

The Tokyo Century Group's Climate Change Initiatives

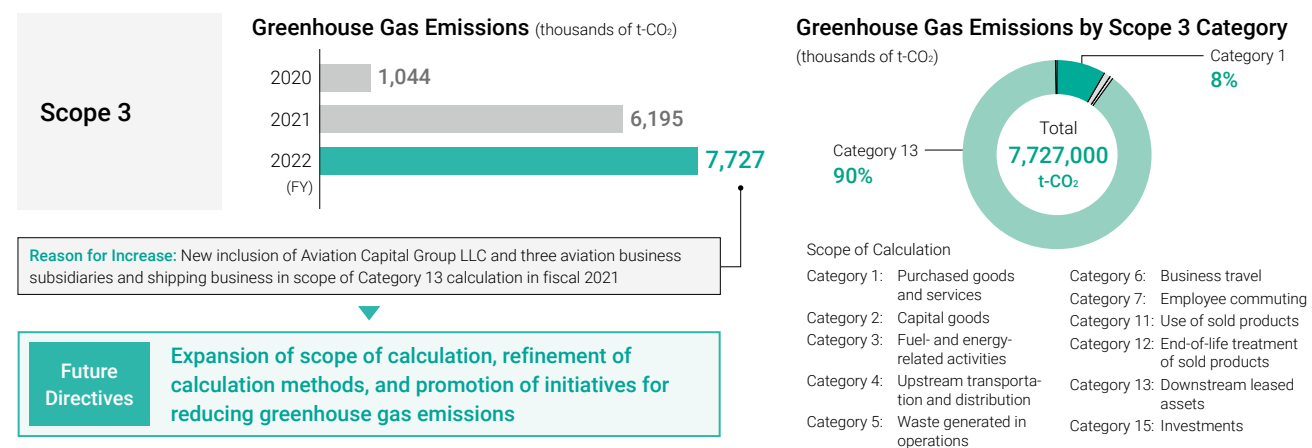
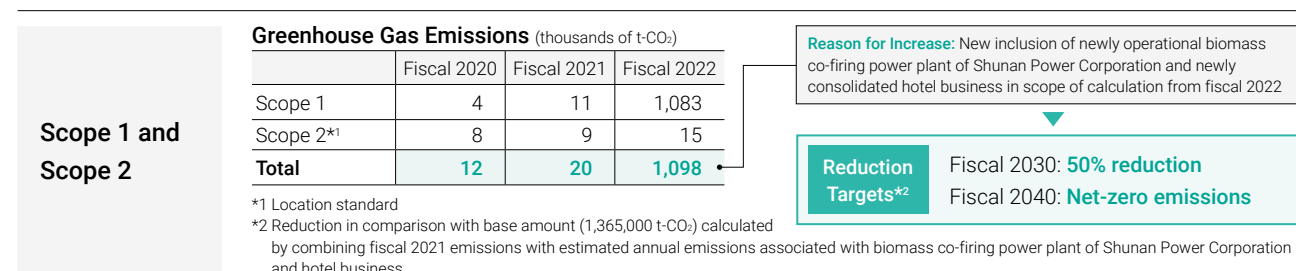
Importance of Responding to Climate Change

The Tokyo Century Group's Management Philosophy calls on us to contribute to the creation of an environmentally sound, sustainable economy and society. We recognize the fight against climate change as an important opportunity for growth toward accomplishing this objective, and a concerted Groupwide response is thus being furnished to address climate change. One of the key issues of Tokyo Century's materiality is "contribution to decarbonized society," and we are striving to help resolve social issues while achieving ongoing growth and improvements to corporate value.

In its response toward climate change, the Tokyo Century Group is accelerating reductions to its greenhouse gas emissions. At the same time, we are positioning environment-related businesses as opportunities for growth. By creating businesses and services that contribute to the environment in relation to renewable energy and circular economies, the Group aims to ensure that its services are competitive while increasing the value it provides to customers.



Greenhouse Gas Emissions and Reduction Targets POINT 1



For more information, please refer to Tokyo Century's latest sustainability data book.
<https://www.tokyocentury.co.jp/en/sustainability/databook/>

TOPIC Formation of GX Task Force POINT 2

The Tokyo Century Group recognizes the need for a concerted approach toward green transformation (GX) if it is to achieve its goal of carbon neutrality while also expanding and enhancing the range of environment-related services it supplies to customers.

Based on this recognition as well as the necessity of cross-organizational, cross-Group coordination to create new businesses, we formed the GX Task Force in April 2023. This task force is charged with sharing expertise and knowledge among operating segments and facilitating a unified approach toward customers.



