourth Medium-Term Management Plan, which began in fiscal 2019, we will be executing four key strategies under the theme of “grasping changing times as an opportunity to pursue mobility services that go a step further.”

### Enhancing Customer Value and Brand Power with Unrivalled Quality of Service

Mobility & Fleet Management offers a variety of car-related services. NCS supplies “Drive Doctor,” one of the industry’s leading telematics services, which not only promotes safe driving by customers but also supports improved compliance and working style reform.

NRS constantly strives to increase the value and quality of its services, including the introduction of distinctive products such as women-only vehicles and premium imported cars and the formation of an alliance with the U.S. firm Enterprise Holdings, the world’s largest car rental provider.

Constantly improving service quality to win customer support is a basic principle for any service provider, and it remains very important to us.

### Pursuing Channel and Segment Strategies Aimed at Expanding Business Base

One of Tokyo Century’s strengths is the diversity of its customer base and business partners.

NCS possesses broad knowledge of vehicle maintenance and management, drawn from its experience

of handling more than 650,000 vehicles. It tailors this expertise to respond to specific customer attributes and markets as it differentiates itself from competitors and further develops its business.

Our policy is to continue building up a pool of high-quality assets in the area of automobile leasing for individuals, a business that has recently attracted significant attention. This is mostly handled by OAL, which pioneered the development of this market in collaboration with our partner Orient Corporation.

Tokyo Century Group will continue to implement strategies that leverage its strengths and align with market characteristics and customer needs as it strives to expand its business base.

### Taking Innovative Initiatives for a New Era

We anticipate that many new car-related services will emerge in the future from the significant evolution currently underway in the business environment for automobiles. By taking advantage of the Group’s broad range of operations, maximizing the synergies among the three core companies, and forging closer alliances with our partners, including the NTT Group and ITOCHU Corporation, we will offer innovative fleet services to meet diversifying customer needs and requirements.

### Strengthening Group Management Systems to Support Business Expansion

Recognizing the necessity of a robust management foundation for pursuing these three strategies, we will strengthen our foundation and establish the Group management structure capable of driving further growth through renewed efforts to enhance governance and intra-Group ties.

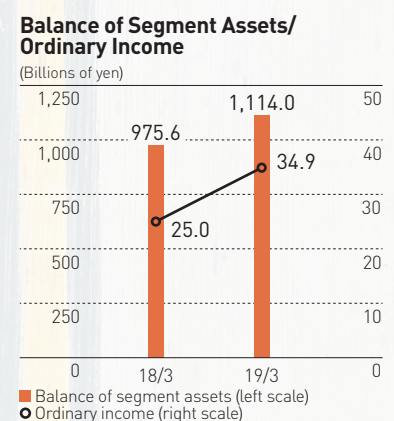
Mobility & Fleet Management will implement these strategies to create fleet services that “go a step further” for sustainable growth in an era of change.





## Specialty Financing

We seek to develop a variety of specialized products to create promising new business areas beyond financial services, such as leasing and financing, and with a particular focus on shipping, aviation, the environment and energy, and real estate.



Pursuing professionalism  
and leaping beyond  
expectations toward greater  
business sophistication

## Overview of Business Segments in Specialty Financing

### Shipping

Focusing on highly profitable shipping finance and ship ownership operations through cooperative ties with core partners

### Aviation

Expanding the aviation business by taking an additional interest (investment ratio of 24.5%) in major U.S. aircraft lessor Aviation Capital Group (ACG)

### Environment and Energy

Expanding solar power operations, centered on ties with Kyocera, additional focus on new energy business

### Real Estate

Expanding the real estate business by turning Shinko Real Estate, a comprehensive real estate company, into a consolidated subsidiary

## Growth Drivers of Specialty Financing

### Aviation



The scope of ACG's business is expected to expand based on a backlog of orders for new aircraft. We are considering additional investment to accelerate ACG's growth.

#### Backlog Delivery Schedule (as of the end of March 2019)



### Solar Power Generation



Our solar power facilities boast industry-leading scale, mostly through our collaborative business with Kyocera. We expect to further scale up through the operation of large solar power plants.



### Real Estate



In addition to providing financial support to Shinko Real Estate, we seek to expand high-value-added investment opportunities through alliances with its shareholders Kobe Steel and with Nippon Tochi-Tatemono. In addition to strengthening our operations, we plan to develop new business areas.

## TOPIC

### Targeting further growth with aviation-related businesses by acquiring an additional interest in GA Telesis, a U.S. provider of aircraft parts and services

The number of passenger jets in operation is forecast to grow by 1.7 times over the next 20 years, from 23,904 in 2018 to 40,301\* in 2038. In order to grow our aviation-related businesses, such as areas with strong demand prospects like aircraft engine leasing and financial services for aircraft parts, Tokyo Century acquired in October 2018 an additional 29.2% interest in GA Telesis, a U.S. provider of aircraft parts and services. This brought our total stake to 49.2%, positioning us as the largest shareholder. In addition, we established an engine leasing joint venture with GA Telesis and All Nippon Airways Trading. We intend to accelerate cooperation with our outstanding partners to expand our aviation-related businesses.

\* Source: "Worldwide Market Forecast 2019-2038," Japan Aircraft Development Corporation



# Driving Growth under a Business Model of Finance × Services × Business Expertise through Creative Ventures with Our Excellent Partners



## Review of the Third Medium-Term Management Plan

Key Theme
<b>Built aviation and real estate business value chains</b>
Achievements
<ul style="list-style-type: none"> <li>■ Converted Aviation Capital Group, a leading U.S.-based commercial aircraft lessor, to an equity-method affiliate</li> <li>■ Made additional investment in GA Telesis, a major U.S. aircraft parts and services provider</li> <li>■ Converted Shinko Real Estate, a comprehensive real estate company, to a consolidated subsidiary</li> <li>■ Converted Nittochi Asset Management, a real estate asset management company, to an equity-method affiliate</li> </ul>

## Fourth Medium-Term Management Plan

Key Theme
<b>Further refine businesses with expertise and creativity</b>
Main Initiatives
<ol style="list-style-type: none"> <li>1 Maximize the value chain in collaboration with partners</li> <li>2 Develop new businesses in response to changes in the operating environment</li> <li>3 Build organizational platform and infrastructure in accordance with the global standards</li> </ol>

### Maximizing the Value Chain in Collaboration with Partners

In order to further expand the business foundation of Specialty Financing, the company's growth driver, we established during the Third Medium-Term Management Plan numerous cooperation frameworks with leading companies in each field as strategic partners. During the Fourth Medium-Term Management Plan, we intend to maximize the value chain for each asset class within these frameworks while also establishing new frameworks for potential strategic partners based on successful models.

In the aviation business, we intend to capitalize on business opportunities in the expanding aircraft operating lease market through Aviation Capital Group, a leading U.S. aircraft lessor which has turned into an equity-method affiliate. At the same time, we plan to promote aircraft life cycle management by working with GA Telesis, a solutions provider to the aircraft after-market. In 2018, in addition to establishing an engine leasing joint venture with GA Telesis and All Nippon Airways Trading, we also bolstered our capabilities in solutions. In the real estate business, too, we laid the foundations to become a one-stop provider of real estate life cycle services by turning Shinko Real Estate, a comprehensive real estate company, into a consolidated subsidiary. In the environment and energy business, which is focused on Kyocera TCL Solar, we advanced our solar power business in part by forming joint ventures with Ciel & Terre, which possesses strengths in floating solar solutions. Going forward, we intend to achieve progress in overseas projects.

We plan to further refine our businesses together with our expert partners in search of even greater growth and maturity.

### Developing New Businesses in Response to Changes in the Operating Environment

In addition to expanding cooperative frameworks, we will work to develop new spheres of business during the Fourth Medium-Term Management Plan.

We aim to swiftly seize on business opportunities arising from the various changes underway in the business environment, including growing investment demand in renewable energy and infrastructure and shifts in working styles, and tie this into our business expansion.

In addition, we believe that we can drive further growth in this operating segment by contributing to the achievement of the sustainable development goals (SDGs) through support for socially meaningful operations and businesses.

### Building Organizational Platform and Infrastructure in Accordance with the Global Standards

As we focus on achieving the goals of our Fourth Medium-Term Management Plan and subsequent sustainable growth, it will be essential to forge new businesses from creative ideas that are not bound by existing frameworks. We believe that innovative ideas will spring from human resources representing diverse backgrounds and skills being able to apply their various strengths to influence and encourage each other.

To attract diverse workers and provide an environment in which they can perform at their highest level, it is particularly important to equip Specialty Financing, which conducts highly specialized operations on a global basis, with an internationally standard organizational base and flexible hiring structure while ensuring it has the requisite infrastructure.

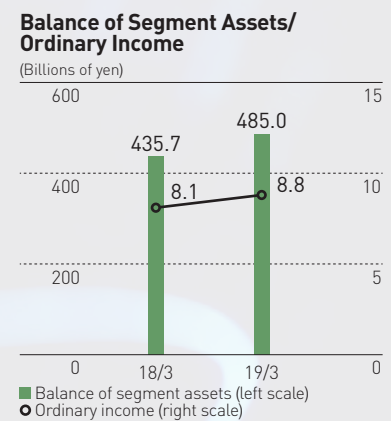
Facilitating personnel growth, raising motivation, and increasing operational efficiency to ensure that more time is available for creative thinking are all factors we believe will translate into greater growth in our business.





## International Business

We provide specialized services that address unique local needs by partnering with leading local companies and financial institutions overseas.



**Bolstering business foundations through viable businesses tailored to a changing business environment and strategic alliances**

### Business Model for International Business



### Expanding Non-Japanese Businesses through Strategic Alliances

#### U.S.A.

- World-class IT solutions based on the expertise and global network of CSI Leasing, which has strengths in IT equipment

#### Indonesia

- Joint vendor financing venture with Hitachi Construction Machinery Group
- Strategic partnership agreement on FinTech and other businesses with Lippo Group, a major conglomerate

#### Thailand

- Leasing business with TISCO Financial Group, a leading local banking group
- Joint vendor financing venture with Hitachi Construction Machinery Group

#### Philippines

- Leasing business with Bank of the Philippine Islands, a leading bank

#### Myanmar

- Acquired shares in major auto leasing company Yoma Fleet

#### India

- Leasing business with TATA Capital

#### China

- Joint leasing company with Dalian Bingshan Group, the largest refrigeration and air-conditioning equipment manufacturer
- Investment in a government-affiliated leasing company in Suzhou City
- Strategic business agreement with China UnionPay Merchant Services, the largest card payment service operator

#### Taiwan

- Leasing business with Uni-President Enterprises Group, the largest food and distribution company group

#### Singapore

- Capital investment in Grab Rentals, which provides vehicle rental services to Grab drivers



Strategic partnership with Grab, the largest ride-hailing platform providing services across eight countries in Southeast Asia (Singapore, Malaysia, Philippines, Indonesia, Thailand, Vietnam, Myanmar, and Cambodia), to promote the expanding fleet financing business

### TOPIC

#### Acquiring shares in the auto leasing company Yoma Fleet, for further growth in the promising Myanmar automotive market

Tokyo Century has acquired 20% of the shares in Yoma Fleet, an auto leasing and car sharing services provider in Myanmar, and turned the company into an equity-method affiliate. Yoma Fleet is the industry leader in Myanmar auto leasing and car sharing, and is also active in providing financing for construction machinery.

The automotive market in Myanmar is rapidly expanding, with the highest growth rate for new car sales in the entire ASEAN region in 2018, with potential to become a large automotive market. By combining Tokyo Century's financial expertise and strong reputation in the Japanese market with Yoma Fleet's existing customer base and credit analysis capabilities, we will work to grow Yoma Fleet's current services as well as explore opportunities to expand into further business lines.



# Providing Optimal Solutions for the Digital Mobility Revolution



**Yasushi Yoshino**  
Senior Managing Executive Officer  
President, International Business  
Development Unit

## Review of the Third Medium-Term Management Plan

Key Theme
<b>Formed strategic partnerships with overseas companies and accelerated globalization</b>
Achievements
<ul style="list-style-type: none"> <li>Invested in Grab, the largest ride-hailing services company in Southeast Asia, and collaborated on conversion of Grab Rentals into joint ventures, etc.</li> <li>Invested in an electronic money and point services company operated under the OVO brand by Lippo Group, a leading Indonesian conglomerate</li> <li>Converted CSI Leasing, a major independent U.S. leasing company, to a wholly owned subsidiary</li> </ul>

## Fourth Medium-Term Management Plan

Key Theme
<b>Respond to expansion of the digital economy and the mobility revolution</b>
Main Initiatives
<ol style="list-style-type: none"> <li>Pursue broader and deeper business related to FinTech and mobility</li> <li>Collaborate with leading companies through alliance strategies</li> </ol>

### Responding to Expansion of the Digital Economy and the Mobility Revolution

During the period of the Third Medium-Term Management Plan, International Business demonstrated robust growth as a result of turning U.S. firm CSI Leasing into a consolidated subsidiary and forging alliance operations with local business partners in various Asian countries. We have been able to utilize our financial services expertise to expand across a wide range of business areas, including IT solutions services, fleet services, vendor financing in cooperation with partners, and digital-related businesses.

We anticipate the evolution of the business environment to accelerate during the Fourth Medium-Term Management Plan, which started in April 2019. In response, the main theme for the segment is “responding to expansion of the digital economy and the mobility revolution.” Advances in digital technology are driving destructive change to industrial structures, and we intend to seize upon the business opportunities created by this upheaval.

### Alliance Business with Platform Providers

We established an electronic money and point service, OVO, in Indonesia as a joint venture with Lippo Group. The OVO brand has continued to grow with the steady integration of payment services of Grab and Tokopedia, Indonesia’s largest e-commerce company, and has now become one of the most powerful payment platforms in Indonesia. In addition to OVO, we are expanding alliances with Lippo Group in a wide range of other areas.

Our alliance business with Grab is steadily developing. Tokyo Century made an investment in Grab, the largest ride-hailing platform in Southeast Asia, at the same time as entering into a strategic partnership in 2016. In January 2019, we invested in the company which provides vehicle

rental services to Grab drivers in Singapore to operate as a joint venture. We believe that provision of Tokyo Century’s financial expertise accumulated over many years in automobile financing, leasing, and rentals to Grab will generate major synergies. Grab is beginning to transform from being simply a ride-hailing platform into one of Southeast Asia’s major mobile application platforms, providing a one-stop option for services such as e-money and food deliveries. We are also pursuing business alliances across a number of fields.

### Expanding and Deepening Our Business Foundations

We are further extending business in IT solutions and fleet services, our core competences, particularly in the United States. In addition to expanding FMV (fair market value) leasing other than IT equipment to tap into significant needs in North America, Central and South America, and Europe, we are seizing the initiative to open up Asian markets.

In line with our efforts to contribute to an environmentally sound, sustainable economy and society, Tokyo Century is actively pursuing measures in International Business. Six projects (as of July 2019) in which we are the representative participant have been selected for JCM (Joint Crediting Mechanism, a bilateral mechanism) model projects offered by the Japanese Ministry of the Environment, and we are engaged in reducing CO<sub>2</sub> emissions in the Philippines, Thailand, and Indonesia. We are also involved in BEMS\*<sup>1</sup> and ESCO\*<sup>2</sup> operations for developing energy consumption proposals.

We will continue to focus on translating these initiatives in the ASEAN countries into new alliances with environmentally aware blue-chip companies.

\*1 BEMS (building energy management system): a system for optimizing energy management by controlling the lighting, air-conditioning, and other facilities of commercial buildings using IT.

\*2 ESCO (energy service company): a business that covers overall costs (construction, interest, and ESCO operator expenses) by implementing energy-saving improvements to lower lighting, heating, and water utility costs.



# MATERIALITY

## Promoting Sustainability Management

Contribute to the creation of an environmentally sound, sustainable economy and society through our business activities

Pursuing an ideal image of a company that contributes to the solution of social issues



**Koichi Baba**

Director and Senior Managing Executive Officer  
President, Corporate Planning Unit  
President, Accounting Unit  
Chairman, Sustainability Committee

The Fourth Medium-Term Management Plan lays out the image of how the Company sees itself in 10 years' time, and we have worked backwards from that to draw up our plans. Ten years from now puts us at 2030, which overlaps exactly with the final year set for achievement of the SDGs. Making a contribution to the solution of social issues is the key framework of the Fourth Medium-Term Management Plan.

The Sustainability Committee has now been up and running for a year, and as well as continually debating issues specifically related to materiality, we have tried to significantly increase employees' and directors' awareness by focusing on advocating sustainability through internal magazines and the internal portal site, and I truly feel we have succeeded in this. I believe ongoing issues are solidifying promotion as Tokyo Century Group as a whole and increasing engagement with all types of stakeholders. While utilizing in management the analytical results of the "employee awareness survey" conducted in February 2019, we will continue to promote sustainable corporate management by stepping up pursuit of the creation of a corporate culture in which a diverse range of personnel can play an active role.

- Identify materiality (key issues) based on extent of impact on society and on our company

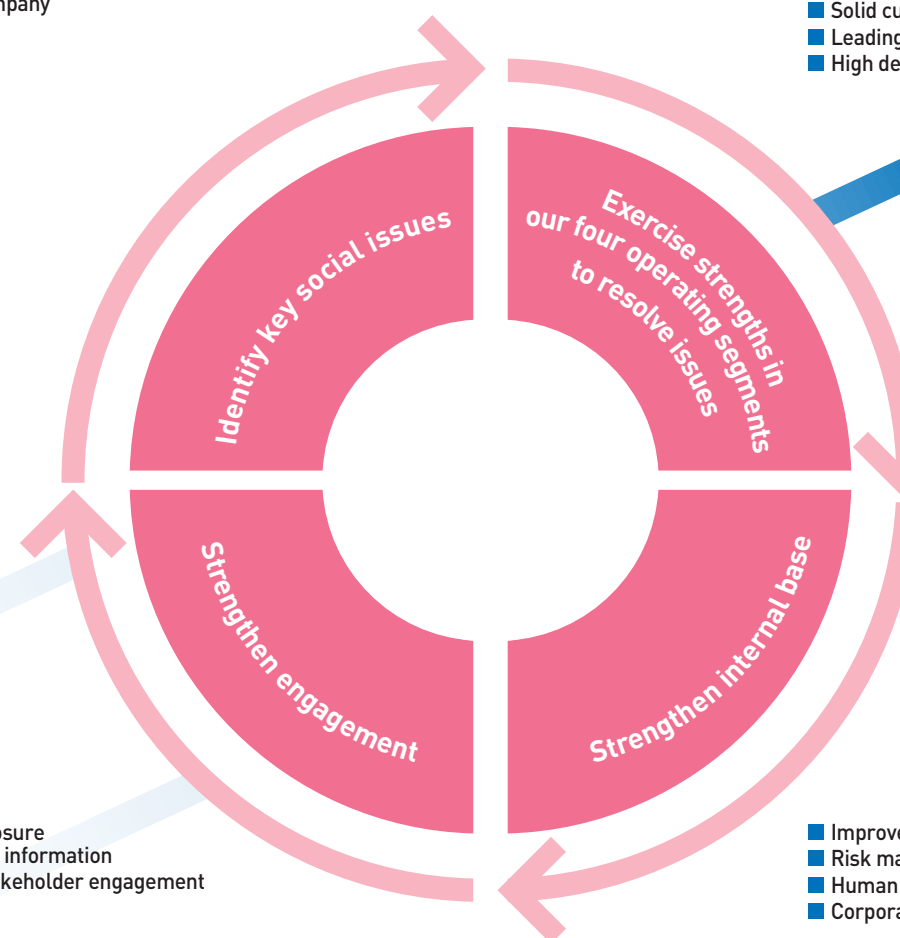
- Finance x Services x Business Expertise
- Global network
- Solid customer base
- Leading partners
- High degree of expertise

- Enhance disclosure of nonfinancial information
- Strengthen stakeholder engagement

- Improve systems for promoting sustainability
- Risk management
- Human resources infrastructure (diversity, workstyle reform, etc.)
- Corporate governance, etc.

Achieve Sustainable Growth

Increase Corporate Value



### Structure for promoting sustainability management

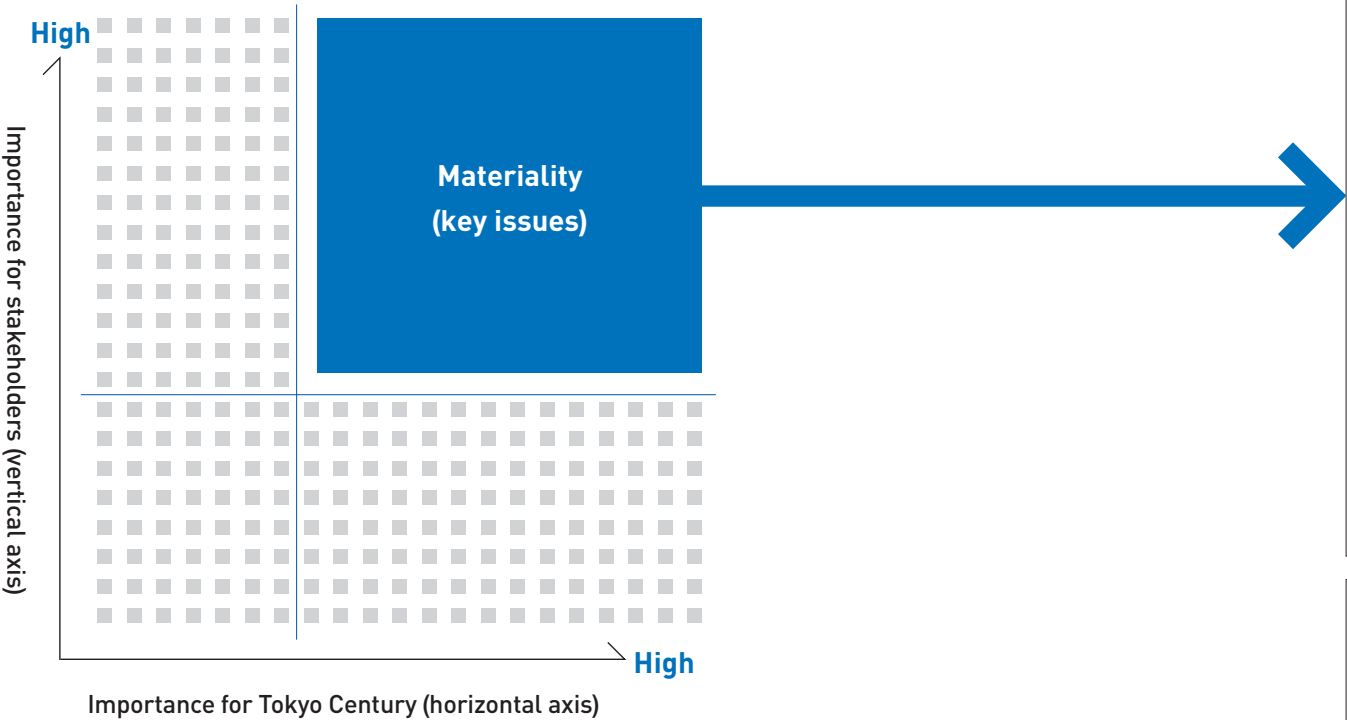


Identifying Materiality (Key Issues)

Materiality (Key Issues) for Tokyo Century Group

- Based on the United Nations’ SDGs, Tokyo Century has created a “materiality map” that considers the degree of priority favored by our stakeholders (vertical axis) as well as the degree of priority for the company itself (horizontal axis), including the development of diverse businesses (such as aviation and solar power generation, etc.) that takes advantage of our highly flexible business environment and business characteristics grounded in the value of our “assets.”
- We then used this materiality map to identify five materiality issues, prioritizing items with a high degree of importance in terms of both nonfinancial social outcomes and business outcomes, following discussion by the Sustainability Committee and the Board of Directors. We will update these key issues as required based on progress with materiality initiatives and changes in the business environment.

Identifying “Materiality” Using Materiality Map



Our Materiality (key issues)	Priority Materiality Initiatives	SDGs Targets
<div>Contribution to low-carbon society</div> <div>→ P42-45</div>	<div>Contribute to widespread use of clean energy through climate change and environmental efforts</div> <div>Our effort</div> <div>Renewable energy business, including solar power generation</div>	<div>7 AFFORDABLE AND CLEAN ENERGY</div> <div>13 CLIMATE ACTION</div>
<div>Creation of new business driven by technical innovation</div> <div>→ P46-49</div>	<div>Create new business by integrating new technologies into financial services, and contribute to the digital economy</div> <div>Our efforts</div> <div>Subscriptions, FinTech</div>	<div>8 DECENT WORK AND ECONOMIC GROWTH</div> <div>9 INDUSTRY INNOVATION AND INFRASTRUCTURE</div>
<div>Contribution to social infrastructure development</div> <div>→ P50-52</div>	<div>Respond to advances in global mobility services and cooperate with local communities to contribute to social infrastructure development</div> <div>Our efforts</div> <div>Mobility services, centered on Nippon Rent-A-Car Service Regional revitalization through ANA InterContinental Beppu Resort &amp; Spa</div>	<div>3 GOOD HEALTH AND WELL-BEING</div> <div>11 SUSTAINABLE CITIES AND COMMUNITIES</div>
<div>Sustainable resource use</div> <div>→ P53-55</div>	<div>Contribute to development of a circular economy focused on the value of assets</div> <div>Our efforts</div> <div>IT equipment leasing and refurbishing Aircraft life cycle management Automobile leasing</div>	<div>9 INDUSTRY INNOVATION AND INFRASTRUCTURE</div> <div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div>
<div>Enhanced work environment, leading to strengthening of human resources</div> <div>→ P56-59</div>	<div>Promote human resources development, diversity, and workstyle reform that improve job satisfaction and foster a sense of personal growth</div>	<div>8 DECENT WORK AND ECONOMIC GROWTH</div>
<div>Shared Platforms</div>	<div>Utilize diverse partnerships to create new value</div>	<div>17 PARTNERSHIPS FOR THE GOALS</div>



# FEATURE Tokyo Century Group's Contributions to the Creation of a Sustainable Society

## OUR MATERIALITY

## Contribution to Low-Carbon Society



## CASE 01

## Floating Mega Solar System Power Generation Business Effectively Uses Idle Land in Japan

Kyocera TCL Solar, established by Tokyo Century as a joint venture with Kyocera Corporation (Kyocera), now operates a nationwide solar power generation business providing environmentally sound renewable energy. It works on an inclusive basis, handling everything from leasing the site to facility installation and operation. Kyocera TCL Solar significantly contributes to the supply of clean energy in Japan, including its operation of generating facilities in more than 70 locations across Japan.

### Contributing to the creation of an environmentally sound, sustainable economy and society by effectively using water surfaces

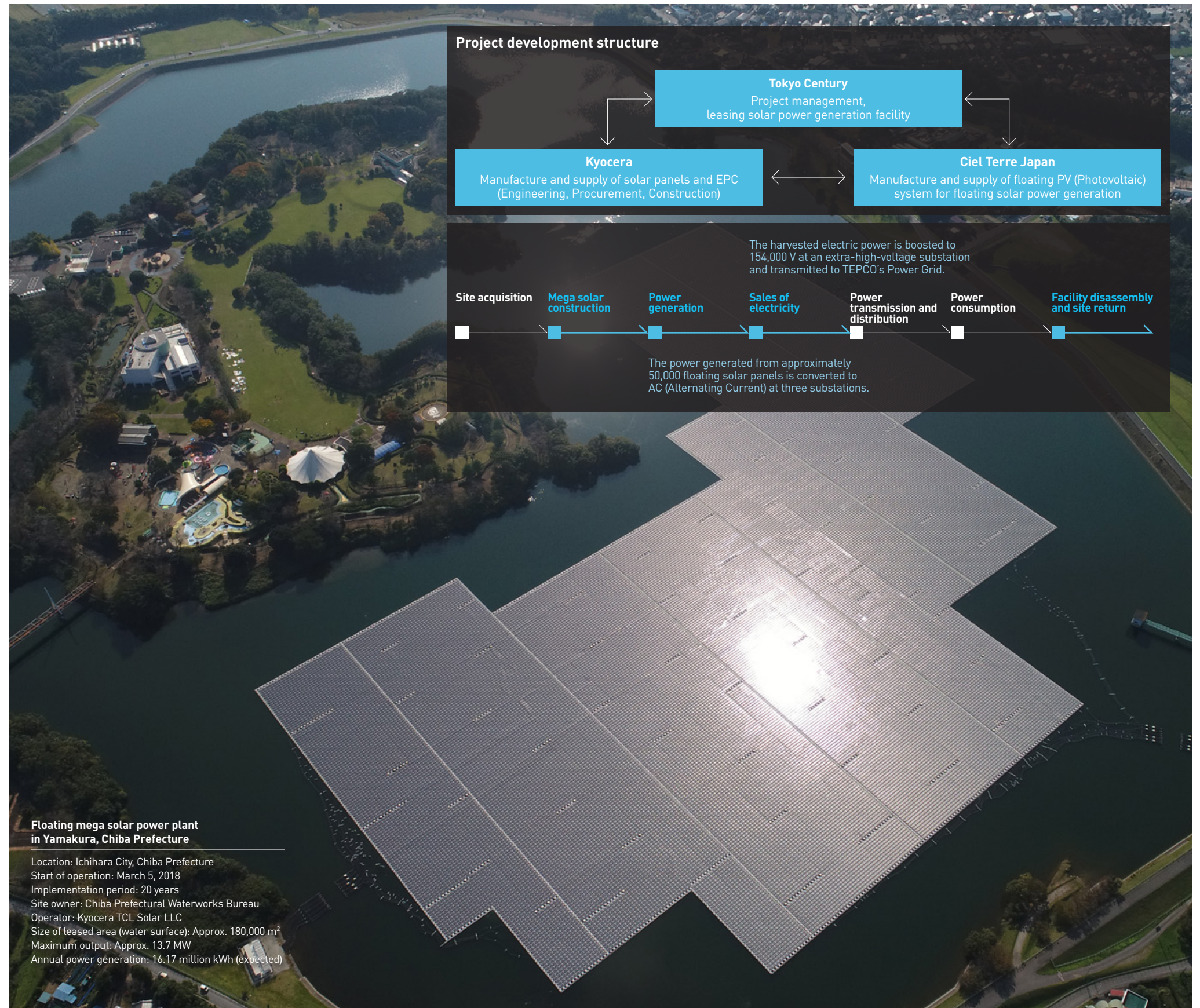
Floating mega solar power generation is a promising renewable energy business in land-scarce Japan and should significantly advance creation of an environmentally sound, sustainable economy and society. Installing floating solar panels on the surface of water eliminates the need for large-scale construction of ground-mounted facilities, with the additional advantage of not disturbing the surrounding environment. Moreover, revenue from leasing reservoirs eases the financial burden of the aging population and depopulation in agricultural areas.

Amid a lack of suitable land for domestic solar power plants, there are hopes that this business can be expanded given the many water reservoirs currently not in use.



**Hiroaki Ogino**

Executive Officer  
Deputy President,  
Specialty Finance Business Unit II





Mega Solar Construction

Efficient power generation system for maximum reduction of environmental load

Construction method suited to dam reservoir conditions

Chiba Prefecture has been pushing ahead with natural energy to diversifying and securing its energy sources after its experience of suffering power shortages after the Great East Japan Earthquake. It is focusing on floating solar power generation, an area of remarkable technological progress, and has begun generating power at a mega solar power plant at the Yamakura Dam.

The solar panels cover 18 hectares, equivalent to 30% of the dam's reservoir area, and have the major benefit of protecting the natural environment. Floating the panels on the water constrains the growth of algae triggered by photosynthesis, and field tests show improved water quality, which can become increasingly alkaline from the impact of algae. Moreover, the solar panels provide a new resting place for water fowl that reside at or visit the reservoir. Floating mega solar power plants do not generate concerns about deforestation or soil and water pollution and are attracting attention from across Japan as an environmentally sound form of power generation.



Installation of solar panels

Floating panels offer more efficient power generation than ground-mounted panels

The Yamakura Dam utilizes the Hydrelío® floating PV system of French company Ciel & Terre, which combines two high-density polyethylene floats. The main float is attached to 60 cell solar panels. Construction of the solar power facility on the water surface is comparatively simple, as wires are used to connect the panels to anchors fixed at the bottom of the reservoir.

Ground-mounted solar power facilities tend to decline in output during the summer, when the temperature of the panel surfaces rises. Floating mega solar panels, however, can use the cooling effect of the water to control the rise in panel temperature and thus offer the major benefit of stable output. After taking into consideration the shadows cast by the panels and the impact of the wind from below, the panels at the Yamakura Dam were installed at an inclination of 12 degrees for the most efficient power generation.

The floating PV system is currently adapted for freshwater lakes, with even greater potential for adoption if technological advances allowed the panels to be installed at sea.



Ciel & Terre's floating PV system for floating solar power generation Hydrelío®

Photo provided by Ciel Terre Japan

Power Generation and Sales of Electricity

Supplying enough electricity to power around 5,000 households

Implementation period set at 20 years

Approximately 50,000 solar panels were installed on the Yamakura Dam, with a maximum power output of 13.7 MW and total transmittable power from the three land-based substations of 11.5 MW. The maximum output is higher than the transmittable power since solar power generation is structured to allow for highly efficient power conversion and transmission even when not operating at peak levels. Annual power generation at the plant, one of Japan's largest floating mega solar power plants, is estimated at 16.17 million kWh, enough to handle annual energy consumption of around 5,000 households.

The implementation period has been set at 20 years, with the purchasing period regulated under the feed-in tariff system. Given that solar panels do not demonstrate a significant drop in generating efficiency even after 30 years, we continue operations even after this period is over, providing that we acquire leasing permission from the Chiba Prefectural Waterworks Bureau. We see considerable merit in being able to supply low-priced natural energy sufficient to power around 5,000 households over the long term in Chiba Prefecture.

Kyocera's solar panels are capable of maintaining generating efficiency even after 30 years of operation.



Facility Disassembly and Site Return

Minimizing environmental impact even when the site is returned

Floating modules are easily dismantled and removed

Another advantage of the floating mega solar power plant is its low environmental load in addition to no need to reclaim land, restoring the site to its previous condition is easily accomplished at the end of the lease.

Kyocera-manufactured solar panels used at the plant have a track record of little decline in generating efficiency, even after 30 years or more. Pending the permission of the site owner, we believe that it will be possible to continue operations after the end of the lease period, enabling us to contribute to the diversification of Japan's energy structure and promotion of local production for local consumption.

Kyocera TCL Solar plans to move the solar panels to another location for reuse after the power generation business is finished or sell them on the used market in Japan or overseas. Such operations, therefore, produce as little waste as possible that might impact the natural environment.

Creating the future through a strong partnership

Kyocera's solar cells are in operation today, 34 years after they started generating power, and have demonstrated strong technological prowess and long reliability, including a drop in power output of only 13%. Through this project, we have been able to combine our strong technical capabilities with Tokyo Century's expertise in financing and leasing to form a strong partnership for developing the power generation business.

Given the current focus on effectively utilizing water surfaces, we intend to expand this effectiveness to other lakes and sea locations. By leveraging the knowledge and power plant construction techniques cultivated from this joint venture, we will further promote the diffusion of renewable energy.

Toshihide Koyano

Deputy General Manager of Corporate Solar Energy Group  
Kyocera Corporation



Floating solar power generation promotes local electricity production for local consumption

Ciel Terre Japan has established a reputation for the floating PV system and the detailed design of anchoring solutions that a safely secure power generating facility, and we believe our highly sophisticated technological capabilities that ensure resistance to even strong winds, led to the adoption of our system at the Yamakura Dam.

As the company that started the world's first floating solar power generation business in Japan, our joint business with Tokyo Century has created strong bonds of trust in societal and technological terms. The floating solar power generation business holds significant potential as an environmentally sound form of renewable energy, and we intend to develop power generation businesses on other large bodies of water, including the sea, lakes, and dams, towards promoting local electricity production for local consumption.

Hajime Mori

President & Representative Director  
Ciel Terre Japan Co., Ltd.





## IoT Subscriptions Groundbreaking Subscription Platform Business

Tokyo Century has begun offering an innovative subscription business in cooperation with Bplats, Inc., a developer and provider of subscription integrated platforms. Bplats President Kenji Fujita and Tokyo Century Director and Managing Executive Officer Akihiro Naruse talked about the present and future of subscription services.



### Akihiro Naruse

Director and Managing Executive Officer  
President, IT Equipment Business Unit

### Kenji Fujita

CEO & President  
Bplats, Inc.

### Eyeing the True Potential of Subscriptions

**Naruse:** Tokyo Century entered the subscription business in earnest in October 2017 with the signing of a partnership agreement with Bplats.

As the era of IoT becomes a reality, the leasing and rental sector has seen an increase in demand for pay-per-use (subscription) services based on units of usage and time in addition to fixed-rate leasing. Bplats was an early developer of a B-to-B subscription platform. We have grown our business based on leasing and providing services, and given this major shift from products to services, we believe Bplats can provide the expertise we need.

**Fujita:** Having experienced the difficulties of popularizing subscription platforms as a venture company, we too believe that partnering with Tokyo Century was a breakthrough in dynamically growing our business.

The reason is customers interested in using a subscription platform also have needs in such areas as offsetting assets and financial services. We are aware this has represented a vulnerability for us. Tokyo Century is therefore an ideal partner because of its strength in finance and its business advantages from leasing to providing services.

**Naruse:** We opened the “IoT SELECTION connected with SORACOM” e-commerce marketplace in March 2019 as a platform for aggressively advancing a subscription business. This service, provided jointly by Tokyo Century, Bplats, and SORACOM, Inc. (SORACOM)\*<sup>1</sup>, primarily



involves packaging communications and application services with devices. It has attracted significant attention as a low-cost and rapid PoC\*<sup>2</sup>, and we feel that it is beginning to constructively overturn the established concept of subscriptions.

**Fujita:** While the subscription business has been under the spotlight since last year, I feel it has generally been viewed as a mechanism for fixed monthly payments, such as for software and music content. But the true nature of the subscription business is quite different. It has two key features: first, contracts can be concluded online via a smartphone or computer, so no paperwork or face-to-face meetings are required, and this opens up a wide range of customer engagement opportunities. Second, customer relationships and continuity are strengthened over the course of ongoing service delivery, allowing for the addition of high-quality services tailored to new information gained about the customer.