Scope 1 and Scope 2 Emissions Reduction Initiatives POINT 1

1. Direct Emissions and Indirect Emissions Originating from Energy Use

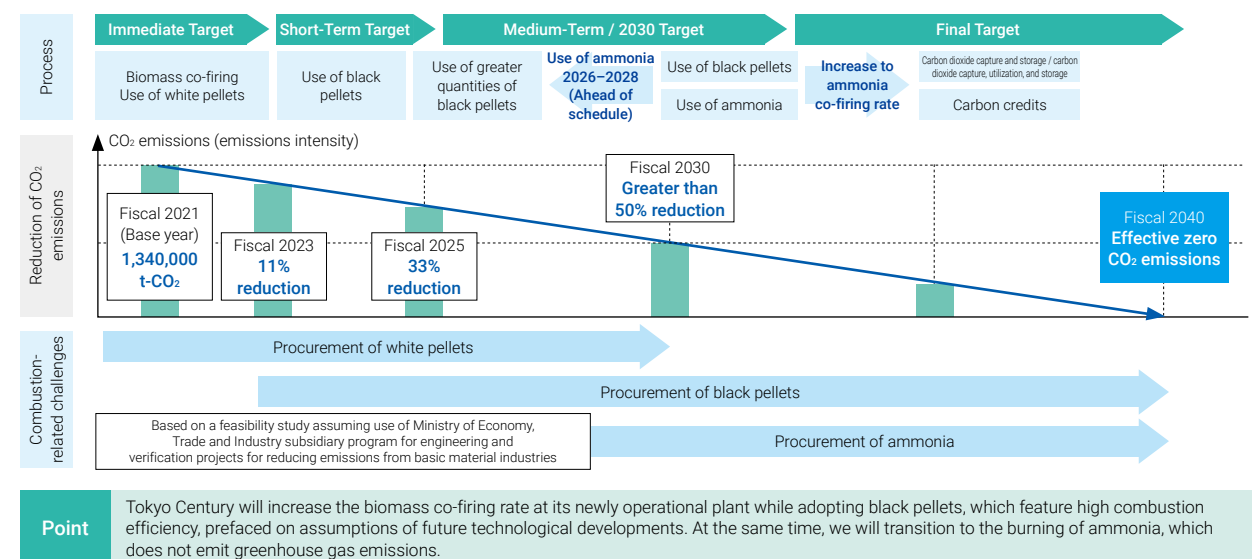
To reduce direct emissions, Tokyo Century is planning a phased shift from gasoline-fueled vehicles to electric vehicles (EVs) and other electrified vehicles for its Company fleet. In addition, gas-powered equipment will be replaced with electric equipment or with equipment that is more energy efficient or more efficient overall while offices will be relocated to buildings that utilize renewable energy. For indirect emissions, we will seek to effectively switch to renewable energy by procuring green power and purchasing certificates verifying that our power does not come from fossil fuels.

2. Transition Plan for Biomass Co-Firing Power Plant

Approximately 98% of the Tokyo Century Group's total greenhouse gas emissions are attributable to emissions from its biomass co-firing power plant. Targeting the accomplishment of net-zero greenhouse gas emissions as quickly as possible, with the goal of fiscal 2040, we have formulated a transition road map, which has received third-party verification.*3 Measures are currently underway based on this road map.

*3 Verification by Japan Credit Rating Agency, Ltd.

Transition Road Map for Biomass Co-Firing Power Plant



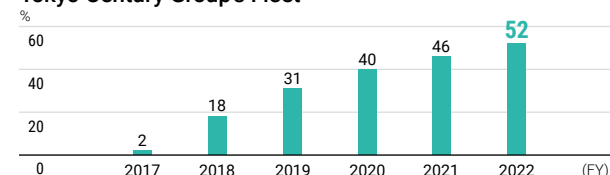
For more information on the transition road map, please refer to the following website.
https://www.tokyocentury.co.jp/assets/pdf/sustainability/220901_newsrelease02_en.pdf

Scope 3 Emissions Reduction Initiatives POINT 1 POINT 2

Introduction of Highly Fuel-Efficient, New Technology Aircraft in Aviation Business

Aviation Capital Group LLC (ACG), an aircraft leasing subsidiary, and other aviation business companies are pursuing reductions in greenhouse gas emissions by introducing into their fleets new technology aircraft with high levels of fuel efficiency. The A320neo, a mainstay aircraft

Ratio of New Technology Aircraft among the Tokyo Century Group's Fleet



Notes:

- For more information on calculation methods and other details, please refer to Tokyo Century's latest sustainability data book.
- To view the environmental, social, and governance report of Aviation Capital Group, please refer to the following website.

<https://www.aviationcapitalgroup.com/wp-content/uploads/2023/08/2022-ESG-Report.pdf>

of Airbus SE, offers a 20% reduction in greenhouse gas emissions compared with prior aircraft. The Tokyo Century Group is committed to increasing the portion of its aircraft portfolio accounted for by such eco-friendly aircraft and thereby reducing greenhouse gas emissions. Another pressing task in reducing the emissions of the aviation industry is the shift toward sustainable aviation fuel. Recognizing the business opportunity this shift represents, we are assessing how we can act to take advantage of this opportunity.

Expansion of EV Offerings and Entry into EV Battery Business in Auto Leasing and Car Rental Businesses

- ➔ Provision of EVs to the NTT Group, in light of declared commitment to transition completely to EVs (participation in EV100 initiative), and promotion of EV adoption by other customers
- ➔ Commencement of transactions of electric taxis and buses and other electrified micro-mobility options
- ➔ Enhancement of value chain to provide EV-related services

Adoption of Renewable Energy in Real Estate Business

- ➔ Adoption of electricity sourced from renewable energy
- ➔ Installation of solar panels on Company-owned properties

Promotion of greenhouse gas emissions reduction initiatives to develop businesses and services that contribute to the resolution of social issues and to improve customer value proposition

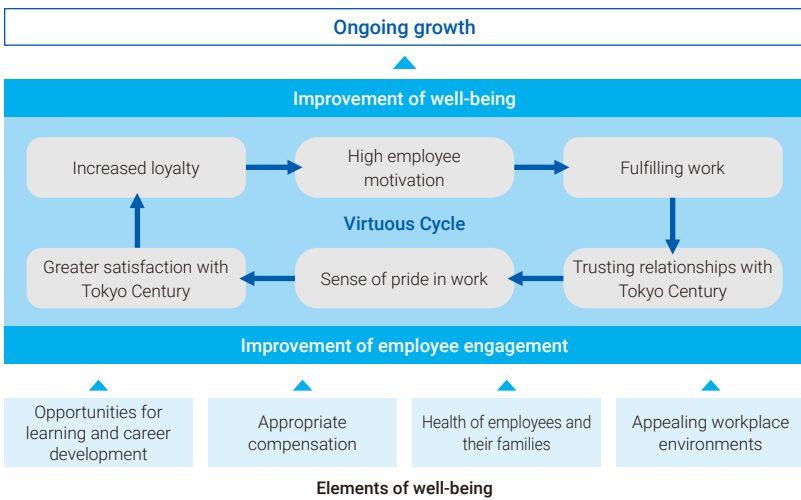
Human Resource and Organizational Strategies

Tokyo Century carries out human resource and organizational strategies to foster people with a propensity for self-transformation and who possess creativity and ambition and are thus capable of advancing its management and business strategies.



Improvement of Employee Well-Being

Tokyo Century believes that cultivating an awareness of well-being among officers and employees is imperative to the advancement of its human resource and organizational strategies. For this purpose, we aim to create a virtuous cycle built on trust between the Company and its employees and on strong employee engagement in order to enhance well-being. We are convinced that this process will contribute to the ongoing growth of Tokyo Century.



Details of Human Resource and Organizational Strategies

Tokyo Century is moving forward with a variety of initiatives aimed at the development of highly capable organizations and the empowerment of individual employees.

Category	Directives under Medium-Term Management Plan 2027	Major Initiatives
Human Resource Strategies	Improvement of employee engagement	<div>Development of organizations in which employees are highly motivated and capable of transforming themselves to bring about change</div> <div><div>TC Biz Challenge Project (new business proposal system)</div><div>Career Challenge Program (internal recruitment system)</div><div>TC-Mee+ (internal communication enhancement project)</div><div>360-degree evaluations</div><div>One-on-one meetings</div></div> <div><div>Major KPIs and Targets of Medium-Term Management Plan 2027</div><div>Employee engagement index: Maintain and improve ratio of positive responses</div></div>
	Acceleration of human resource recruitment and development initiatives	<div><div>Recruitment of individuals with specialized expertise who can lead transformation of management and business strategies</div><div>Introduction of human resource systems for utilizing highly specialized individuals</div><div>Provision of opportunities for learning to allow employees to tackle new challenges</div><div>Cultivation of human resources capable of creating new businesses</div></div> <div><div>Digital transformation training</div><div>Career development support</div><div>Dispatches to business schools</div><div>Human resource development programs</div></div> <div><div>Major KPIs and Targets of Medium-Term Management Plan 2027</div><div>Ratio of mid-career hires: Maintain or improve ratio</div><div>Investments in human resource recruitment and development: More than ¥800 million by fiscal 2027</div></div>
	Allocation and positioning of human resources	<div><div>Allocation of human resources to growth areas</div><div>Talent management approach for strategic human resource positioning</div><div>Appropriate compensation in reflection of growth</div></div> <div><div>Establishment of Basic Policy on Health and Productivity Management (fiscal 2021)</div></div> <div><div>Other KPIs and Targets</div><div>Ratio of employees receiving specific health guidance: More than 80%</div><div>Rate of employees undergoing regular health check-ups: 100%</div><div>Rate of employees undergoing stress checks: 100%</div></div>
	Development of safe and secure workplace environments	<div><div>Cultivation of health awareness and support for prevention, early diagnosis, and treatment of illnesses</div><div>Improvement of productivity through development of comfortable and motivating workplaces</div></div>
	Organizational management	<div><div>Development of frameworks not bound by the conventional confines of organizations in focus areas</div><div>Promotion of systems that reward ambition</div><div>Creation of frameworks for communication and knowledge sharing</div></div> <div><div>Formulation of diversity plan (fiscal 2023)</div><div>Establishment of Tokyo Century Group Human Rights Policy (fiscal 2021)</div></div> <div><div>Major KPIs and Targets of Medium-Term Management Plan 2027</div><div>Ratio of women among new-graduate hires: Maintain or improve ratio (fiscal 2022: 42.1%)</div><div>Other KPIs and Targets</div><div>Ratio of female managers: 30% or more by 2030</div><div>Ratio of employees with disabilities: Maintain ratio above legally mandated level</div></div>
	Promotion of diversity, equity, and inclusion	<div><div>Fostering of corporate culture founded on respect for human rights</div><div>Development of workplaces in which diverse individuals can exercise their unique skills</div></div>
Organizational Strategies	Branding	<div><div>Advancement of internal branding activities targeting employees</div><div>Enhancement of brand image to aid in human resource recruitment</div></div>