In other words, the subscription business is broadening the definition of customer relations. I think this could certainly be identified as the fourth industrial revolution. I want people to understand that our subscription platforms are not merely about fixed monthly payments; they also represent a means for continuing to provide additional products and services customers need.

\*<sup>1</sup> A communications services provider that offers the SORACOM IoT telecoms platform.

\*<sup>2</sup> Proof of Concept is an initial step for validating a new concept, theory, principle, or idea, and it takes place prior to trial production.



## High-Quality Unified Package Made Possible through the Partnership of Three Companies

**Naruse:** To take a closer look at IoT subscriptions, IoT can acquire and process transmitted data for business applications. So, the key is the volume of data that can be secured. That is the true significance of the alliance of our three firms.

SORACOM is a communications company capable of wirelessly connecting all types of things. Its technology for transforming communications at the application level is top class, and its partnerships with more than 500 companies attest to the quality of the technology. In addition, the Bplats's platform and Tokyo Century's financial services enable us to cover almost every IoT need of customers, including all-round services for device use, billing, and transaction management.

**Fujita:** With the introduction of IoT, data will be steadily accumulated, eventually yielding Big Data. The crucial challenge is to reinvest based on the new value extracted from that Big Data, and this presents a new business opportunity. Our subscription platform provides solutions to problems as well as future business expansion, and our flexible development capability is one of the most attractive sales points.

Aside from ease of use, I think people will be impressed

by a pricing mechanism that is also adaptable to the pay-per-use model. With the current focus on dynamic pricing<sup>\*3</sup> and given the administrative processes involved in the pricing of products and services, we can no longer offer only one pricing format. Our strategy will make it easier to analyze customer trends and prices accordingly. I hope people will try it out.

**Naruse:** It's important that people actually use the subscription platform and directly experience its great features. It's just like you're still being surprised by the convenience of services like car sharing and music streaming the first time you actually use them, even if you had already understood the concept. Subscriptions provide exactly the same experience, and that's the key. With that in mind, our platform offers easy access to trial subscriptions, and I think this is a really good approach as a gateway to ongoing adoption.

<sup>\*3</sup> A method for leveling demand by adjusting prices to changing market conditions.

## Growth Strategy to Promote Japanese Craftsmanship

**Naruse:** Let's turn our attention to the future. Naturally, our current focus is achieving the success of the "IoT SELECTION connected with SORACOM" business, with high hopes for the limitless possibilities ahead. As I said, a key advantage of cooperation with Bplats is the ability to become

a one-stop shop for all the required elements, and this can contribute to all kinds of subscription businesses.

**Fujita:** That's absolutely right, while the most obvious benefits are the ability to offer pay-per-use services that apply IoT and to use them as part of a system through which fees can be charged and paid. This, by all means, would be the ideal description for our subscriptions, but it's only a small part.

The actual businesses encompass multiple suppliers and sales partners as well as end users. The key is to connect all of these elements. As you said, the strength of our subscription platform is more than one-to-one connections. It has the capability of continually connecting suppliers and sales partners through the same system.

The emergence of the sharing economy confirms a current megatrend signaling a fundamental change in business structures. Even though societal needs may shift to areas like MaaS<sup>\*4</sup>, these changes cannot come about instantly. I think a new functionality needs to be adopted gradually across the entire supply chain so that service quality can be taken to the next level.

**Naruse:** Given Japan's declining birthrate, the greying of its society, and depopulation, it will be important to offer users highly efficient financial services that have adapted to the shift from products to services. I think the most crucial element for introducing subscriptions is to

maximize ease of use and convenience. For example, in supporting service operations like the renting of meeting rooms, there is an opportunity to offer a service linking those who want to rent the room with those who lend it. Moreover, although this may be an idealistic scenario, the ability to offer subscriptions to integrate a variety of services, such as providing the requisite copiers, computers, and cleaning services, would significantly improve convenience.

I think the provision of Tokyo Century's accumulated experience in financial services in combination with Bplats's innovative subscription platforms will enable us to quickly provide support to Japanese companies competing on the global stage.

**Fujita:** I agree this represents an extremely important means for supporting Japanese companies. Japan's strength is undoubtedly in manufacturing, which has been recognized as a driving force enabling Japanese companies to emerge collectively as global leaders even in the midst of the trend toward services. I believe our subscription platforms can provide the infrastructure for Japanese manufacturing as the key to victory in Asia as well as across the rest of the world. I am confident that our contribution to society will be in transforming Japanese culture as we continue to expand the scalability of our platforms.

<sup>\*4</sup> Mobility as a Service refers to the provision of automobiles and other forms of transportation as a fee-paying service only used as necessary.

### Cooperation has changed the scale of projects and shape of demand

I am in charge of planning for the optional platform functions that meet customer requirements. Since the alliance began, I have been able to develop proposals at an earlier stage. Going forward, I will be supporting products that utilize finance as a service, eventually offering a Big Data platform for entire businesses, as my way of contributing to the growth of the business and the company.

#### Ryosuke Senoo

Manager, Sales Operations Division  
Bplats, Inc.



### Commitment to a swift response that addresses societal needs

I recommend operating and installation methods to customers considering subscriptions, and working with Tokyo Century has increased the number of large corporations seeking consultation. Our platforms provide the environment for new business connections and for new initiatives and simplified processes, which I believe can help transform the Japanese business style.

#### Takahiro Furukawa

Manager, Sales Operations Division  
Bplats, Inc.



### Getting business on track as fast as possible

I identify new partners and encourage usage to increase the attractiveness of our IoT subscription marketplace. As this is a newly established business, I focus on raising the level of customer awareness, and I believe the key to success is increasing the number of partners. As many of the staff are young, I hope to grow with them through the business's success.

#### Yuichi Fujiki

Manager, Digital Business Group,  
IT Equipment Business Division II



### Fully supporting customers moving into a subscription business

I plan new services and activities to share information and knowledge across business divisions and to promote the subscription business throughout the company. This extends beyond finance, as the platform business can further deepen customer relations. I want to encourage this business as a joint venture with customers who are seeking to reform their businesses by shifting from products to services.

#### Chihiro Wakugawa

Digital Business Group,  
IT Equipment Business Division II







## Nippon Rent-A-Car Agilely Developing New Businesses across Japan

Having shifted all sales companies to a direct management system, Nippon Rent-A-Car Service, Inc. is marking its 50th anniversary in 2019 by strategically developing businesses based on its strengths to seize the new growth opportunities presented by the dramatic evolution of the mobility business landscape. President Yoshimitsu Arahata talked about the company's efforts to provide services that respond to diversifying customer needs and its initiatives for raising profitability.

### Direct Management Has Accelerated New Business Development

Nippon Rent-A-Car Service, Inc. (NRS) shifted all its sales companies to a direct management system in January 2018. The company celebrated its 50th anniversary in March 2019, and I believe our growth over this half century has been driven by providing a variety of vehicle makes and models, including imported vehicles, without being affiliated with any specific automaker, by our nationwide network of well-located branches, and above all by supplying high-quality rental cars that are safe, trusted, and clean.

Since the shift to direct management, NRS has already embarked on several new initiatives. For example, we began the full-scale nationwide development of our own car sharing business and also limited all family vehicles to non-smoking while abolishing 24-hour operations as a workstyle reform. In addition, we concluded an operating tie-up with akippa Inc., which has developed an app that matches drivers with available parking spaces, and in April 2019 we agreed to a partnership with Enterprise Holdings Inc. (Enterprise), the world's largest car rental company. We achieved these through the ability to make quick decisions that are only possible under direct management.



### Establishing a service structure for meeting diversifying customer needs in line with our new Management Philosophy and Action Guidelines under direct management

**Yoshimitsu Arahata**  
Representative Director and President  
Nippon Rent-A-Car Service, Inc.

### Business Strategies Adapted to the Rapid Change in the Mobility Sphere

The mobility sphere has begun to reflect the impact of the major sea change represented by CASE<sup>\*1</sup>. We see this as a business opportunity and intend to advance our business strategically.

Car-related services are diversifying amid the shift in societal needs from ownership to use. With the rapidly declining significance of owning a car, particularly among those in their 20s and 30s, we expect the markets for short-term car sharing and long-term car rental to expand, increasing the importance of our role in continuing to provide high-quality car rental and car sharing services.

We currently offer two types of car sharing services: those for specific corporate clients, in which we station vehicles in parking spaces owned or leased by the client for use by their employees, and services through our branches, which are primarily in large cities and near airports and shinkansen stations. Our major point of differentiation from other companies that emerged is NRS's reputation for providing safe, trusted, and clean vehicles.

The rising number of foreign visitors to Japan has been accompanied by a dramatic increase in the number of overseas customers in the car rental sector. NRS believes that it can further accelerate car rental usage by foreign visitors to Japan through its alliance with



Enterprise. As well as sharing operating know-how with Enterprise, we plan to expand services for overseas nationals through such additional features as multilingual reservation channels and car navigation systems.

In response to the lowering of barriers separating the areas of mobility service, we intend to focus future CASE initiatives on using IoT to improve the accuracy of vehicle management, boost marketing efficiency based on customer information, and strengthen parking lot sharing services through our tie-up with akippa. In addition, we recognize the importance of introducing revenue management<sup>\*2</sup> for more flexibility in price setting in line with customer needs and expanding app functionality. We will continue to raise the quality of our services in order to better respond to diverse customer needs for vehicles.

<sup>\*1</sup> Connected, Autonomous, Shared, and Electric is a trend under the spotlight as part of a social and technological sea change in the mobility sphere.

<sup>\*2</sup> A sales management method for maximizing revenue based on demand forecasts. It is gradually gaining ground across a variety of sectors, including the airline industry, that face fierce competition and dramatic fluctuations in demand.

### TOPIC

### Accelerating Mutual Customer Referrals in Partnership with the World's Largest Car Rental Company



In April 2019, Nippon Rent-A-Car Service, Inc. concluded a partnership agreement with Enterprise Holdings Inc., the world's largest car rental company. The agreement enables foreigners visiting Japan for tourism or business to use the websites of Enterprise Rent-A-Car, National Car

Rental, and Alamo Rent A Car to book Nippon Rent-A-Car vehicles during their stay. In addition, Japanese nationals going overseas can use Nippon Rent-A-Car's website to reserve vehicles at more than 10,000 locations in 95 countries.

Within Nippon Rent-A-Car's domestic network, participants in the

membership programs of each respective company can benefit from discount rental services at around 80 locations close to airports and major railway stations. This partnership is set to expand car rental services and further accelerate mutual customer referrals.

## Increasing Brand Value and Guidelines for the Future

In light of receiving the “Brand of the Year” award, a first for the industry, NRS would like to express its gratitude to all stakeholders—customers, shareholders, and employees—who have supported its journey up to the present.



We recognize that the next key task is to maintain and enhance our highly regarded brand power. To this end, NRS has once again reviewed its Management Philosophy and Action Guidelines to ensure that all Group employees are working toward the same objectives.

Moreover, we are aware that increasing employee satisfaction is another key factor for improving brand power. We believe that highly motivated employees can deliver optimal services that fully satisfy customers. In addition, as part of our goal to generate sustainable growth, we will pursue advanced and attractive services under our new Management Philosophy.

In concrete terms, NRS intends to utilize ICT to establish a highly convenient, seamless business model for mobility by partnering with other industries with whom it is on good

terms, including airline, railway, and bus companies. Going forward, we will continue strengthening ties with Tokyo Century Group and expanding the scope of our operations to contribute to Group consolidated earnings.

### New Management Philosophy

Nippon Rent-A-Car Group shall provide advanced and attractive services in regard to vehicle usage and shall make the value of usage higher permanently. In such way, we will contribute to the society as indispensable business entity in the field of transportation.

### New Action Guidelines

We will be united to do followings:

1. Try to offer safe, trusted, clean and comfortable vehicle as well as upmost satisfactory and best services to our clients to obtain best confident to us from them.
2. Challenge always to introduce innovative and unique services to offer convenient and economical vehicle usage services.
3. Commit to respect humanistic and help each other, and make employee friendly workplace where everyone finds worth for working and rearises growth by oneself.

## TOPIC

## Receipt of “Brand of the Year” Award, a First for the Japanese Car Rental Sector



Nippon Rent-A-Car Service, Inc. became the first company in the Japanese car rental sector to receive the “Brand of the Year” award of the 2018 World Branding Awards, as determined by public online voting and consumer market research. The 2018 awards recognized 351 brands as “Brand of the Year” from more than 4,500 in 57 countries.

NRS implements a variety of measures to ensure customers are provided with safe and trusted vehicles. In 2018, it changed its rental vehicles to non-smoking, formed alliances with various partners, and worked to improve the workplace environment and quality of customer support by abolishing 24-hour operations as a workstyle reform.

We believe that this award is the result of these efforts being well received by consumers.

## OUR MATERIALITY

## Sustainable Resource Use



## CASE 04

## CSI Leasing Providing Leasing Services with High Added Value around the World

CSI Leasing, Inc. (CSI) is a company headquartered in St. Louis, Missouri. Its Chairman and Chief Executive Officer Steve Hamilton and its Vice Chairman Toshio Kitamura, who is also Managing Executive Officer of Tokyo Century, spoke about new challenges using synergies with Tokyo Century.



## Providing comprehensive customer-focused services on a global basis for everything from leasing to disposal of IT equipment

### Steve Hamilton

Chairman and Chief Executive Officer  
CSI Leasing, Inc.

## Developing a Worldwide Business since the 1970s

CSI is a major global independent leasing company headquartered in the United States. Leveraging the independence provided by its lack of ties with any particular manufacturer in a business environment free of regulatory constraints, it has built bonds of trust with its customers over a long period through consulting sales that provide solutions precisely customized to customer needs, and has developed a broad-ranging business that goes beyond the boundaries of the United States to reach into Central and South America and Europe.

CSI offers unmatched high-value-added services and original know-how built up through around 50 years of operations in such areas as fair market value (FMV) leasing\*, and the comprehensive life cycle management (LCM) services

of wholly owned subsidiary EPC, Inc. (EPC), which provides data security, remarketing, and recycling services. These attributes have earned it high praise from the multinational, global companies that constitute its customer base.

\* FMV leasing is a form of highly flexible leasing that offers customers options such as returning the asset, purchasing the asset or extending the lease at the end of the original lease period based on fair market value (FMV) derived from the assessed residual value of the asset. As customers are not required to make a commitment at the time the lease is signed, they can make an optimal decision in accordance with the condition of the asset at the end of the lease and the scope and financial situation of their business. This form of leasing is a particularly efficient method of procuring assets in fields of rapid technological advance.

## Providing Complete Support through Synergies

CSI became a wholly owned subsidiary of Tokyo Century in June 2016, and its strong leveraging of synergies in the past few years has created expectations for abundant growth going forward. The geographic complementarity of CSI's strength in the Americas and Europe and Tokyo Century's significant presence in Asia enable the Group to provide services in 37 countries and regions.

In addition, the platforms and regional market expertise that CSI has developed via its worldwide operations are already assisting Japanese companies from within Tokyo Century's customer base in their efforts to expand into new overseas markets.

## CSI's Growth Strategy Is Rooted in its Experience

CSI is aiming to bolster its profitability under three main growth strategies.

First, it will enhance existing direct sales business for IT equipment, continuing to promote consulting sales in which it provides direct leasing services in line with the needs of end users. Second, it will expand vendor business by utilizing CSI's accumulated knowledge, high-value-added services, and bases in global markets to provide finance services when vendors



provide equipment to end users. Third, it will diversify into non-IT business areas, beginning to apply the know-how built up via IT equipment leasing to such challenging new fields as aircraft ground support equipment, cell phones and other mobile devices, and medical analytical equipment and high-tech surgical implements. This business diversification started in earnest in 2018, and has already begun to deliver results.



**The long journey from initial cooperation to 100% capital ties. Combining the knowledge and track record of both companies to provide financing and services that contribute to the creation of an environmentally sound, sustainable economy and society**

**Toshio Kitamura**

Managing Executive Officer and President, International Business Unit II  
Vice Chairman, CSI Leasing, Inc.

### Synergies with Tokyo Century

CSI's relationship with Tokyo Century began in 2003 through a collaboration to provide leasing services to Japanese companies in Mexico. This resulted in deep bonds of trust and mutual understanding, culminating in the signing of a comprehensive partnership agreement in 2012. The two parties subsequently concluded a capital tie-up, and CSI became a wholly owned subsidiary of Tokyo Century in 2016.

CSI's dealings with Japanese companies have rapidly accelerated due to the capital participation of Tokyo Century. It has developed two transaction formats: leasing to Japanese companies expanding their operations overseas and offering finance services when Japanese manufacturers sell their products overseas. The track record and trust between CSI and Tokyo Century have enabled rapid expansion in services to Japanese companies.

As well as in Europe and North America, we have also been accelerating cooperation in Asia. With leveraging the mutual cooperation in China, Singapore, and Malaysia, where both companies have bases, we have also begun developing joint operations in Thailand, the Philippines, and Taiwan, where CSI does not have its own bases. We provide highly-standardized services that meet global requirements and look forward to reporting on future cooperation between Tokyo Century and CSI.



### Reservoir of Talents, Turning Expertise and Consulting Capabilities into Competitive Advantages

At the same time as CSI's switch to full subsidiary status, a new management team was installed headed by Steve Hamilton as CEO. Under his strong leadership, the management team came together to share their vision for the company, and made a start on implementing business strategies of standardization and differentiation.

CSI's strengths are its consulting capabilities and partnerships with financial institutions. Its prowess in consulting owes primarily to the fact that its finely tuned consultations allow it to deliver services that customers really need rather than just being a provider of funding. For example, when assisting companies that have multiple offices across the United States to lease PCs that require upgrades every three years, CSI arranges everything from organization of the vendors to coordination of equipment changes to overcome such difficulties as changing equipment simultaneously for each of several tens of thousands of employees and differences between regions in vendors and timing. Data security is another issue when leases of IT equipment end, and there are major needs for services like data erasing and hard disk disposal. CSI offers LCM services that meet these customer needs through its wholly owned subsidiary EPC.

CSI is the largest independent provider of FMV leases in the United States, and its extensive staff of top-class personnel is another of its strengths. As well as in consulting, it has collected a group of highly talented professionals in back-office areas such as pricing and legal affairs. Policies put in place by the new management team have also further improved performance from the company's global workforce of

around 1,000 employees. In addition to continuing to strengthen marketing capabilities for FMV leases, CSI is pursuing a differentiation strategy by tackling a diverse range of businesses.

### Rounding Out its Supply Chain with an ITAD Business

The core pillars of CSI's differentiation strategy in its LCM services for IT equipment are its data security countermeasures, which include data erasing. The company's subsidiary, EPC, operates an ITAD\* business in 17 locations in seven countries in which it provides data erasing and disposal services for IT equipment. It also provides its services in more than 70 countries worldwide, using alliances with local partners in countries where it does not have any of its own bases.

As IT equipment returned at the end of a lease contains extensive sensitive customer data, the equipment is either sanitized of information to prevent retrieval or the hard drives are destroyed, in line with the wishes of the customer.

EPC owns specialized trucks that are dispatched to customer companies to destroy hard disks on-site. Amid growing needs for data security, it receives a large number of requests to dispose of IT equipment not leased out by CSI, resulting in some cases of the conclusion of new leasing businesses.

The ITAD business of EPC helps round out CSI's supply chain, and reduction in waste contributes to the achievement of the 3Rs (reduce, reuse and recycle). Going forward, the aim is to make EPC's business the global standard, offering the same high-quality services in every region. This would likely give the company's business model a global scale that could not easily be emulated by other companies, and the plan is to aggressively move in this direction as locations are added.

\* ITAD (IT Asset Disposition): Disposing of IT assets through safe and appropriate methods in accordance with compliance regulations for information management and environmental protection

#### TOPIC ITAD Business in North America: EPC, Inc.

#### Offering Proper Recycling that Conforms to Compliance Requirements

With its headquarters in St. Louis, EPC is one of the leading ITAD companies in the United States. It operates 11 locations in North America, including recently opened offices in Atlanta and Vancouver, Canada, and offers life cycle management services including data erasing for IT equipment.

Its unique features include self-developed specialized trucks which can be dispatched to customer locations to perform equipment disposal on-site. Customers can confirm progress of the disposal

through video footage, and are issued with a disposal verification certificate. There are currently 11 specialized trucks, and they are offered as a free service to CSI customers.

IT equipment returned from customers at the end of a lease is inspected and then purged of data, after which its operating condition is confirmed before being made available for reuse. Those items that cannot be reused are fed into a giant shredding machine, and the resulting debris is combed for materials that can be



reused, such as copper, aluminum, steel, and plastics.

The United States is the world's largest IT equipment leasing market, and because ITAD service that complies with compliance requirements is extremely important, this is an area of growing needs. EPC intends to continue expanding its global bases and services to contribute to the achievement of an environmentally sound, sustainable economy and society.



## Human Resources Strategy Interview

### Securing and Developing Human Resources to Support the Group's Sustainable Growth

While expanding the scope of its business, Tokyo Century Group strives to develop a diverse and open corporate culture by actively hiring mid-career workers. Managing Executive Officer Yoshio Nomura talked about initiatives to further enhance opportunities for highly specialized personnel to position them as a driving force behind the Group's sustainable growth.



**Yoshio Nomura**

Managing Executive Officer  
President, Personnel Unit  
President, General Affairs Unit

#### Human Resources Positioning and Securing of Diverse Personnel

The scope of Tokyo Century Group's business has significantly expanded over the past 10 years. While immediately after the merger, Equipment Leasing accounted for 80% of the company's total segment assets, the business's ratio has fallen to 40% owing to major growth in Mobility & Fleet Management, Specialty Financing, and International Business. The adoption of methods combining leasing and services that transcend the concept of traditional leasing and working in new business fields with our partners have led to the creation of new services as a company with financial capabilities.

Amid this significant growth in Mobility & Fleet Management, Specialty Financing, and International Business in addition to Equipment Leasing, we have been hiring more mid-career workers with a high level of expertise. I believe that workers with differing backgrounds can stimulate each other to come up with new ideas and turn them into new businesses, helping develop a diverse and open corporate culture. For these reasons, we can truly say that Tokyo Century's advantage lies in its human assets.

#### Developing Diverse Human Resources

Continually striving to secure and develop exceptional human resources is a key part of the Medium-Term Management Plan. Our personnel policy is based on interacting with employees, and we have considered a variety of initiatives, including the creation of comfortable working environments and the introduction of personnel affairs measures that align with employee lifestyles.

Specifically, we have looked at introducing teleworking, etc. as part of our workstyle reforms while promoting employee health and hiring more persons with disabilities. We have also established a Career Design Office that considers personnel matters from the perspective of employees. The role of the Career Design Office is to embrace employees' concerns about work-life balance.

I think being a company that supports employees in finding their work fulfilling and taking on new challenges helps create new businesses and feeds into the growth of the company.

#### Securing and Developing Global Human Resources

At the time of the merger 10 years ago, there were 1,700 employees. Today, there are more than 7,000, following the expansion of Specialty Financing and International Business, and the number of employees working overseas has significantly increased from 80 to 1,500.

Our efforts to globalize our workforce have included the hiring of foreigners and new graduates who have studied overseas, as well as an increase in the hiring of mid-career workers with experience of working overseas. I'm certain this changed the perception of the company.

The development of personnel cannot be achieved by measures of the Personnel Unit alone, and on-site experience and training have major roles to play. In view of globalization, we have established a trainee system to provide overseas working experience even to first-year employees. What is necessary is to entrust the job to the individual while providing continued guidance and education. We see strengthening a cohort of mid-level workers who can offer such guidance as another key responsibility. Such accumulated training promotes growth by giving each employee a sense of accomplishment and self-reliance.

#### Career Design and Personnel System Attuned to Business Characteristics

The personnel system needs platforms suited to each operating segment. The review of working hours is one aspect. For example, we must allow some divisions to align their working hours with overseas time zones. We have installed thin client computers in Specialty Financing for work that is not bound by location or time. In addition, we are modifying office layouts to encourage employee creativity. Our intention is to introduce various working styles and to reflect them in the design of the overall personnel system.

We are aware of the urgent need to establish an environment in which people can work with a sense of fulfillment. In April 2019, we introduced a system of staggered work hours, moving up and down of starting and finishing times of work by up to two hours, and we are also considering the implementation of options such as teleworking, etc.

We want employees to be able to continue to be valuable human resources over a long period. The career development depends not only on specific achievements in certain posts but also on aiming to be a professional. The newly established Career Design Office intends to provide a full range of support for employee career consultation.

#### I strive each day to contribute to the overseas business expansion of Tokyo Century

I have been seconded to a local Indonesian corporation, investee of Tokyo Century. The company provides electronic money services in Indonesia under the OVO brand, and my job is to support developing financial products for consumers, promote links with Group companies, and report regularly to Tokyo Century's head office. SNS is used more than email in Indonesia, and I was surprised at the essential role of smartphone-based operations.

I want to use the experience I am gaining at this company to build closer links with overseas partner companies, and I hope to contribute to growth in the overseas business by promoting Tokyo Century's alliance strategy.

**Sun Changyan**

Currently seconded to PT. VISIONET INTERNATIONAL

#### I hope the introduction of a work-from-home system enables more flexible workstyles

I have been utilizing the shortened work hours system while I'm raising my children, two years old and third grade in elementary school. As Specialty Financing I work for has grown, the business has become more diversified, and we have needed to deliver the best possible results as a team within standard working hours. Team members constantly share tasks and information just in case I have to unexpectedly take time off, for example, to care for a child with a fever.

I think the work-from-home system provides major benefits, certainly for working parents when children become sick or during school breaks, but also for eliminating the need for other employees to spend time commuting. I am very hopeful that the work-from-home system will improve productivity and support a healthy work-life balance.

**Kyoko Asami**

Planning Group, Specialty Finance Strategic Planning Division



# Diverse Workstyles and Human Resources Development

Tokyo Century Group believes that personnel are a company's most valuable asset and a driving force for sustainable growth. In order to encourage each and every employee to demonstrate their abilities and individuality, we support self-directed career and ability development through various Group-wide initiatives. Tokyo Century will foster a corporate culture in which diverse, globally aware professionals can flourish, and create a workplace that raises operational efficiency based on flexible workstyles.

## Diverse Workstyles

Tokyo Century Group pursues various initiatives under its Basic Diversity Policy. We strive to create a workspace in which all our employees can demonstrate their individual strengths by hiring, cultivating, and appointing diverse personnel regardless of race, religion, gender, age, sexual orientation, disability, or nationality. In March 2016, we formulated the Action Plan for the Promotion of Women's Active Participation and have set quantitative targets to be achieved by March 31, 2020.

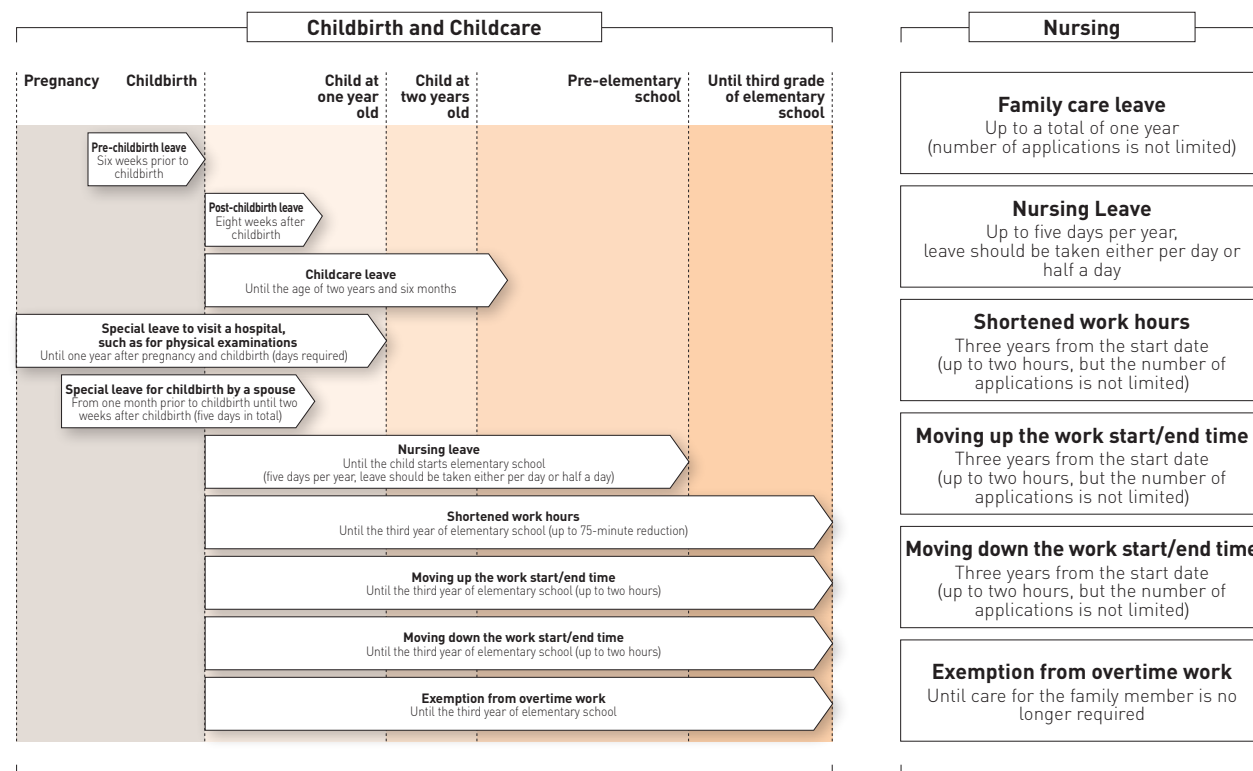
To concretely support new working styles, we introduced the hourly paid leave program in April 2017 to allow

employees to take leave from work in one-hour increments, and we formulated the "Workstyle Reform Action Plan" in March 2018. Then in April 2019, we rolled out a system of staggered work hours, moving up and down of starting and finishing times of work by up to two hours to enable employees experiencing needs such as raising children, caring for family members, or visiting the hospital, to select from a variety of flexible styles of working.

We are also considering other options, including a telework system, to offer diverse, flexible working styles that more closely align with the varying lifestyles of our employees and to support them in balancing work and private life.

## Enhancing Support for Balancing Work and Private Life

We promote the creation of a workplace environment where employees can balance their work and private life by actively supporting those who bear children and engage in childcare and nursing.



## Human Resources Data—Targets and Results

	Results	Targets (March 31, 2020)
Percentage of women in new hires	New hires in April 2019 <b>50%</b>	<b>30% or more</b>
Percentage of women in managerial positions	As of March 31, 2019 <b>7.2%</b>	<b>10% or more</b>
Percentage of childcare leave taken by men	FY2018 <b>100%</b>	<b>100%</b>
Percentage of annual leave taken	FY2018 <b>77.3%</b>	<b>70% or more</b>
Average monthly overtime work	FY2018 <b>8.3 hours</b>	<b>Less than 10 hours</b>
Number of employees leaving work to care for family members	FY2018 <b>2 employees</b>	<b>None</b>

## Establishment of a Career Design Office

In April 2019, we established a Career Design Office to assist employees in shaping their careers. The office helps employees take the initiative in forging their own career paths rather than entrusting this to the company. By providing training and interviews at major career turning points, for example at three years and 10 years after joining the company, the office fulfills its mission to support employees in realizing their aspirations after reflecting on their own working style and considering their strengths and weaknesses, as well as maintaining a work-life balance amid constantly evolving business conditions. The Career Design Office also provides a consultation portal through which employees can talk with office staff and external consultants on a wide range of issues, such as career development and specific job concerns.

We believe that assisting employees to fulfill their own dreams will, in turn, facilitate the sustainable growth of the company as a whole.



## Human Resources Development

Tokyo Century Group offers a diverse range of educational programs to correspond with years of employment and employee career plans.

Employees choose their own plans after an objective assessment of their aptitude and skills that would most likely be useful in the future, and then, with the support of their managers, select skills and abilities they would like to improve. As a result, these programs encourage self-development along with a sense of engaging in meaningful work

In order to support every employee to conceptualize, design, and realize lifelong career paths, we have also established a Career Design Office within the Personnel Unit. This office offers staff who are available for consultation upon request as well as training and interviews relevant to each career stage and focuses on assisting employees in shaping their professional development.

We also support employees in pursuing education through other channels, including programs for subsidizing educational costs and incentive payments to aid personal growth and plans for developing a workforce with a global mindset.



# Message from the External Directors



Being a respected large company requires the ability to effectively respond and steely determination, within a corporate culture that can flexibly adapt to changes in technology and the business environment.

Yoshinori Shimizu  
External Director

Steady improvement in corporate governance functions through a more active debate and risk management progress.

Akio Nakamura  
External Director



## Preparing for the Next “Moonshot”

I believe that the expansion in the scale of assets and earnings over the past few years has made Tokyo Century seem more like a large company. To reinforce this impression, we must begin thinking like a large business as well.

For example, given the growth in the number of overseas subsidiaries and our total workforce, strengthening global governance and risk management structures has emerged as a key issue for the Board of Directors. On the risk front, we are steadily improving in such areas as assessment and valuation methods, although it is also crucial to consider unifying the management of risk and earnings from a global perspective.

Moreover, from the perspective of achieving sustainable business operations, we intend to do our part to address social issues, including the SDGs. To that end, we must maintain a strong resolve to create a service-based business model to present an alternative to traditional financial institutions. Employee abilities and motivation are the most important assets for us as a financial services company. As we grow in scale, I believe that one of our key missions will be to create a corporate image worthy of everyone’s support.

If the company’s “moonshot” to this point has been to create an organization that surpasses banks, then I think we have basically achieved that goal in terms of earnings. As we turn our attention to further growth, we may need to define our next great leap forward by setting a new target of establishing this business model as the global standard; this is an absolute goal that will not be affected by changes in the business environment.

We absolutely must hold fast to this awareness and shared dream for we have in our hands the ability to

shape the future of the company and of global finance, an opportunity that is worth the lifelong dedication of our younger employees. As a consequence, communication that unites employees and directors is vital.

## More Rapidly Increasing Diversity on the Board of Directors and throughout the Entire Organization

The fresh perspective provided by newly appointed external directors who possess deep insight has enlivened the board’s debates. Moreover, the introduction of free discussion has enabled open deliberations on sustainable growth, and I believe this has contributed to a more dynamic organization and stronger governance capabilities.

At the same time, I feel that more rapidly increasing diversity, including the Board of Directors, is a pressing issue for a company like ours that is becoming a major force through a growing global presence. Expansion in global business means we must change ourselves by taking on board the differing histories, business practices, and relationships of each region. As a global company growing and responding to change, we are naturally diversifying our workforce and promoting the inclusion of a wide range of thinking.

Adaptability to change is the key to corporate growth. Tokyo Century intends to hone its responsiveness to change, cultivate talented personnel, and encourage innovative and flexible ideas to turn difficulties into opportunities and build a structure that allows for a rapid response. We see the further increase in diversity and internal debate as litmus tests for corporate development and intend to translate these factors into higher corporate value.

## More Active Debate at Board Meetings

After having stepped down as an external director of Tokyo Century in June 2017, I was reappointed a year later, and upon returning I was struck by the livelier debate at Board of Directors’ meetings. I think this is largely attributable to the addition of two external directors, Masao Yoshida and Yukito Higaki. Mr. Yoshida previously demonstrated his management expertise at Furukawa Electric, while Mr. Higaki is still involved in management at Imabari Shipbuilding. The viewpoints and mind-sets of two people with experience in managing large companies have proven invaluable, and they have been sources of major inspiration in their roles as external directors.

Factoring in differing external perspectives is a key element in corporate governance, and the diversity of our directors is undoubtedly an excellent way to increase the effectiveness of governance. In addition, as part of efforts to strengthen governance beyond regular discussion items, the Board of Directors has introduced free discussion sessions to debate such matters as changes in the external business environment and the future shape of the company.

Coincidentally, when we formulated the Fourth Medium-Term Management Plan, we had lively debates on the major assumptions of the plan, such as how the world will change and what kind of businesses the company should enter. These meaningful exchanges allowed each director to share his views on objectives and issues, and I believe this is testament to the improvement in corporate governance brought about by free discussion.

## Toward a Structure Suited to Growth and Changing Business Operations

Risk management is another important key for strengthening corporate governance. As the risk-return patterns are different for each business, risk evaluation items must be constantly reassessed, and we have implemented measures to create more sophisticated risk management in line with the expansion in our business operations.

Moreover, I have long believed that determining the acceptable level of risk is the central role of corporate governance. Because there is no profit without taking some degree of risk, a crucial task is to closely examine specific risks to determine whether they can be managed and if the level of risk is worth the potential return.

As Tokyo Century’s operations change, I envision an even greater need for business expertise in every segment. I would not be surprised if in the near future we reached the limits of unified management under a single structure. In the context of ensuring the sustained growth of the company, I see the need for more deeply discussing our organizational structure and human resources strategy, including employee treatment.



Recognizing that effective corporate governance is a key concern for maximizing corporate value, Tokyo Century endeavors to create a sound and highly transparent management structure that swiftly responds to changes in the business environment and makes accurate decisions.

History of Strengthening the Corporate Governance System

	Details
2011	■ Election of one external director
2015	■ Compliance with the Corporate Governance Code      ■ Additional external director (from one to two)
2016	■ Board Effectiveness Review Council is held      ■ Establishment of the Nomination and Compensation Committee
2017	■ Additional external director (from two to three)
2018	■ Additional external director (from three to four)      ■ Nomination and Compensation Committee is separated into two entities: Nomination Committee and Compensation Committee
2019	■ Additional external director (from four to five) (external directors now represent at least one-third of all directors)

Management Structure

Tokyo Century’s management structure centers on the Board of Directors and Board of Corporate Auditors. Our executive officer system accelerates management strategy decisions and strengthens supervision and execution. Among the 32 executive officers are one female and one foreign national.

Board of Directors

The Board of Directors, chaired by President & CEO and Representative Director Shunichi Asada, consists of 15 directors, of which 5 are external directors as defined by Article 2-15 of the Companies Act of Japan. The Board of Directors deliberates on and makes decisions about the policies, strategies, business plans, and other key management issues of Tokyo Century and its Group companies as well as matters specified by prevailing laws, regulations, articles of incorporation, and rules governing the board. It also supervises the execution of operations by directors and executive officers. The Board of Directors met 13 times in fiscal 2018. Tokyo Century Corporation’s Articles of Incorporation limit the number of directors to a maximum of 18.