Human Resource Development Initiatives

Creating value requires employees to enhance their expertise in relation to their specific areas of business while also heightening their ability to transform themselves. Tokyo Century is formulating and implementing a variety of training programs for the purpose of endowing employees with these skills.



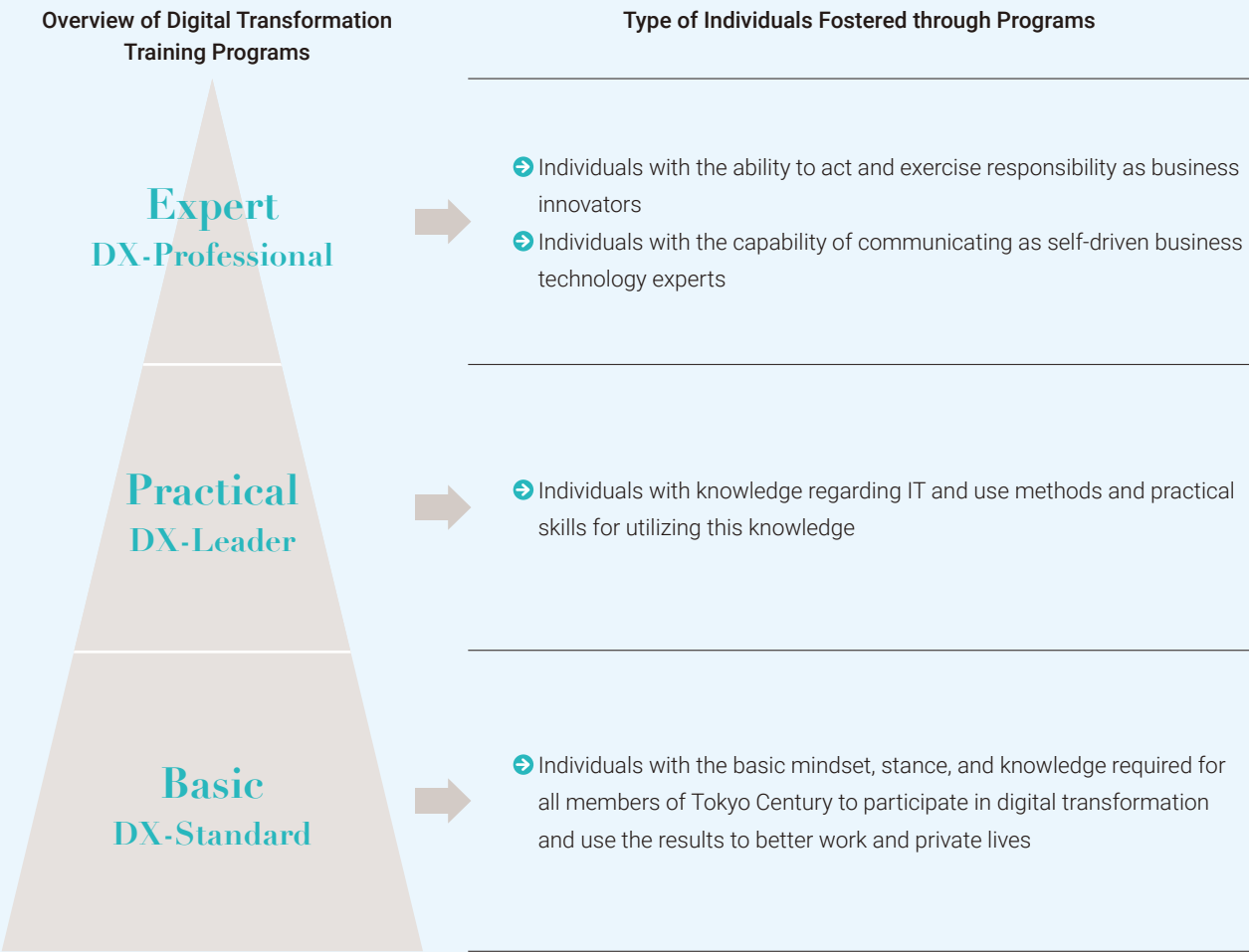
Case Study
1

Provision of opportunities for learning to allow employees and officers to tackle new challenges