Board of Corporate Auditors

Tokyo Century has adopted the organizational structure of a company with a board of corporate auditors. The Board of Corporate Auditors, chaired by Standing Corporate Auditor (External Corporate Auditor) Futoshi Okada, consists of four corporate auditors, of which two are external corporate auditors as defined by Article 2-16 of the Companies Act of Japan. The Board of Corporate Auditors meets regularly and executes independent and fair audits of compliance and the appropriateness of corporate activities including the

performance of duties by directors and executive officers. The Board of Corporate Auditors met 10 times in fiscal 2018.

Independence of Management Oversight Structure

Tokyo Century applies the standards for independent external directors and external corporate auditors under the Tokyo Stock Exchange Guidelines concerning Listed Company Compliance, etc., when appointing its external directors and external corporate auditors. Furthermore, Tokyo Century appoints external directors and external corporate auditors who it believes are able to objectively supervise management after considering their extensive backgrounds in corporate management, specialized knowledge, and common sense. This ensures the objectivity of the independent external directors.

No conflicts of interest exist between the Company and its external directors or external corporate auditors. The five external directors and two external corporate auditors also hold positions at other companies and organizations, as listed on pages 66 and 67.

Management Meeting

The Management Meeting consists of the president and officers appointed by the president. The meeting, chaired by President & CEO and Representative Director Shunichi Asada, consists of 12 members: Chairman & Co-CEO and Representative Director Toshihito Tamba, Deputy President, and Director and Executive Officer Makoto Nogami, Deputy President, and Director and Executive Officer Masataka Yukiya, Deputy President, and Director and Executive Officer Akihiko Okada, Deputy President and Executive Officer Koichi

Nakajima, Director and Senior Managing Executive Officer Koichi Baba, Director and Managing Executive Officer Osamu Tamano, Director and Managing Executive Officer Seiichi Mizuno, Director and Managing Executive Officer Akihiro Naruse, Director and Executive Officer Ko Nakagawa, and Executive Officer Takashi Yonetsu. It meets once a week in principle to deliberate on particularly important matters concerning the execution of operations and makes decisions for the entire Group.

Transaction Evaluation Meeting

The Transaction Evaluation Meeting consists of the president and officers appointed by the president. The meeting, chaired by Director and Executive Officer Ko Nakagawa, consists of nine members: Chairman & Co-CEO and Representative Director Toshihito Tamba, President & CEO, and Representative Director Shunichi Asada, Deputy President, Director and Executive Officer Makoto Nogami, Deputy President, Director and Executive Officer Masataka Yukiya, Deputy President, Director and Executive Officer Akihiko Okada, Deputy President and Executive Officer Koichi Nakajima, Director and Senior Managing Executive Officer Koichi Baba, and Executive Officer Takashi Yonetsu. It meets once a week in principle to discuss and make decisions about major business transactions being considered by Tokyo Century and its Group companies as well as transactions that warrant complex risk analysis.

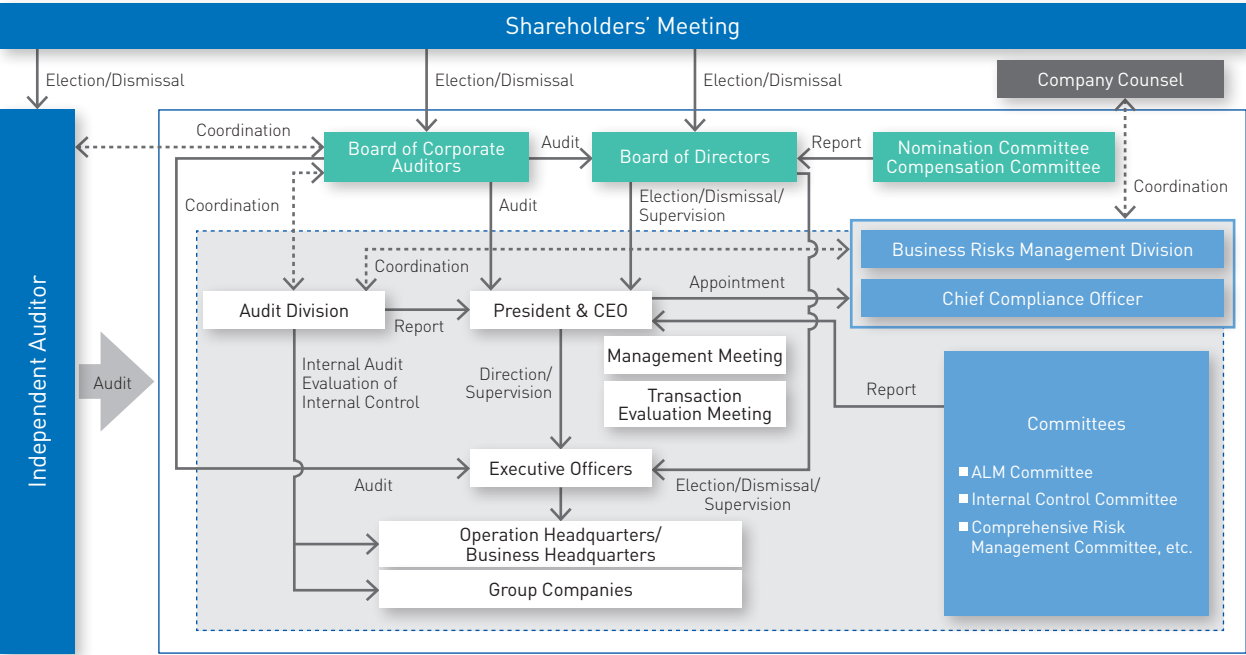
System for Ensuring the Effectiveness of the Board of Directors and Board of Corporate Auditors

Tokyo Century has established the Board Effectiveness Review Council, which primarily consists of independent external directors and corporate auditors to advise the Board of Directors. The council conducts an analysis and review of the Board of Directors at least once a year on aspects such as the effectiveness of its supervisory functions, status of deliberations, structure, and operating method, taking into account the self-evaluations submitted by each director. The Board of Directors consults with the council to analyze and evaluate its own effectiveness and discloses a summary of the results.

In fiscal 2018, the Board of Directors was deemed to be adequately and appropriately fulfilling its roles and duties, which are: (1) providing overall direction by setting corporate strategies, (2) creating an environment conducive to appropriate risk taking by top management, and (3) exercising highly effective oversight of top management and directors from an independent and objective standpoint.

With regard to the composition of the Board of Directors, as a result of further diversifying the composition in addition to the increased number of external directors, the balance of the board’s knowledge, experience, and ability was improved, and it was deemed to be appropriate and adequate in its diversity and scope. Going forward, it will continue to deliberate on diversity, including considerations on gender and internationality.

System of Corporate Governance and Internal Control (as of June 24, 2019)



The operational review of the Board of Directors found that during fiscal 2018 full-fledged efforts were being made to formulate the Fourth Medium-Term Management Plan, which would start in fiscal 2019, and the board was accurately evaluating changes in the business environment, with each director actively participating in the deliberations. External and internal directors were well integrated into the process of discussing issues from diverse perspectives. Going forward, the board will continue to expand and enhance our framework of oversight, including the monitoring of viable businesses.

Following the review’s recommendation, Tokyo Century sought to enhance the board’s effectiveness by revising the criteria for its agenda in fiscal 2018 with due consideration to the current business scope and risks. Independent external directors were found to be appropriately fulfilling their roles and duties of providing management oversight by actively expressing opinions based on their individual knowledge from an independent and objective standpoint during meetings of the Board of Directors, Nomination Committee, Compensation Committee, Board Effectiveness Review Council, and other bodies. Tokyo Century will continue to improve the functions of the Board of Directors by referring to the results of the effectiveness review.

Committees

Name	Purpose	Number of meetings in fiscal 2018
Nomination Committee	Primarily consists of independent directors, advises the Board of Directors, deliberates on the nomination of candidates for director and corporate auditor positions, and reports to the Board of Directors.	2
Compensation Committee	Primarily consists of independent directors, advises the Board of Directors, discusses matters such as compensation systems and policies, and reports to the Board of Directors.	1
Asset Liability Management (ALM) Committee	Discusses matters relevant to managing market, liquidity, and other risks in order to identify and minimize the exposure of assets and liabilities to risks, including fluctuations in interest and foreign currency exchange rates, and reports to the Management Meeting.	4
Comprehensive Risk Management Committee	Discusses matters such as construction of the risk management system and approaches to measuring risk. It also periodically assesses Tokyo Century’s risk exposure and reports to the Management Meeting.	4
Internal Control Committee	Discusses general internal control matters, including evaluation of the effectiveness of the financial reporting system and scope of evaluation to ensure the internal control system functions effectively and reports to the Management Meeting.	4
Credit Risk Management Committee	Discusses matters including the Group’s credit portfolio as a whole and credit risk management and reports to the Management Meeting.	2
IT and Administration Strategy Management Committee	Discusses matters including IT strategy of the Company and the Group, IT investment plans, and administrative system plans and reports to the Management Meeting.	2
Sustainability Committee	Plans, promotes, and oversees the Group’s sustainability activities, discusses important issues related to sustainability, and reports to the Management Meeting.	2

Composition of Each Committee (Directors)

●Chairperson ●Member

Position	Name	Nomination Committee	Compensation Committee	ALM Committee	Comprehensive Risk Management Committee	Internal Control Committee	Credit Risk Management Committee	IT and Administration Strategy Management Committee	Sustainability Committee
Chairman & Co-CEO, Representative Director	Toshihito Tamba			●				●	
President & CEO, Representative Director	Shunichi Asada	●	●	●				●	
External Director	Yoshinori Shimizu	●	●						
External Director	Masao Yoshida	●							
External Director	Akio Nakamura	●	●						
Deputy President, Director and Executive Officer	Makoto Nogami			●					
Deputy President, Director and Executive Officer	Masataka Yukiya			●					
Deputy President, Director and Executive Officer	Akihiko Okada			●	●	●	●	●	●
Director and Senior Managing Executive Officer	Koichi Baba			●	●	●	●	●	●
Director and Managing Executive Officer	Osamu Tamano				●	●		●	●
Director and Managing Executive Officer	Seiichi Mizuno				●	●			
Director and Executive Officer	Ko Nakagawa			●	●	●	●		●

Officer Compensation

Policy and Method to Determine Compensation of Officers

Regarding officer compensation, the Company intends to maintain a framework linked to sound incentives toward its sustainable growth and the medium- to long-term development of its businesses. It has established an officer compensation system to align the interests of the officers with those of the shareholders, raise the awareness of officers regarding enhancing shareholder value, attract outstanding talent, and secure and develop human resources who can drive the improvement of the Company’s corporate value.

The Compensation Committee, primarily consisting of independent external directors, has been established, and matters such as the policy, systems, and levels of officer compensation are referred to this committee. Their compensation is ultimately determined by the Board of Directors, based on the recommendations of the committee and advice of outside experts, with reference to third-party survey data on compensation levels. The compensation of corporate auditors is determined through deliberations by the corporate auditors within the prescribed limits.

Officer compensation comprises basic compensation, officer bonuses, and stock options as stock-based compensation. Basic compensation, which is fixed compensation, is determined through a comprehensive consideration of the duties, roles, and responsibilities and others of each officer. Their bonuses and stock options as stock-based compensation are performance-based

compensation distributed according to profits, the amounts of which are determined based on consolidated net income.

Given that consolidated net income represents the final profit or loss for the period generated through the activities of a fiscal year and is directly linked to the improvement of corporate value during the period, the Company has decided it is an appropriate indicator for determining the compensation of directors, who are responsible for improving the corporate value of the entire Group and maximizing shareholder profits, and it has therefore adopted that as an indicator for performance-based compensation.

During the fiscal year under review, the Company targeted a consolidated net income of ¥51.5 billion, and achieved an actual consolidated net income of ¥52.2 billion.

The payment ratio of performance-based to non-performance-based compensation is set at approximately 1:0.4 to 1.0, which is determined by comprehensively taking into account achievements and performance based on each officer’s expected duties.

In regard to performance-based compensation, stock options as stock-based compensation have been designed to raise the awareness of officers regarding enhancing shareholder value by sharing the effects of fluctuating stock prices with the shareholders.

The compensation of external directors and corporate auditors, who are in a position independent from business execution, consists entirely of basic compensation based on their roles.

Compensation and Eligible Officers

Officer category	Total compensation (millions of yen)	Total compensation, by type (millions of yen)			Number of eligible officers
		Fixed compensation	Performance-based compensation	Retirement benefits	
Directors (excluding external directors)	744	259	484	—	10
Corporate auditors (excluding external corporate auditors)	41	41	—	—	2
External officers	98	98	—	—	7

- (Notes) 1. The above compensation amounts include ¥205 million in provisions for director bonuses, which has been recorded under expenses in the fiscal year under review.  
2. Although the total number of directors and corporate auditors in office as of March 31, 2019 was 13 and 4, respectively, the above compensation amounts also include payments to one director and one corporate auditor who retired at the conclusion of the 49th Annual General Meeting of Shareholders held on June 25, 2018.  
3. Maximum compensation for directors, as resolved by the general meeting of shareholders, is ¥1,000 million per year (including ¥100 million per year for external directors). Furthermore, the maximum fair value of stock options that may be granted to directors (excluding external directors), within the said maximum, is ¥400 million per year (by resolution of the Annual General Meeting of Shareholders held on June 24, 2016).  
4. The maximum compensation for corporate auditors, as resolved by the general meeting of shareholders, is ¥150 million per year (by resolution of the Extraordinary General Meeting of Shareholders held on February 25, 2009).



Independence of External Directors and External Corporate Auditors and Reasons for Appointment  
(as of June 24, 2019)

External Directors					
	Independent officer	Reasons for appointment	Shares held (thousands)	Years served	Attendance at meetings of Board of Directors
<b>Yoshinori Shimizu</b> ■ External Director, Nisshinbo Holdings Inc. ■ Professor Emeritus, Hitotsubashi University	○	Mr. Shimizu possesses highly advanced knowledge as a monetary economics research professional. He applies this expertise in the management of the Company from a macro standpoint and monitors management from an independent perspective as an external director of the Company since June 2011. His appointment will contribute to achieving sustainable growth and enhancing the corporate value of Tokyo Century over the medium to long term.	3	8	13 of 13
<b>Masao Yoshida</b> ■ External Director, Furukawa Co., Ltd. ■ External Director, JFE Holdings, Inc.	○	Mr. Yoshida brings a wealth of experience and broad knowledge on management from his lengthy involvement in corporate management at a major electric manufacturing company. He applies this experience in the management of the Company and monitors management from an independent perspective as an external director of the Company since June 2017. His appointment will contribute to achieving sustainable growth and enhancing the corporate value of Tokyo Century over the medium to long term.	0	2	12 of 13
<b>Yukito Higaki</b> ■ President, Imabari Shipbuilding Co., Ltd. ■ President, Shoen Kisen Kaisha, Ltd.	○	Mr. Higaki brings a wealth of experience and broad knowledge on management from his lengthy involvement in corporate management at a major shipbuilding company. He applies this experience in the management of the Company and monitors management from an independent perspective as an external director of the Company since June 2017. His appointment will contribute to achieving sustainable growth and enhancing the corporate value of Tokyo Century over the medium to long term.	—	2	13 of 13
<b>Akio Nakamura</b> ■ Special Partner, Tanabe & Partners ■ Director, President and CEO, Japan Securities Depository Center, Incorporated ■ President and CEO, JASDEC DVP Clearing Corporation	○	Mr. Nakamura has served as Tokyo Century's external director from June 2015 to June 2017 and again since June 2018, bringing ample experience and broad insight to areas such as financial policy and tax affairs in order to offer advice on management issues in general, and to monitor management from an independent and objective standpoint. His appointment will contribute to achieving sustainable growth and enhancing the corporate value of Tokyo Century over the medium to long term.	0	1	11 of 11*
<b>Toshio Asano</b> ■ Outside Director of the Board, Maruho Co., Ltd. ■ External Director, Medipal Holdings Corporation ■ External Director, Daicel Corporation	○	Mr. Asano has led a major diversified chemicals company and possesses abundant experience and broad knowledge of corporate management. His appointment will contribute to applying his deep understanding and outstanding insight to the management of the Company as well as offering advice from a broad, external, and objective perspective.	—	New appointment	—

External Corporate Auditors						
	Independent officer	Reasons for appointment	Shares held (thousands)	Years served	Attendance at meetings of the Board of Directors	Attendance at meetings of the Board of Corporate Auditors
<b>Futoshi Okada</b> ■ Auditor, Nippon Car Solutions Co., Ltd. ■ Auditor, Nippon Rent-A-Car Service, Inc. ■ Auditor, IHI Finance Support Corporation ■ Auditor, TRY Corporation ■ Auditor, TC Property Solutions Corporation ■ Auditor, TC Business Experts Corporation ■ Auditor, Shinko Real Estate Co., Ltd. ■ Auditor, Tokyo Century Leasing China Corporation ■ Auditor, Tokyo Century Factoring China Corporation	—	Mr. Okada applies his extensive experience in business management of financial institutions as well as broad knowledge and experience of business operations and overseas business. As an external corporate auditor of the Company, he has been contributing to monitoring management to ensure the appropriateness and adequacy of corporate activities since June 2012.	1	7	13 of 13	11 of 11
<b>Masao Fujieda</b> ■ Representative, Fujieda Masao Tax Accounting Office ■ Auditor, Nip Corporation	○	As a tax accountant, Mr. Fujieda possesses expertise and experience in the areas of tax and accounting. As an external corporate auditor of the Company, he has been contributing to monitoring management to ensure the appropriateness and adequacy of corporate activities from an independent and objective standpoint since June 2018.	—	1	11 of 11*	7 of 7*

\* Attendance since being appointed in June 2018.