➔ Reskilling and educational programs for employees so they can adapt to rapidly changing operating environment

Digital Transformation Literacy Improvement Programs

In fiscal 2023, Tokyo Century introduced a new three-level program aimed at cultivating employees with proficiency in relation to digital transformation. The basic-level course (DX-Standard) launched in the first year of the program is open to all employees and officers and is intended to foster understanding and build a shared consensus with regard to what digital transformation entails for Tokyo Century.



Case Study
2

Cultivation of human resources capable of creating new businesses

➔ Support for autonomous career development of all employees

Career Development Support

Tokyo Century established the Career Design Office in fiscal 2019 to offer support for career development to aid employees in acting of their own volition to become the architects of their own careers.

Career Design Training

Tokyo Century offers career design training to provide opportunities for employees to reflect on their career and assess their strengths, weaknesses, and values. Moreover, these training programs allow employees to use trait analysis tools to gain an objective understanding of their personalities and the skills they should build upon to be used when considering their future careers. After training sessions, meetings are held with participants to discuss what actions they should take to achieve their individual career goals. In fiscal 2023, we began enhancing the types of career support offered to veteran employees.

Number of participants in fiscal 2022

100

Targets: Employees in third and 10th year in workforce, employees aged 40 and 50 for age-based programs, and employees aged 55 for life design training

Career Design Consultations

Career design consultations are offered to provide employees with a venue for receiving consultation on a wide range of career-related topics to help them objectively evaluate these concepts to shape their career plans, feel empowered and exercise their individuality at work, and determine how best to approach their goals.

Programs conducted in fiscal 2022

Consultations by career staff with nationally recognized career consultant qualifications or by external consultants

Targets:
All employees (when desired)

TC Career Seminars

Tokyo Century began arranging TC Career Seminars in fiscal 2021 to help employees learn about the types of thinking and actions required to chart their own career paths. In fiscal 2023, we plan to organize new seminars for fostering the necessary career understanding among various employee groups, including supervisors and female employees.



Number of participants in fiscal 2022

442

Targets:
Junior, mid-rank, and veteran employees for age-based programs

Chika Kato

Deputy General Manager
Diversity Promotion Office
Personnel Division

Keisuke Yoshida

Deputy General Manager
Real Estate Finance Division II

Kyoko Asami

Deputy General Manager
Environmental Infrastructure
Strategic Planning Division

Roundtable Discussion on Diversity —Evolution Driven by a Diverse and Flat Organizational Culture

Tokyo Century aspires to craft a diverse and flat organizational culture. We arranged a roundtable discussion on the subject of Tokyo Century's evolution in which frank opinions were shared regarding the thoughts and careers of the participants, specifically two individuals who had previously taken childcare leave and the deputy general manager of the Diversity Promotion Office.

Career at Tokyo Century

Yoshida: After joining the Company in 2004, I spent two years in a sales position for leasing operations in the Equipment Leasing segment. I was then transferred to the International Business segment, where I was charged with supporting subsidiaries in China and other parts of Asia, which even included a four-year appointment in Thailand. I was later moved to the Ship Finance Division of the Specialty Financing segment before taking up my current position in Real Estate Finance Division II. When I was stationed in Thailand, my first child was born, which led to my returning to Japan to take three months of childcare leave.

Asami: I joined in 2005, at which time I was positioned in what would later become the Structured Finance Division. There, I gained experience in a wide range of areas, including securitization of notes and receivables, private finance initiatives, and inventory financing. It was in this position that I took maternity and childcare leave for my first child. I would then go on to do the same after the birth of my second child when working in the Specialty Finance Strategic Planning Division. In April 2023, I was transferred to the Environmental Infrastructure Strategic Planning Division of the newly established Environmental Infrastructure segment. In this position, I am responsible for planning and promoting strategies through tasks such as formulating sales targets and evaluation systems and monitoring our numerical data during set periods.

Kato: It was in 2006 when I joined, after which I spent around eight years in leasing sales targeting hospitals and clinics in the Medical & Healthcare Division. I was then transferred to a division that would later become part of the Environmental Infrastructure segment, where I assumed project finance duties. In April 2023, I was assigned to the Diversity Promotion Office in the Personnel Division. Here, I am trying to foster an organizational culture that empowers employees while allowing them to balance their work and private lives.

Corporate Culture Supporting Changes in Life Events and Workstyles

— **Mr. Yoshida, could you please tell us what led you to take childcare leave?**

Yoshida: My wife wanted to keep working even after we got married. When we talked about it, we agreed that we would need to share the household duties if we were both going to work. Tokyo Century introduced some work-life balance support systems around 2008, which prompted me to take childcare leave.

While there was no precedent of a male employee taking childcare leave at Tokyo Century,

I thought I had no choice but to do so if I was going to share the household responsibilities with my wife. I therefore had no hangups about my decision. Taking childcare leave did not impede my work at all, but it did really change how I thought about working. My wife and I have defined a clear division of responsibility for household duties such as dropping off and picking up our children, and I generally leave the office on time twice a week. In the past, I would work overtime almost every day, but the need to avoid working late forced me to rethink how I work, making me even more conscious of the importance of working efficiently.

However, as we do have busy periods at Tokyo Century, it is important that I maintain the understanding and cooperation of my colleagues. I am very grateful for how accommodating my subordinates and other coworkers are toward my chosen workstyle.

— **Ms. Asami, what do you value when trying to balance your career with your family responsibilities?**

Asami: When I was pregnant with my first child, I remember having to go on sales calls a lot, which was quite physically demanding. However, the fact that I faced no restrictions in my work allowed me to completely devote myself to both my job and my child. Raising a child means limiting the amount of time one can work. It is also not unusual for a child to come down with a fever or other ailment, and this created cases in which I was unable to complete my work by myself. Although I did my best to finish my work by myself at such times, I made sure to keep my group up-to-date or have another person assigned to my projects so as to ensure that someone else could step in and help when I could not get it all done on my own. In this manner, I went about my work with the understanding of my coworkers.

Being a manager entails an increased burden in terms of work volume and responsibility, while being a parent involves participating in the various life events of your child. Striking a balance between parental and professional responsibilities requires the understanding of both my family and my colleagues. It is not all about getting help for myself; I also think it is important to actively try and offer support and help to those around me. My husband is able to work remotely, and I was therefore able to trust him with a majority of the housework and child-rearing responsibilities when I was struggling to get used to my position in a new division. As this shows, my husband is also working with the understanding of his colleagues.

Roundtable Discussion on Diversity

— **Ms. Kato, what do you focus on when trying to support the diverse workstyles and life events of employees as a member of the Personnel Division?**

Kato: Rather than thinking about things in terms of differences in age or gender, I try to remember that everyone's situation is different. It is always best, to the extent possible, to offer people the support they need and when they need it based on their own individual circumstances. Common questions people ask me about concern, as you would guess, childbirth and other life events. We thus arrange opportunities to meet with employees and explain Tokyo Century's systems at junctures such as before they take childcare leave or when they are preparing to return. I attend such meetings, which makes me privy to the wide range of requests and opinions that employees can have. I therefore hope to refine our systems to make it easier to gather feedback directly from employees.

Tokyo Century has a 100% rate of male employees taking childcare leave, but I understand that some people feel hesitant to

go on extended periods of leave that span multiple months. There are a lot of reasons people might feel such hesitation, whether it be concern for the future of their career, issues with turning their projects over to another person, or a lack of staff in their division. This is why it is so important for us to raise understanding among all employees with regard to system use, workstyles, and diversity. We do so by offering training and e-learning programs to employees at various levels of the hierarchy, including system users as well as management.

Evolution of Diversity at Tokyo Century

Yoshida: All of the career-track employees who joined the Company around the same time as me were men, and there were almost no female managers or non-Japanese employees at that time. Today, however, around half of new-graduate hires in any given year are women, and we have seen a rise in the number of female managers and non-Japanese colleagues. This is indicative of a massive change in the environment at Tokyo Century. Being able to expose myself to various ways of thinking thanks to this environment is really amazing.

Asami: The number of women is on the rise throughout the Company, thereby also increasing

the number of employees who have experienced childbirth or child-rearing as well as the number of people who have taken up management positions after returning from childcare leave. These changes are a benefit of Tokyo Century's giving employees the ability to work from home. This ability means that pregnant women can avoid the physical burden of commuting to and from the office, while people who need to be at home for their children do not necessarily need to take a full day off. Moreover, people working from home do not have to be shut out from what is going on in the office, which is important to the development of their careers.

Kato: I too have noticed the change in terms of the diversification of workstyles that Ms. Asami speaks of. Another big change has been the increase in mid-career hires. The resulting opportunities to interact with people who have diverse backgrounds not limited to finance has a positive influence by giving us exposure to different sets of values. This understanding of diverse values comes along naturally, which in turn helps us transition from a mindset of expecting things to be a certain way to one of realizing that there is no single answer to any given question. I truly feel that Tokyo Century as a whole has become more accepting to such diverse ways of thinking.