Holding Policy for Cross-Shareholdings

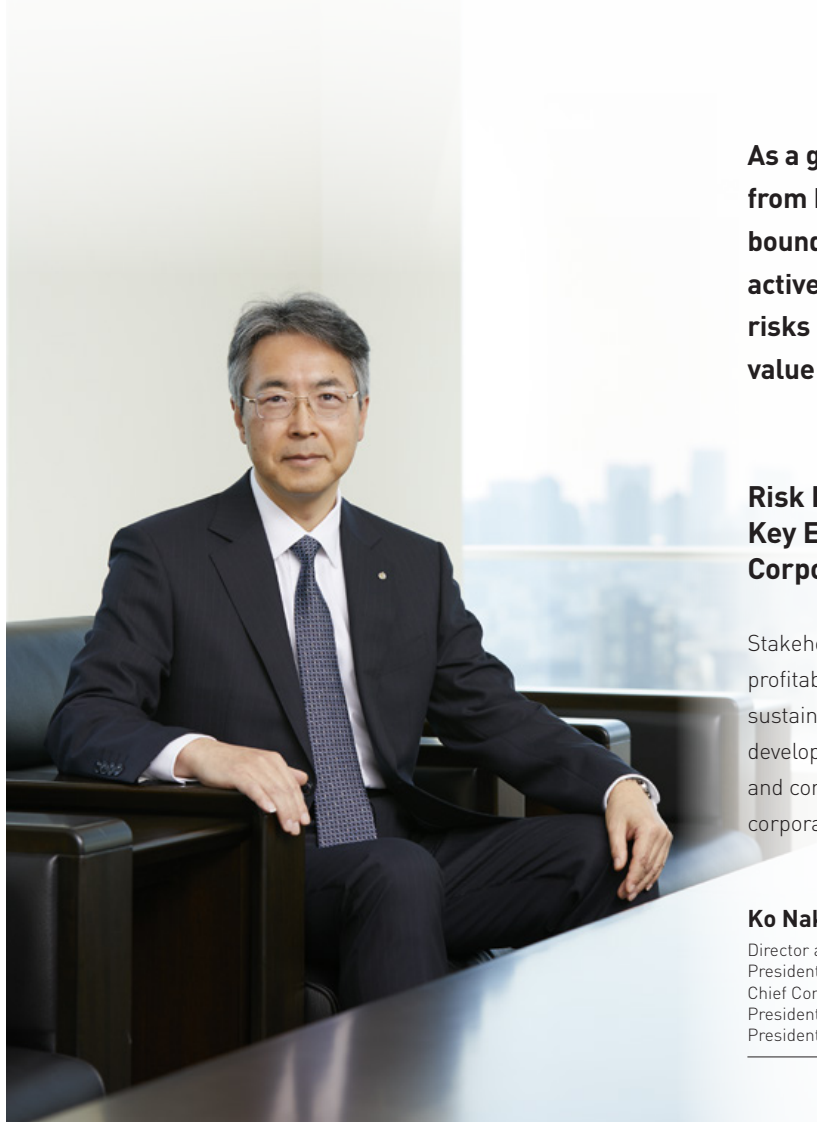
Cross-shareholdings by Tokyo Century (equity securities held for purposes other than pure investment) consist of shares issued by important stakeholders of Tokyo Century Group, such as its major business partners, shareholders, and creditors. The shares held are necessary to promote Tokyo Century's business over the medium to long term. In addition, Tokyo Century considers whether or not these cross-shareholdings should be continued by periodically reviewing the corresponding business relationships and

the status of profit or loss, and verifying at the Board of Directors the reasons for these holdings and that the benefits of holding these shares exceed the capital costs. In cases where the rationality of such holdings is not recognized, a proposal regarding the reduction of said shares is made. In fiscal 2018, Tokyo Century reviewed all of the shares held as of December 2018, and a partial reduction was determined. In fiscal 2019, Tokyo Century plans to continue to review all of the shares held.

Roles of Corporate Pension Funds as Asset Owners

Tokyo Century does not save or manage corporate pension funds as an asset owner. However, it has introduced a defined contribution corporate pension plan for the purpose of stable asset formation for its employees.

Employees are offered ongoing education on managing the plan, and the employee union discusses and selects investment products.



**As a group seeking to primarily create value from businesses and services that transcend the boundaries of conventional leasing, we recognize active risk management that addresses emerging risks is a crucial strategy for raising corporate value and supporting sustainable growth.**

## Risk Management and Compliance as Key Elements in Supporting Sustainable Corporate Value

Stakeholders and markets not only examine financial profitability but also closely examine the prospects for sustainable growth and a company's social continuity and development. We therefore believe that risk management and compliance are key elements in supporting sustainable corporate value.

### Ko Nakagawa

Director and Executive Officer  
President, Credit Supervision Unit  
Chief Compliance Officer (CCO)  
President, Risk Management Unit  
President, Legal Unit

As a company with financial capabilities, Tokyo Century Group has carried out its mission to solve client issues by providing pioneering value-added services. To that end, our company culture constantly takes on new risks. In order to utilize our true capabilities, assessing and appropriately controlling emerging risks are crucial, rather than simply reacting.

In real terms, this means developing our business based on management guidelines for capital usage rates, measuring consolidated VAR (value at risk: maximum potential loss) using statistical methods for each risk category, and monitoring to ensure that the total volume of risk stays within the boundaries defined as our risk buffer derived by deducting a certain level of margin from consolidated economic capital. Equity capital has hither to increased steadily, and we have expanded risk assets



through significant future investment while increasing our shareholders' equity ratio. Moreover, amid a rapid global expansion in businesses that transcend the boundaries of conventional leasing, we are aware that we must become increasingly sophisticated in our risk management operations.

## Attaining Increasingly Sophisticated Risk Management

In our Fourth Medium-Term Management Plan, we set out three core policies under the crucial theme of our risk management approach: 1) to strengthen risk management, 2) to build a risk control framework aimed at efficient allocation of management resources, and 3) to respond to society's demands in areas such as information security, diverse crisis management, and product quality control.

As our business expands, it is vital that risk management be viewed also on a consolidated basis, and this requires appropriate assessment of risks for each individual risk profile, including those we have not yet envisaged. As well as estimating future capital based on sensible expectations for profit accumulation, we intend to measure both the level and direction of our risk-taking activities.

As for risk management, while continuing to ensure sustainability based on a degree of discipline, we intend to create approaches to evolve Tokyo Century Group's business model and verify compatibility with society's changing demands.

## Risk Management

### Comprehensive Risk Management

Tokyo Century conducts companywide risk management by assessing risk from diverse perspectives centered on the quarterly meetings of its Comprehensive Risk Management Committee and by reporting and discussing the results at the Management Meeting and Board of Directors.

Our approach to ascertain risk volume involves continual measurement of the main risks related in our consolidated business as a potential future VAR (maximum potential loss), and monitoring of total risk tolerance in comparison with our risk buffer derived by deducting a certain margin from consolidated economic capital.

We also monitor the state of concentrated risk for each type of portfolio where statistical VAR may not necessarily provide a sufficiently detailed picture. In the last few years, society has been also increasingly emphasizing "management of non-financial risk," which had not been suitable for quantification, and we have, therefore, created a structure for continuous monitoring of around 20 checkpoints.

### Issues and Improvements for Raising Risk Management Effectiveness and VAR Measurement

In order to make risk management function effectively as a plan, do, check, and act (PDCA) cycle, it is important to ensure a suitable match between the perception formed by monitoring of consolidated risk measurement and capital usage rates and companywide enterprise risk management (ERM) on the one hand, and the policies adopted for individual projects on the other. For large projects above a certain amount, as credit transactions are considered by the Transaction Evaluation Meeting, investment projects can be deliberated at the Management Meeting and each

individual project openly assessed by several management members with extensive knowledge of companywide ERM.

In addition, while the continuous statistical measurement of risk through VAR is effective for disciplined ERM, it does not cover all types of concentrated risk and stress risk. In such cases, the Credit Risk Management Committee continually monitors rises in credit risk, tail risk, compliance with credit guidelines to one counterparty, and country exposure for the top ten nations for stress cases that are based on multiple scenarios rather than just quantitative measures. It reports to the Management Meeting and Board of Directors.



Risks and Management Approaches

Risk category	Risk definition	Management approach
Credit risk	Risk of losses resulting from deterioration in the credit standing of borrowers. Includes project finance and country risk	Credit Risk Management Committee (credit risk measurement, analysis), Transaction Evaluation Meeting (review of large projects and new scheme projects, etc.). Introduction of internal rating system, country exposure management, etc.
Market risks		
Interest rate risk	Risk of losses resulting from interest rate fluctuation	Asset Liability Management (ALM) Committee (market risks such as fluctuations in interest rate and foreign exchange rate, and liquidity risk related to fund procurement). Introduction of hedge ratio, maturity ladders, gap analysis, GPS (Grid Point Sensitivity), VAR management, etc.
Foreign exchange risk	Risk of losses resulting from foreign currency-denominated assets and liabilities owing to fluctuation in foreign exchange rates	
Liquidity risk	Risk of losses resulting from difficulty in procuring funds or increase in fund procurement costs owing to company-specific factors. Systemic risk of losses resulting from difficulty in procuring financing owing to overall uncertainty in capital markets	
Investment risks		
Equities investment risk	Risk of losses resulting from factors such as decline in prices or poor performance of listed/unlisted equities, funds, venture investments, REIT investments, etc.	Management Meeting and Board of Directors (policy for and condition of investment in equities, etc.). Comprehensive Risk Management Committee (investment risk measurement)
Business investment risk	Risk of losses resulting from investment activities in specific businesses	
Asset risk	Risk of losses resulting from fluctuation in the value of real estate, aircraft, ships, automobiles and other assets. Includes risk of holding and investing in nonrecourse loans, investment assets, etc.	Comprehensive Risk Management Committee (risk measurement and management of status of risks)
Operational risks		
Specific management to the following nine categories of non-financial risks Administration risk Fraud risk System risk Information security risk Legal risk Employment management risk Disaster risk Regulatory and system change risk Reputation risk		Administration risk and system risk: IT and Administration Strategy Management Committee (preparation and operation of IT strategy, IT investment, administrative system, etc.)  Information security risk: Information Security Committee, management based on ISO 27001 regulations, establishment and operation of CSIRT Office in the IT Promotion Division  Large-scale natural disasters and other crises: Establishment of "Crisis Management Rules," "Business Continuation Plan Rules," etc. Preparation and operation of BCP manual, safety confirmation system, etc.  Other operational risks: Comprehensive Risk Management Committee (analysis and measurement of risk and consideration of countermeasures, etc.)

Information Security Countermeasures

We view information security as a crucial issue affecting corporate management, rather than just being a responsibility of the IT department. Information security countermeasures are essential to protect the information resources of the company and its customers from cyber terror such as targeted attack emails, ransomware, and business email fraud. We implement a diverse range of countermeasures, mainly by our Information Security Committee, including maintaining regulations and rules regarding information management, conducting information security training, practicing email attacks simulation, conducting surveys to evaluate effectiveness, and monitoring security in the IT unit.

We also recognize the importance of each and every employee not neglecting daily basic tasks and necessary countermeasures in addition to ensuring that hardware and software system security is upgraded. We have established the CSIRT Office within our IT unit to handle countermeasures for information security incidents, and its activities include conducting regular drills for officers and employees that simulate a suspicious email attack without prior notice. Such emails in Japanese, English, and Chinese were sent to Tokyo Century and to domestic and overseas

Group companies several times for training purposes during fiscal 2018, and they have proved an effective tool for improving the information security awareness of officers and employees.

We endeavor to refine our information security countermeasures by receiving regular third-party assessments of our measures and by actively sharing knowledge with external partners through membership of the Nippon CSIRT Association.

Business Continuation Plan (BCP)

Tokyo Century enacts measures to ensure the continuity of key business functions in times of crisis by regularly compiling and updating its BCP manual.

Specifically, we continuously conduct BCP training sessions in which a hypothetical emergency headquarters is established on the assumption of a large-scale earthquake. Issues which arise during the training exercises are dealt with via the PDCA cycle, including updates to the BCP manual. In addition, the risk management liaison committee (described later) for Group companies invites outside experts to speak at events on crisis management regarding responses to the assumption of a major terrorist incident.

Business Email Fraud

Tokyo Century Group has not sustained any actual damage as a result of a cyberattack. However, a new cyber terror threat has recently emerged in the form of business mail fraud, such as mails purporting to be from our business partners or company executives. We have been not only sending repeated warnings about such attacks, but also taking preventative steps including reviewing and ensuring thorough usage of confirmation procedures for information related to fund transfers and business dealings.

Cybersecurity Measures

As part of Tokyo Century's cybersecurity measures, we have added TC-CSIRT to our corporate organization and established a security framework including compiling manuals to deal with security incidents for contingency preparedness. To respond to the increasing complexity and sophistication of cyberattacks, we hold regular drills that simulate an attack to strengthen capabilities for responding to such incidents. Through such drills, we endeavor to validate our capabilities and also to enhance the framework by continuously identifying areas for improvement and investigating new measures.



## Compliance

### Compliance Structure Composed of Compliance Officers

Recognizing the essential role of rigorous compliance for maintaining business continuity, we strive to establish a management structure that ensures all officers and employees demonstrate fairness and a strong sense of ethics to earn the trust of society at large.

Under the supervision of the chief compliance officer (CCO) appointed by the president, who is the chief compliance executive officer, the Compliance Office promotes compliance measures across the entire Tokyo Century Group. Moreover, the heads of each division and branch office act as compliance officers (COs) and presidents of each Group company as heads of compliance, with the responsibility for ensuring accordance with all relevant laws and ordinances and that business activities are in keeping with the social norm.

### Rigorous Compliance at Consolidated Group Companies

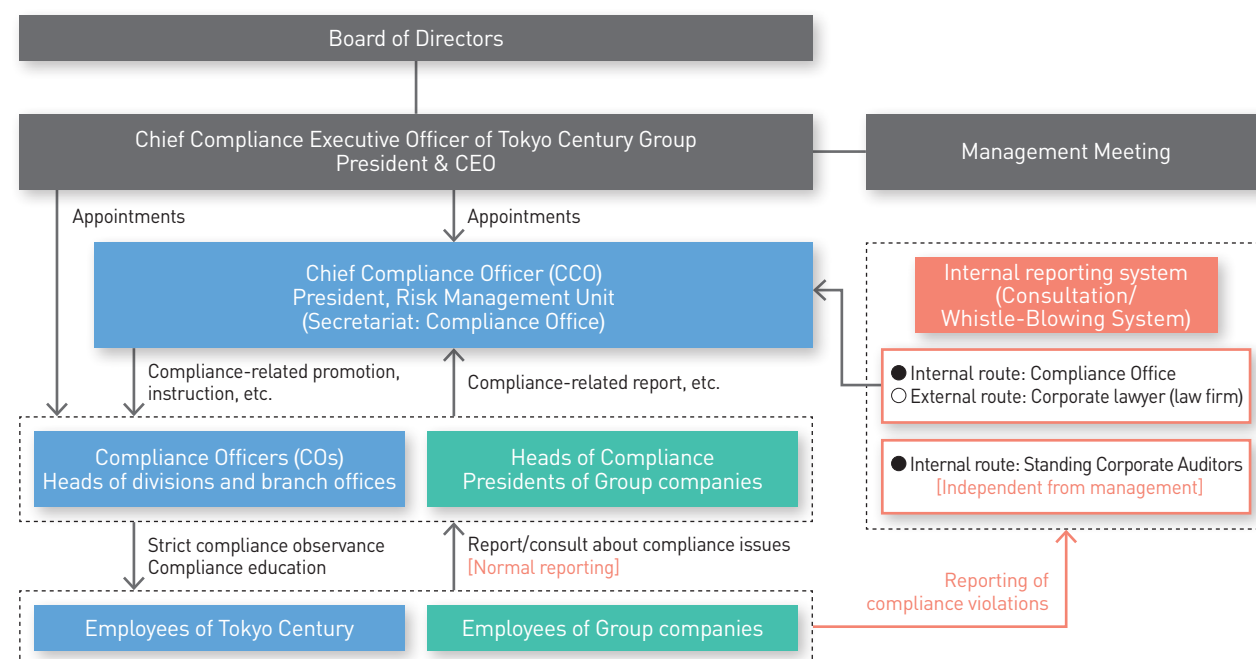
The risk management liaison committee for Group companies meets twice a year to work on strengthening

consolidated business management. This meeting, attended by compliance managers of the Group companies, has already been held 12 times and has proved to be a valuable forum for internal communication, including the sharing of important compliance issues.

Amid rapid global expansion in our business scope, it has become essential to ensure that compliance systems at our overseas Group companies are in line with the compliance structure of the Group. For example, the U.S. firm CSI Leasing, Inc., which was consolidated as part of the Group in 2017, implemented a rapid initiative that enabled completion of a compliance portal system with multiple-language capabilities (English, German, French, Spanish, and Portuguese).

The person responsible for the Business Risks Management Division visits overseas Group companies to conduct compliance training and review adherence to local laws and regulations and the development of business continuity plans while also raising awareness of the availability of the internal reporting system.

### Compliance Structure of Tokyo Century Group



### Internal Reporting System

Tokyo Century Group strives to detect and resolve risks at an early stage, enhance its self-correcting mechanism, and bolster compliance management by operating the "Consultation/Whistle-Blowing System," which is an internal reporting system that allows officers and employees to bypass their immediate superiors and directly report compliance violations.

We have established three shared reporting channels for domestic and overseas Group companies: our internal Compliance Office, an external law firm of corporate lawyers, and standing corporate auditors who ensure independence. We monitor the number of reports received as a yardstick of its self-correcting mechanism, and data are reported to the Management Meeting and Board of Directors.

### Utilization of the Internal Reporting System

There has been no major change in the overall number of reports received, although the proportion of reports from affiliates has increased. We observed that the drive to increase awareness of the system, including among local staff at overseas Group companies, has led to a rise in system knowledge and usage, rather than indicating that there has been growth in the number of compliance incidents within the Group. At the same time, the complete

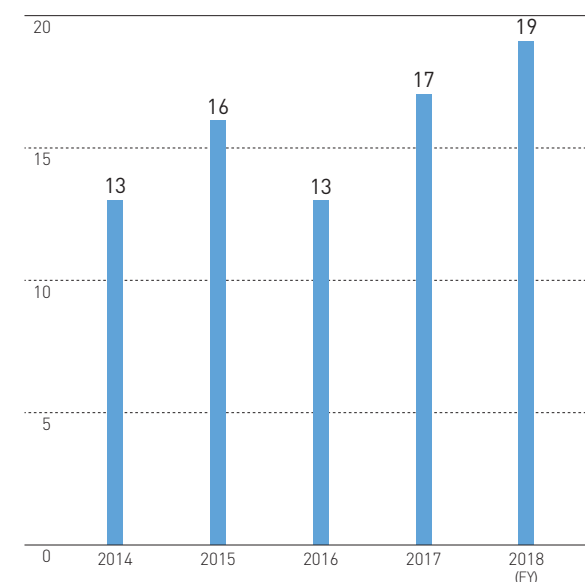
protection afforded to those making reports at both the external law firm and the Compliance Office has also increased confidence in the system and encouraged sustained usage.

### Anti-Corruption Initiatives

Tokyo Century Group engages in fair, equitable, and transparent transactions across all its business activities and strives to prevent corruption. We prohibit bribery by means of offering entertainment, cash, or any other benefits to domestic or overseas public officials for the purpose of eliciting favors, offering rewards for favors received, or obtaining unfair business advantages, either directly or indirectly through agents, consultants, or any other third party. Our "Guidelines on Offering Entertainment to Public Officials" are available in Japanese, English, and Chinese to ensure awareness among all employees including national staff at Tokyo Century's overseas subsidiaries.

We also seek to ensure public safety and promote sound economic activity by setting and practicing rules for identification before concluding agreements with business partners to prevent money laundering and financing of terrorism, which foster organized crime, and to sever ties with antisocial organizations.

### Tokyo Century Group Number of Reports Received via Internal Reporting System



### Compliance Handbooks

Tokyo Century Group distributes its Compliance Handbook to all officers and employees and provides it on its corporate portal for access at all times. The handbook includes information on internal regulations such as our Management Philosophy, scope of corporate activities, and compliance management regulations as well as information on matters such as prohibitions against respect for human rights and harassment. We have also created English and Chinese editions of the handbook for our overseas Group companies in an effort to improve the compliance mind-set of employees.