Importance of Diversity to Tokyo Century's Growth

Yoshida: As implied by Ms. Kato, the ability to be exposed to and be receptive toward ideas that differ from what you are used to will likely be critical to the future growth of Tokyo Century. I think it would be a good idea for Tokyo Century to continue to bolster its staff of people recruited from different industries and other individuals with different backgrounds. At the same time, as changing one's company has now become commonplace in Japan, we are faced with a situation in which people may choose to leave the moment they feel the work they do at the Company is no longer fulfilling. It would be a waste if we lost talented individuals for this reason. It is therefore crucial for Tokyo Century to inspire employees to remain at the Company for as long as possible by making its vision resonate with employees and having managers clarify the roles and missions of each member



of their team. Once this is done, we should focus on the development and operation of organizations that align everyone along the same vector so that we are a unified company.

Kato: If we want employees to stay with us longer, it is definitely important that our vision resonates with them. In addition, feeling that one's work is contributing to society is another way that people develop a sense of attachment toward their company. Conversely, if there is a lack of communication in the workplace, it is possible that even a small concern might prompt a quick decision to change jobs, as one will feel that they have no one to talk to about their concerns. This is why, in addition to career training, the Personnel Division arranges forums for exchanges between employees. Having someone to talk to can help prevent people from leaving, and I hope that we can continue to improve our workplace environment to ensure such openness.

Asami: I suspect that, when someone is looking to change company mid-career, they are more likely to apply for a position at a company that is promoting diversity and which is more accepting toward diverse values, because they will probably perceive such companies as being more conducive to allowing people to exercise their unique individual skills. The reverse is also likely true; companies that are less diverse will see fewer applicants.

Yoshida: Last year, my department welcomed a mid-career individual who was recruited from the real estate industry. I have learned a lot from this person as they have been proposing ideas from a completely different perspective than my department while also making use of their connections

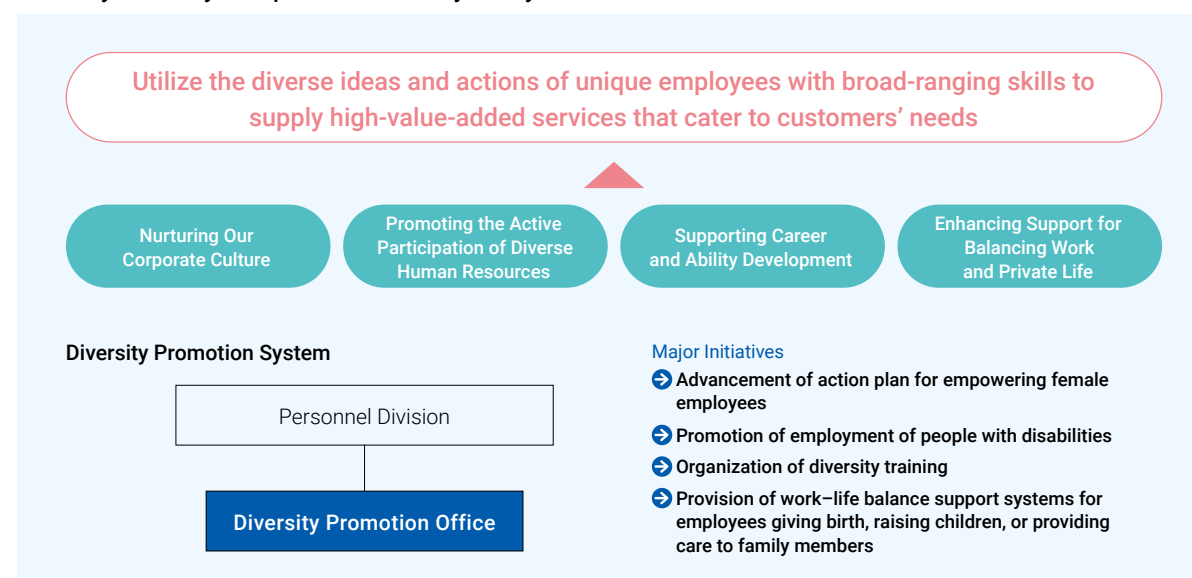
within the real estate industry. However, even if something seems new to us, it might be just a matter of course for someone from a different industry, and these differences in perspectives make talking with people from other industries incredibly engaging.

Kato: We have seen highly specialized individuals transfer to the Specialty Financing segment, the Environmental Infrastructure segment, and other parts of the Company. These employees have completely different expertise and connections than those who started their career at Tokyo Century. Accordingly, the presence of such individuals is sure to be a great source of strength for the Tokyo Century Group as well as a driver of innovation.