Management Organization

(As of July 1, 2019)



- 1

Chairman & Co-CEO,  
Representative Director

Toshihito Tamba
- 2

President & CEO,  
Representative Director

Shunichi Asada
- 3

Director  
(External Director) \*1, \*2

Yoshinori Shimizu
- 4

Director  
(External Director) \*1, \*2

Masao Yoshida
- 5

Director  
(External Director) \*1, \*2

Yukito Higaki
- 6

Director  
(External Director) \*1, \*2

Akio Nakamura
- 7

Director  
(External Director) \*1, \*2

Toshio Asano
- 8

Deputy President,  
Director and Executive Officer

Makoto Nogami
- 9

Deputy President,  
Director and Executive Officer

Masataka Yukiya
- 10

Deputy President,  
Director and Executive Officer

Akihiko Okada
- 11

Director and Senior Managing  
Executive Officer

Koichi Baba
- 12

Director and Managing  
Executive Officer

Osamu Tamano
- 13

Director and Managing  
Executive Officer

Seiichi Mizuno
- 14

Director and Managing  
Executive Officer

Akihiro Naruse
- 15

Director and  
Executive Officer

Ko Nakagawa

\*1 External director as stipulated by Article 2-15 of the Companies Act of Japan  
\*2 Designated independent officer as stipulated by the Tokyo Stock Exchange



# Sustainability Highlights

Tokyo Century pursues highly significant social initiatives through its business activities, including those to prevent global warming through its social infrastructure improvement, disseminate clean energy, and contribute to regional revitalization through its hotel business.

## Preventing Global Warming by Advancing the Joint Crediting Mechanism

### Summary of the Joint Crediting Mechanism

The Paris Agreement on climate change, enacted in November 2016, set a target of constraining the rise in the average global temperature to less than 2°C above pre-industrial levels as a means of pursuing efforts to limit the temperature increase even further to 1.5°C. For Japan, the agreement stipulates that greenhouse gas emissions must be cut by 26%, compared to fiscal 2013, by fiscal 2030.

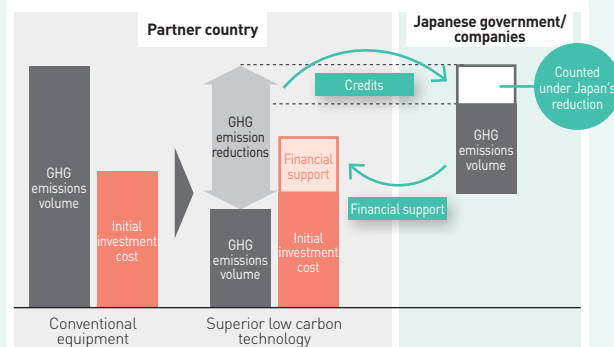
Use of Japan’s unique Joint Crediting Mechanism (JCM) is growing as an effective way to achieve these targets. The JCM facilitates the diffusion of Japan’s superior low carbon technologies to partner countries with support in the form of subsidies for part of the installation cost towards contributing to the establishment of a sustainable social infrastructure and reduced greenhouse gas emissions in these partner countries. At the same time, the system enables crediting some of the reduction in greenhouse gases under Japan’s emissions. Through the JCM and other

initiatives, Japan estimates it can reduce and absorb an accumulated total ranging from 50 million to 100 million tonnes in greenhouse gas emissions by fiscal 2030.

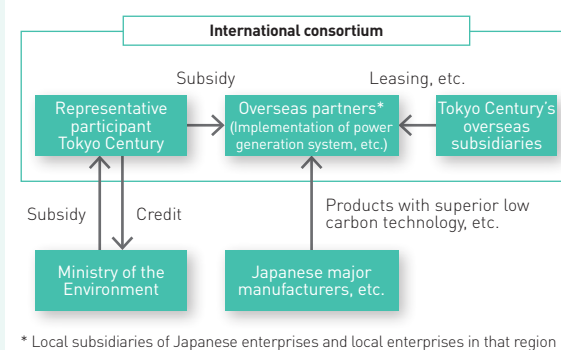
### JCM Initiatives of Tokyo Century Group

Tokyo Century is the only Japanese financial services company that serves as a representative participant of the JCM model project. We actively participate in projects, utilizing our extensive overseas network and high-value-added financial service capabilities. Our strengths as a representative participant are our superior planning and proposal capabilities for environmental equipment through alliances with partner companies and our ability to supply subsidies as well as operating funds through our local overseas subsidiaries. We believe that the JCM represents an opportunity for us to utilize the know-how and strengths gained through our business activities.

### Concept of the Introduction of Low Carbon Technology Utilizing the JCM



### Scheme of Tokyo Century Group's JCM



Our achievement in the JCM business already extends to six projects in three countries as of July 2019. In addition to supporting efforts to mitigate global warming and more broadly disseminate the outstanding low carbon technology of Japanese manufacturers, the JCM business represents significant social value by contributing to the economic development of partner countries. It is closely aligned with efforts to achieve the SDGs and can be viewed as a business that contributes on a global scale to the creation of an environmentally sound, sustainable economy and society. Because of its position in a management environment free of regulatory constraints, Tokyo Century has been able to provide many financial services required by customers in Japan and overseas. Going forward, we intend to continue actively promoting and expanding JCM business in partnership with Japanese companies by leveraging the provision of our high-value-added financial services.

#### Takashi Aoki

Deputy Manager, International Solutions Support Division



## Effective Use of Resources toward Creating a Sustainable, Environmentally Sound Future

As part of our efforts to realize energy creation business that utilizes public infrastructure (e.g., wastewater treatment plants) and regional resources, we intend to work with Tsukishima Kikai to develop power generation business utilizing digestion gas (biogas) generated at wastewater treatment plants. Digestion gas is flammable and primarily comprised of methane, generated in the process of sewage treatment. This previously untapped resource of renewable energy is expected to be used effectively in preventing global warming.

This business system is structured with private enterprises constructing power generation facilities using their own funds and know-how. We have undertaken the power generation business for 20 years by utilizing digestion gas purchased from municipalities and sell the electricity generated to power companies. While not needing to provide any business funds or own property,

the local government earns revenue from the land used for construction and supply of digestion gas.

By combining Tokyo Century’s expertise gained in the renewable energy business and financial services along with the energy creation business in the wastewater treatment field which Tsukishima Kikai excels, we are committed to creating an environmentally sound, sustainable economy and society through operation of stable power generation business.



Rendering of the completed Nakagawa Mizu Junkan Center digestion gas power generation plant

## Initiatives for Regional Revitalization through the Hotel Business

Tokyo Century believes that revitalization through tourism is a key countermeasure to the social issue of the depopulation of regional areas. As part of our efforts to address this challenge, we have been involved in developing the ANA InterContinental Beppu Resort & Spa, a spa resort by an international five-star hotel brand. Scheduled to open in August 2019, the hotel will appeal to tourists from around the world seeking a luxury experience and is expected to

make Beppu City, already one of Japan’s most famous hot spring areas, a global tourist destination.



ANA InterContinental Beppu Resort & Spa

## Reducing Environmental Impact through Stable Energy Transportation

Demand has recently been increasing for LNG as a clean form of energy due to the lower emissions of CO<sub>2</sub> and nitrogen oxides when combusted compared to other fossil fuels such as coal and petroleum. In this context, Tokyo Century has become the first leasing company to participate in an ownership of a newly built LNG carrier as part of its efforts to contribute to the stable transportation of energy. The adoption of cutting-edge environmental technologies, such as improvements in propulsion performance from an optimized hull shape to achieve 25% higher fuel efficiency than that of

conventional carriers, means our jointly owned LNG carrier also reduces environmental impact during navigation.



LNG tanker *Enshu Maru*



## Strengthening the Singapore Car Rental Business through an Alliance with Grab

The Singapore government controls the number of registered vehicles on its roads in order to ease traffic congestion and protect the environment. When buying a car, purchasers must pay taxes and miscellaneous expenses in addition to the vehicle price, and this means car ownership is limited to a small, wealthy segment of society.

In 2016, Tokyo Century entered a strategic partnership with Grab. Grab is active in eight Southeast Asian nations with operations including a ride-hailing service that matches drivers with customers through a mobile app. Since then, we have made the capital investment in Grab Rentals, which provides vehicle rental services and solutions to Grab driver-partners in Singapore. Going

forward, we intend to strengthen initiatives for increasing safety and convenience for both drivers and passengers while also contributing to the improvement of Singapore's transportation infrastructure through Grab Rentals.



## Providing Customers with Safe and Trusted Rent-a-Cars

In January 2017, Nippon Rent-A-Car Service, Inc. began introducing vehicles fitted with ASV\* to prevent customer traffic accidents and offer safe, trusted vehicles. As of May 2019, ASV-equipped vehicles accounted for approximately 85% (around 32,000 vehicles) of its total fleet.

Prior to the introduction of ASV, roughly 18% of all customer accidents were attributed to carelessness associated with such factors as a failure to check the road ahead properly. Some of these accidents, such as low-speed collisions in traffic jams and crossing the center line, could have been prevented by ASV.

In addition, the company has decided to install drive recorders as standard equipment in all new cars introduced starting in July 2019. We will continue offering safe, trusted,

and comfortable rent-a-cars, and implement measures to reduce traffic accidents and the social concerns over hazardous driving.

\* Advanced Safety Vehicle: A vehicle with an onboard system that supports safe driving through equipment such as an advanced emergency breaking system, adaptive cruise control, a lane keeping assistant, and electronic vehicle stability control.



## Promoting Solar Power Generation Business through the Issuance of Green Bonds

Tokyo Century raised ¥10 billion through the issuance of green bonds (unsecured bonds)\* by public offering in October 2018. The funds were allocated for leasing solar power generation facilities for our consolidated subsidiary Kyocera TCL Solar. Since its establishment in August 2012, Kyocera TCL Solar has operated and managed solar power plants in more than 70 locations across Japan. We remain committed to promoting renewable energy as well as contributing to environmental protection.

\* These bonds are issued to raise funds for green projects that aim to resolve environmental issues.



Mega Solar Power Plant, operated by Kyocera TCL Solar in Kurokawa District, Miyagi Prefecture

## External Evaluation

### Human Resources

#### Received the Platinum Kurumin Certification from the Ministry of Health, Labour and Welfare

The Kurumin system is sponsored by the Ministry of Health, Labour and Welfare under the Act on Advancement of Measures to Support Raising Next-Generation Children. The ministry recognizes companies that have achieved the objectives of their General Employer Action Plans, such as helping employees balance their work and private life. Tokyo Century was granted the Platinum Kurumin certification as a company pursuing a higher level of initiatives.



#### Selected as a FY2016 Nadeshiko Brand

Tokyo Century was selected as a FY2016 Nadeshiko Brand under a scheme inaugurated in FY2012 as a joint initiative between the Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange (TSE) to recognize companies for excellence in empowering women. The initiative annually recognizes companies for excellence in empowering women. Tokyo Century was selected for promoting diversity as part of its management policy and actively engaging in and disclosing information on initiatives for empowering women in the workplace.



#### Selected as a FY2018 Semi-Nadeshiko Brand

From fiscal 2018, METI joined forces with the TSE to begin designating listed companies that have at least one female director, auditor or executive officer and that excel in promoting female workplace empowerment as "Semi-Nadeshiko Brands." Tokyo Century was selected under this system for its appointment of a female executive officer along with its range of initiatives for empowering women in the workplace.



### Society

#### FTSE4Good Index

Tokyo Century has been selected as a constituent of the FTSE4Good Index, a major global index for socially responsible investment.



#### FTSE Blossom Japan Index\*

The FTSE Blossom Japan Index is designed as a tool to measure the performance of Japanese companies that demonstrate strong environmental, social and governance (ESG) practices. Tokyo Century has been a constituent of the index since 2017.

\* The Government Pension Investment Fund (GPIF) of Japan has selected the index as a benchmark for passive ESG investments.



#### MSCI Japan ESG Select Leaders Index\*

The MSCI Japan ESG Select Leaders Index is based on the MSCI Japan IMI Top 500 Index and is composed of companies that have demonstrated outstanding ESG performance. Tokyo Century has been a constituent of the index since 2017.



THE INCLUSION OF Tokyo Century Corporation, IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF Tokyo Century Corporation, BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

\* The Government Pension Investment Fund (GPIF) of Japan has selected the index as a benchmark for passive ESG investments.

#### 2019 Competitive IT Strategy Company

Competitive IT Strategy Companies are recognized for their strategic utilization of IT to achieve business innovation and strengthen competitiveness. Companies from the roughly 3,600 listed in Japan are selected for each industry sector. Tokyo Century has been selected for five consecutive years, since fiscal 2015.



#### JPX-Nikkei Index 400

This stock index is composed of companies that are highly appealing for investors and meet the requirements of global investment standards, including ROE, an indicator of capital efficiency. Tokyo Century has been selected to the index since its launch in 2014.

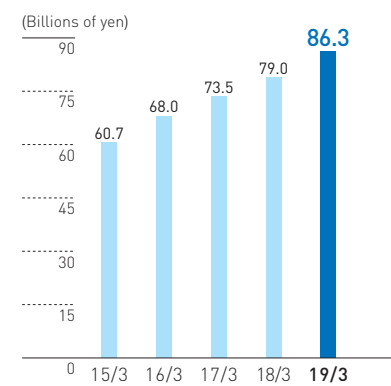


# Performance Highlights

## Financial Information

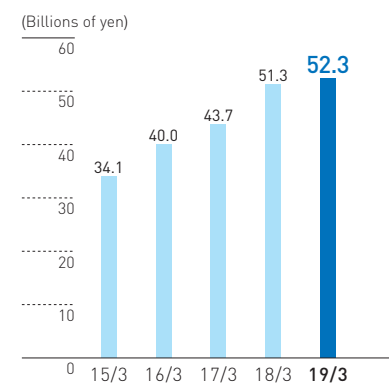
### Ordinary Income

**¥86.3 billion**  
(+¥7.3 billion YoY)



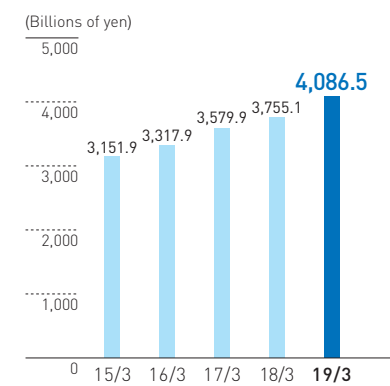
### Net Income Attributable to Owners of Parent

**¥52.3 billion**  
(+¥1.0 billion YoY)



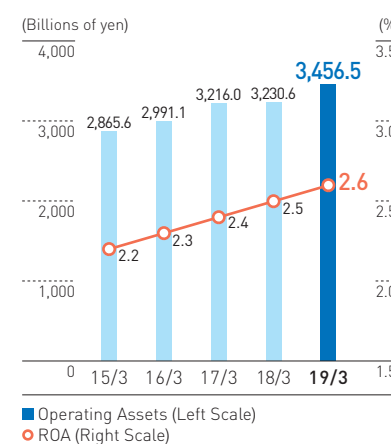
### Total Assets

**¥4,086.5 billion**  
(+¥331.4 billion YoY)



### Operating Assets and ROA\*1

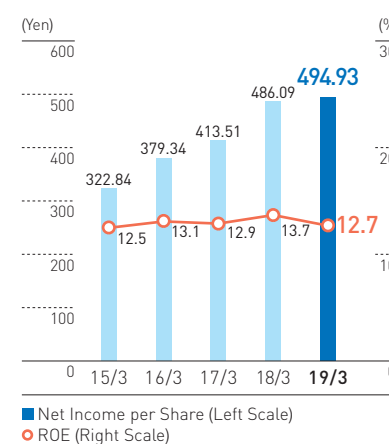
**¥3,456.5 billion/2.6%**  
(+¥225.9 billion YoY) (+0.1 point YoY)



\*1. Ratio of ordinary income to operating assets

### Net Income per Share and ROE

**¥494.93/12.7%**  
(+¥8.84 YoY) (-1.0 point YoY)

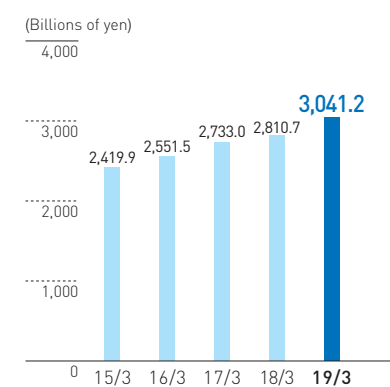


■ Net Income per Share (Left Scale)

○ ROE (Right Scale)

### Interest-Bearing Debt

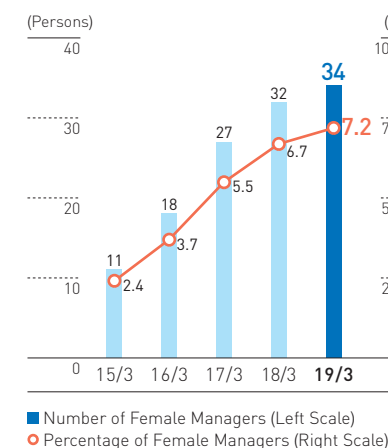
**¥3,041.2 billion**  
(+¥230.6 billion YoY)



## Non-Financial Information

### Ratio of Female Managers (Non-Consolidated)

**7.2%**  
(+0.5 point YoY)



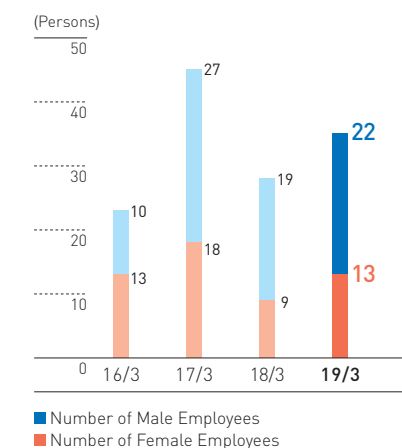
■ Number of Female Managers (Left Scale)

○ Percentage of Female Managers (Right Scale)

### Eligible Employees Who Have Taken Childcare Leave (Non-Consolidated, by Gender)

Number of female employees:  
**13**

Number of male employees:  
**22**

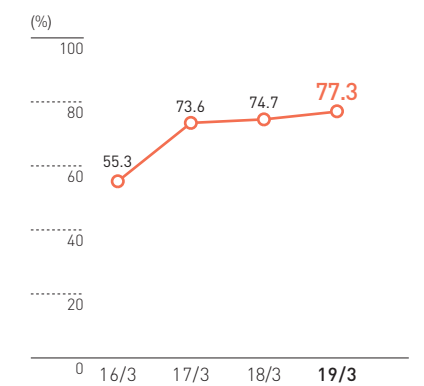


■ Number of Male Employees

■ Number of Female Employees

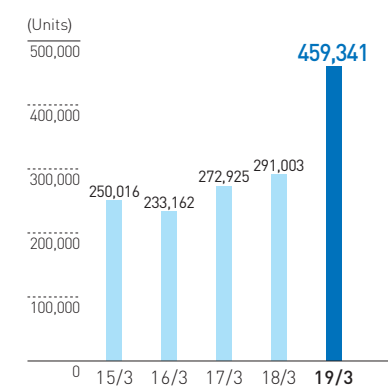
### Ratio of Eligible Employees Who Have Taken Paid Annual Leave

**77.3%**  
(+2.6 points YoY)



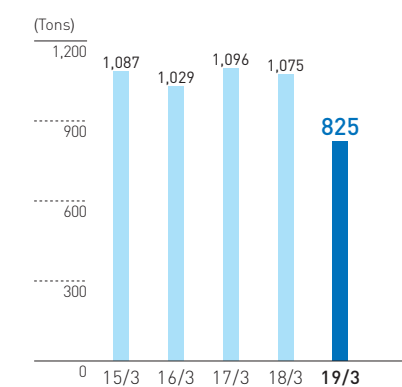
### Pre-Owned Personal Computers Sold

**459,341 units**  
(+168,338 units YoY)



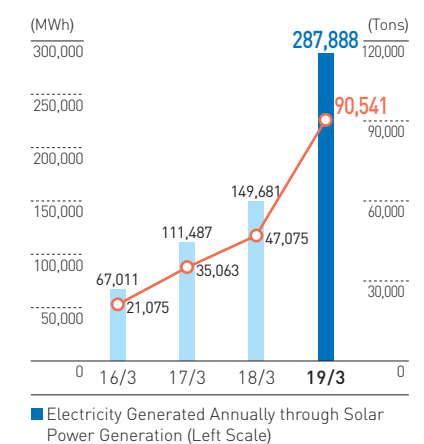
### Reduction in CO<sub>2</sub> Emissions from Electricity Consumption

**825 metric tons**  
(-250 tons YoY)



### Reduction of CO<sub>2</sub> by Solar Power Generation\*2 of Kyocera TCL Solar LLC

**90,541 metric tons**  
(+43,466 tons YoY)



■ Electricity Generated Annually through Solar Power Generation (Left Scale)

○ CO<sub>2</sub> Reduction (Right Scale)

\*2. Compared with conventional thermal power generation



# Financial Summary

	2010/03	2011/03	2012/03	2013/03	2014/03	2015/03	2016/03	2017/03	2018/03	2019/03
<b>Operating Results (Billions of yen)</b>										
Revenues	758.7	713.2	716.3	691.1	828.6	883.0	940.5	976.1	1,012.2	1,067.6
Costs	693.6	641.6	643.7	620.2	731.2	759.3	803.6	823.3	849.0	885.9
Gross profit	65.1	71.6	72.7	70.9	97.3	123.7	136.8	152.8	163.2	181.7
Sales revenues (gross profit before deducting funding cost)	85.1	86.1	84.2	80.7	106.5	134.1	150.2	170.3	184.8	208.0
SG&A expenses	34.8	30.6	30.8	28.9	45.9	65.2	70.9	80.8	89.5	104.0
Personnel and non-personnel expenses	29.2	29.4	30.8	29.8	46.0	66.3	69.7	79.6	89.8	103.8
Credit costs	5.7	1.1	0.0	(0.9)	(0.1)	(1.1)	1.2	1.2	(0.3)	0.3
Operating income	30.3	41.0	41.9	42.0	51.4	58.4	65.9	72.0	73.7	77.7
Ordinary income	33.4	44.2	46.3	46.3	55.2	60.7	68.0	73.5	79.0	86.3
Extraordinary income and losses	(0.2)	(3.5)	(2.2)	(0.1)	(0.1)	(1.0)	0.5	0.2	0.4	0.1
Net income attributable to owners of parent	25.5	23.6	26.2	28.9	33.1	34.1	40.0	43.7	51.3	52.3
<b>Financial Condition (Billions of yen)</b>										
Total assets	2,132.9	2,184.6	2,260.4	2,465.8	2,884.8	3,151.9	3,317.9	3,579.9	3,755.1	4,086.5
Operating assets	1,938.0	2,023.7	2,094.4	2,231.4	2,597.5	2,865.6	2,991.1	3,216.0	3,230.6	3,456.5
Leasing	1,410.1	1,383.7	1,375.8	1,473.9	1,783.9	1,915.0	2,026.9	2,237.7	2,182.4	2,339.9
Installment sales	200.5	191.8	188.0	201.6	213.7	239.4	214.4	201.5	194.3	179.9
Finance	327.3	448.2	530.7	555.9	593.1	699.2	724.4	750.0	785.1	847.3
Other	—	—	—	—	6.8	12.0	25.4	26.8	68.9	89.4
Segment assets* <sup>2</sup>	1,950.2	2,038.1	2,110.9	2,253.3	2,605.0	2,895.6	3,020.8	3,240.9	3,330.2	3,597.9
Equipment Leasing	1,502.8	1,515.9	1,492.2	1,496.3	1,532.9	1,535.4	1,492.0	1,450.6	1,403.0	1,412.9
Mobility & Fleet Management	86.3	97.7	115.5	130.5	358.1	380.5	410.5	459.2	515.8	585.9
Specialty Financing	275.3	332.8	397.7	491.8	542.1	711.9	845.9	897.0	975.6	1,114.0
International Business	85.8	91.7	105.5	134.6	172.0	267.9	272.4	434.1	435.7	485.0
Interest-bearing debt	1,749.8	1,741.9	1,783.2	1,939.2	2,211.7	2,419.9	2,551.5	2,733.0	2,810.7	3,041.2
Net assets	158.1	178.8	201.3	233.7	285.5	336.5	374.9	404.8	456.0	524.4
<b>Cash Flows (Billions of yen)</b>										
Cash flows from operating activities	194.3	48.6	(26.4)	(89.7)	(28.3)	(171.0)	(136.6)	(0.7)	26.4	(59.2)
Cash flows from investing activities	(8.9)	23.2	(0.5)	(5.6)	10.0	(18.7)	(3.1)	(30.1)	(107.9)	(123.9)
Cash flows from financing activities	(306.1)	(89.8)	38.3	135.9	54.5	156.9	155.8	27.5	81.6	189.0
Cash and cash equivalents at end of year	50.9	32.8	44.5	83.1	115.8	71.9	91.8	85.7	86.4	89.7
<b>Per Share Data (Yen)</b>										
Net income	239.57	221.80	245.82	272.32	311.64	322.84	379.34	413.51	486.09	494.93
Net assets	1,410.61	1,594.57	1,796.62	2,092.46	2,386.02	2,776.37	3,033.61	3,360.27	3,750.35	4,039.68
Dividends	32.00	40.00	44.00	48.00	52.00	65.00	80.00	100.00	114.00	124.00
<b>Significant Indicators (%)</b>										
Return on equity (ROE)* <sup>3</sup>	18.5	14.8	14.5	14.0	13.9	12.5	13.1	12.9	13.7	12.7
Return on assets (ROA)* <sup>4</sup>	1.5	2.0	2.1	2.0	2.1	2.0	2.1	2.1	2.2	2.2
Shareholders' equity ratio	7.1	7.8	8.4	9.0	8.8	9.3	9.6	9.9	10.5	10.4
Overhead ratio (OHR)* <sup>5</sup>	44.8	41.1	42.3	42.1	47.2	53.6	50.9	52.1	55.0	57.1
<b>Other Data (Persons)</b>										
Employees (Consolidated)	1,732	1,715	1,722	1,676	3,309	4,113	4,124	5,430	6,035	7,016

Notes: \*1. Data are rounded down to the nearest unit.

\*2. Balance of segment assets = Operating assets stated in the Consolidated Financial Results (Kessan Tanshin) + Investment amount in equity-method affiliates.

\*3. ROE = Net income attributable to owners of parent / Equity (simple average of beginning and end of term balance sheet figures) × 100

\*4. ROA = Ordinary income / Total assets (simple average of beginning and end of term balance sheet figures) × 100

\*5. OHR = (Personnel expenses + Non-personnel expenses) / Gross profit × 100

Main Subsidiaries, Affiliates and Other

Japan

Company	Location	Main Business	Voting Shares*
Consolidated Subsidiaries			
Nippon Car Solutions Co., Ltd.	Japan	Automobile leasing	60%
Nippon Rent-A-Car Service, Inc.	Japan	Automobile rental and leasing	89%
Orico Auto Leasing Co., Ltd.	Japan	Automobile leasing for individuals	50%
Fujitsu Leasing Co., Ltd.	Japan	IT-related equipment leasing	80%
IHI Finance Support Corporation	Japan	General leasing and finance	67%
Orico Business Leasing Co., Ltd.	Japan	General leasing	50%
ITEC Leasing Co., Ltd.	Japan	General leasing	85%
S.D.L. Co., Ltd.	Japan	General leasing	100%
TRY Corporation	Japan	Refurbishment of PCs	80%
TC Tsukishima Energy Solution LLC	Japan	Sales of electricity generated using biogas	90%
Amada Lease Co., Ltd.	Japan	General leasing	60%
Shinko Real Estate Co., Ltd.	Japan	Real estate business	70%
TC Property Solutions Corporation	Japan	Property management	100%
Kyocera TCL Solar LLC	Japan	Sales of electricity generated using solar power	81%
TCLA Godo Kaisha	Japan	General leasing and installment sales	100%
Shunan Power Corporation	Japan	Power generation	60%
TC Agency Corporation	Japan	Casualty insurance	100%
TC Business Service Corporation	Japan	Business processing services	100%
TC Business Experts Corporation	Japan	Business inspection services	100%
Equity-Method Affiliates			
ITOCHU TC Construction Machinery Co., Ltd.	Japan	Sales and rental services for construction and other equipment	50%
Bplats, Inc.	Japan	Subscription-based business	33%
Nanatsujima Biomass Power LLC	Japan	Sales of electricity generated using biomass power	25%
Nittochi Asset Management Co., Ltd.	Japan	Management and formation of real estate investment funds	30%

U.S.A.

Company	Location	Main Business	Voting Shares*
Consolidated Subsidiaries			
TC Skyward Aviation U.S., Inc.	U.S.A.	Aviation leasing and finance	100%
TC Realty Investments Inc.	U.S.A.	Real estate investment	100%
CSI Leasing, Inc.	U.S.A.	IT equipment leasing	100%
Tokyo Century (USA) Inc.	U.S.A.	General leasing	100%
Equity-Method Affiliates			
Aviation Capital Group LLC	U.S.A.	Aviation leasing and finance	25%
GA Telesis, LLC	U.S.A.	Provider of products, services and solutions to the commercial aerospace industry	49%
Gateway Engine Leasing, LLC	U.S.A.	Aircraft engine leasing	20%

Asia

Company	Location	Main Business	Voting Shares*
Consolidated Subsidiaries			
Tokyo Century Leasing China Corporation	China	General leasing	80%
Tokyo Century Factoring China Corporation	China	Factoring services	100%
TC Leasing Co., Ltd.	China	Leasing and finance through alliance with China UnionPay Merchant Services	100%
Tokyo Leasing (Hong Kong) Ltd.	Hong Kong	General leasing	100%
Tokyo Century Leasing (Singapore) Pte. Ltd.	Singapore	General leasing	100%
Tokyo Century Asia Pte. Ltd.	Singapore	Investment/shareholding and ancillary business	100%
Tokyo Century Capital (Malaysia) Sdn. Bhd.	Malaysia	General leasing	100%
TISCO Tokyo Leasing Co., Ltd.	Thailand	General leasing	49%
HTC Leasing Co., Ltd.	Thailand	Construction equipment finance	70%
TC Advanced Solutions Co., Ltd.	Thailand	Reverse factoring and other services	59%
TC Car Solutions (Thailand) Co., Ltd.	Thailand	Financing and services related to automobiles	99%
PT. Century Tokyo Leasing Indonesia	Indonesia	General leasing	85%
PT. TCT Indonesia	Indonesia	General trading company	100%
Equity-Method Affiliates			
Tong-Sheng Finance Leasing Co., Ltd.	China	Automobile and equipment leasing	49%
Dalian Bingshan Group Hua Hui Da Financial Leasing Co., Ltd.	China	Finance and general leasing	40%
Suzhou New District Furui Leasing Co., Ltd.	China	Finance and general leasing	20%
President Tokyo Corporation	Taiwan	Automobile leasing and general leasing	49%
PT. Hexa Finance Indonesia	Indonesia	Construction equipment finance	20%
PT. Big Ecommerce Bersama	Indonesia	B-to-G and B-to-B e-commerce operation	20%
BPI Century Tokyo Lease & Finance Corporation	Philippines	General leasing	49%
Yoma Fleet Ltd.	Myanmar	Automobile leasing and car sharing	20%
Other			
TATA Capital Financial Services Limited	India	Finance and general leasing	—

Europe

Company	Location	Main Business	Voting Shares*
Consolidated Subsidiaries			
TC Skyward Aviation Ireland Ltd.	Ireland	Aviation leasing and finance	100%
TC Aviation Capital Ireland Ltd.	Ireland	Aviation leasing and finance	100%
Tokyo Leasing (UK) Plc	U.K.	General leasing	100%

\* Voting share percentages are rounded to the nearest whole number.



Corporate Information / Management (As of July 1, 2019)

Company Name	Tokyo Century Corporation
Head Office	FUJISOFT Bldg., 3 Kanda-neribeicho, Chiyoda-ku, Tokyo 101-0022, Japan
Founded	July 1, 1969
Paid-in Capital	¥34,231 million
Company Representatives	Chairman & Co-CEO Toshihito Tamba President & CEO Shunichi Asada
Number of Employees	7,016 (989 on a non-consolidated basis as of March 31, 2019)
Closing of Accounts	March 31
Main Banks	Mizuho Bank, Ltd.; MUFG Bank, Ltd.; Sumitomo Mitsui Trust Bank, Limited; The Norinchukin Bank; Sumitomo Mitsui Banking Corporation
Independent Auditor	Ernst & Young ShinNihon LLC
Network	Domestic: Head office, Sapporo, Sendai, Saitama, Yokohama, Shizuoka, Nagoya, Kanazawa, Kyoto, Osaka, Kobe, Okayama, Hiroshima, Fukuoka  Overseas: We operate in 37 countries and regions in Asia, North America, Central and South America, Europe, and elsewhere.

Management

Board of Directors				
Chairman & Co-CEO, Representative Director	Director (External Director) *1, *3	Deputy President, Director and Executive Officer	Director and Managing Executive Officer	Director and Executive Officer
Toshihito Tamba	Yoshinori Shimizu	Makoto Nogami	Osamu Tamano	Ko Nakagawa
President & CEO, Representative Director	Masao Yoshida	Masataka Yukiya	Seiichi Mizuno	
Shunichi Asada	Yukito Higaki	Akihiko Okada	Akihiro Naruse	
	Akio Nakamura	Director and Senior Managing Executive Officer		
	Toshio Asano	Koichi Baba		

Corporate Auditors			
Standing Corporate Auditor (External Corporate Auditor) *2	Standing Corporate Auditor	Corporate Auditor (External Corporate Auditor) *2, *3	
Futoshi Okada	Yuichiro Ikeda	Masao Fujieda	
	Katsuya Amamoto		

\*1. External director as stipulated by Article 2-15 of the Companies Act of Japan

\*2. External corporate auditor as stipulated by Article 2-16 of the Companies Act of Japan

\*3. Designated independent officer as stipulated by the Tokyo Stock Exchange

Executive Officers				
Deputy President, Executive Officer	Managing Executive Officer	Executive Officer		
Koichi Nakajima	Kenji Murai	Tomoyuki Akamatsu	Kimio Kozuka	Minoru Kuwahara
Senior Managing Executive Officer	Takashi Kamite	Hiroaki Ogino	Junji Tsutsui	Masahiro Oohata
	Yoshio Nomura	Foo Siang Seng	Yoshihiro Ueda	Toshiyuki Otobe
Yasushi Yoshino	Mahoko Hara	Tatsuya Hirasaki	Toshihiko Tamura	Shintaro Yamazaki
Yoichiro Nakai	Shuji Ozawa	Takashi Yonetsu	Masami Nagata	Masato Osugi
	Toshio Kitamura			

Stock Information (As of March 31, 2019) / Bond Ratings (As of March 31, 2019)

Transfer Agent	Mizuho Trust & Banking Co., Ltd.
Stock Listing	Tokyo Stock Exchange, First Section
Securities Code	8439
Trading Lot Size	100 shares

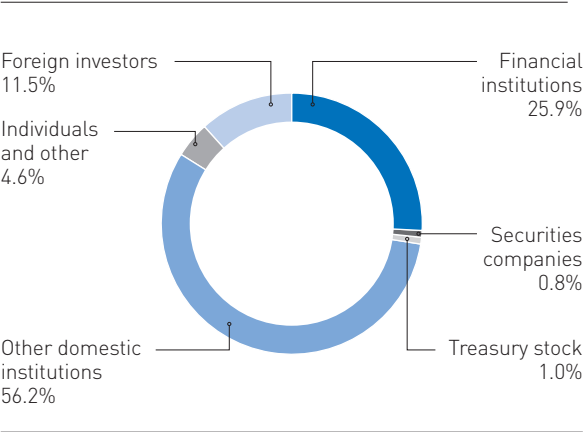
Major Shareholders

Shareholders	Number of Shares Held (Thousands)	Shareholding ratio* (%)
ITOCHU Corporation	26,656	25.24
Nippon Tochi-Tatemono Co., Ltd.	15,712	14.88
KSO Co., Ltd.	10,306	9.76
Japan Trustee Services Bank, Ltd. (Trust accounts)	6,478	6.13
Mizuho Bank, Ltd.	4,688	4.44
The Master Trust Bank of Japan, Ltd. (Trust accounts)	2,610	2.47
Seiwa Sogo Tatemono Co., Ltd.	2,286	2.17
Nippon Life Insurance Company	2,228	2.11
Mizuho Trust & Banking Co., Ltd. (Retirement Allowance Trust, Orient Corporation Account Trust & Custody Services Bank, Ltd. re-entrusted)	1,900	1.80
Yushu Tatemono Co., Ltd.	1,716	1.62

\* The shareholding ratio is calculated by excluding the treasury stock (1,008,592 shares).

Number of Shares of Common Stock Authorized	400,000,000 shares
Number of Shares of Common Stock Issued	106,624,620 shares
Number of Shareholders	9,802

Breakdown of Shareholders



Bond Ratings

Issuer Tokyo Century Corporation (Securities Code: 8439)

Credit Rating Agency	Japan Credit Rating Agency, Ltd. (JCR)	Rating and Investment Information, Inc. (R&I)
Long-term	[Long-term Issuer Rating] Rating: AA– Outlook: Stable	[Issuer Rating] Rating: A Outlook: Positive
	[Preliminary Rating for Bonds Registered for Issuance]* Rating: AA– Expected Issue Amount: ¥200 billion Issue Period: Two Years Beginning February 14, 2018	[Preliminary Rating for Bonds Registered for Issuance]* Rating: A Expected Issue Amount: ¥200 billion Issue Period: Two Years Beginning February 14, 2018
	[Euro Medium-Term Note Program] Rating: AA– Maximum Outstanding Amount: Equivalent of US\$2 billion	[Euro Medium-Term Note Program] Rating: A Maximum Outstanding Amount: Equivalent of US\$2 billion
Short-term	[Commercial Paper] Rating: J-1+ Maximum Outstanding Amount: ¥800 billion	[Commercial Paper] Rating: a-1 Maximum Outstanding Amount: ¥800 billion

\* Each bond will be rated by each rating agency upon issuance.

Editorial Policy

The integrated report provides a brief explanation to shareholders, investors and other stakeholders of financial information, including management direction, strategies and a review of operations as well as non-financial information on its initiatives with respect to the environmental, social and governance (ESG).

Guidance for Collaborative Value Creation

The integrated report refers to “Guidance for Collaborative Value Creation,” which is a common language among investors. As a company with financial capabilities, Tokyo Century focuses on creating businesses that are useful to society by cooperating with its partners. Our aim is to help our stakeholders understand our efforts to “contribute to the creation of an environmentally sound, sustainable economy and society,” which is part of our Management Philosophy.



## **Tokyo Century Corporation**

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