Another benefit of a diverse workplace is the opportunity to talk to people who have experienced diverse careers and life events. This can help us notice any unconscious biases we might have, and this awareness will make it easier for us to understand and communicate with other people. Moreover, hearing about a field that you have not experienced or have no knowledge of can heighten your creativity, which is an important skill for business. As a member of the Personnel Division, I intend to continue to proactively promote diversity at the Tokyo Century Group so that we can take advantage of these benefits.



The Tokyo Century Group's Basic Diversity Policy and Initiatives



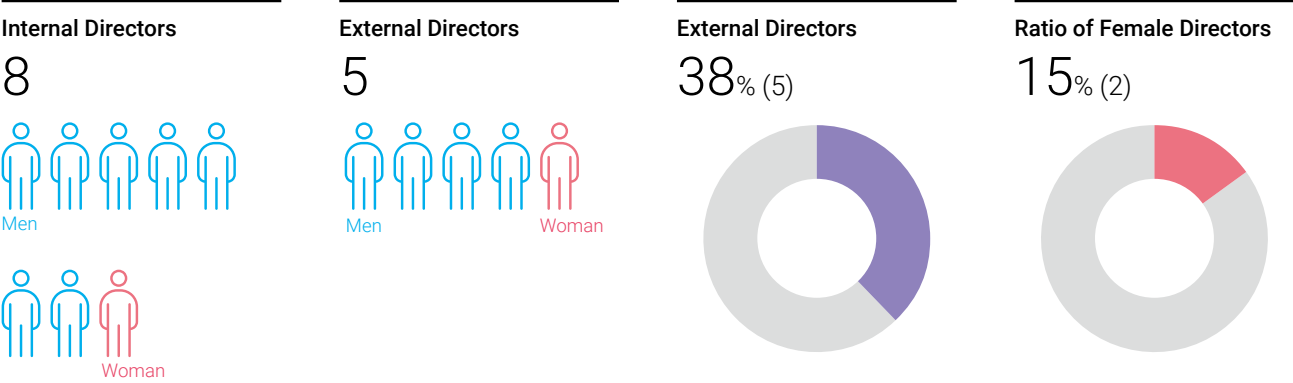
Evolution of Tokyo Century’s Corporate Governance System

Tokyo Century’s History of Strengthening Its Corporate Governance System to Improve Corporate Value

Tokyo Century has proceeded to implement various diversity-minded measures to separate the executive function from the oversight function and otherwise strengthen its corporate governance system.

Year	Board of Directors			Committees		Others
	Overall	External directors	Female directors	Nomination Committee	Compensation Committee	
2011		Appointment of one external director				
2012		↓				
2013						
2014		↓				
2015		Number of external directors increased to two				Compliance with Japan's Corporate Governance Code
2016		↓		Establishment of the Nomination and Compensation Committee		Holding of Board Effectiveness Review Council meeting
2017		Number of external directors increased to three				
2018		↓		Establishment of the standalone Nomination Committee	Establishment of the standalone Compensation Committee	
2019		Number of external directors increased to five (External directors represent at least one-third of all directors.)		Appointment of external director as chairperson	Appointment of external director as chairperson	
2020		↓				
2021	Reduction of number of directors (from 15 to 13)		Appointment of one female director			
2022			Number of female directors increased to two	Increase in the ratio of external directors on the committee (63% → 71%)	Increase in the ratio of external directors on the committee (63% → 71%)	
2023	↓	↓	↓	↓	↓	↓

Composition of the Board of Directors (As of June 26, 2023)



Major Items Raised at Meetings of the Board of Directors in Fiscal 2022

General Management

Policies of Medium-Term Management Plan 2027

Profit target formulation and progress management

Discussions on stock acquisitions and sales and investments exceeding predefined amounts

Reports on results of investment management framework monitoring

Investor relations activity reports

ESG

Evaluation of Board of Directors' effectiveness and report on evaluation

Details of meetings of the Nomination Committee and the Compensation Committee

Progress and results of medium- to long-term sustainability management initiatives (Sustainability Road Map)

Carbon-neutrality policy

Other Matters

Compliance initiative plans and progress reports

Audit plans and implementation reports

Risk management reports

Evaluation of the Effectiveness of the Board of Directors and Issues

Tokyo Century has established the Board Effectiveness Review Council as an advisory body to the Board of Directors. The council conducts an analysis and review of the effectiveness of the Board of Directors once a year, in principle, on aspects such as the effectiveness of its supervisory functions, status of deliberations, systems, and meeting proceedings, taking into account the self-evaluations submitted by each director.

Important Themes and Evaluation in Fiscal 2022

Medium- to Long-Term Discussions Looking toward 10 to 15 Years in the Future	Lively discussions are taking place on the Tokyo Century Group's medium- to long-term vision and management strategies based on the circumstances surrounding the Group and its operating environment.
	Discussions were held as part of the process of formulating Medium-Term Management Plan 2027, which began in fiscal 2023, at meetings of the Board of Directors as well as at free discussion forums arranged as a facet of officer training sessions and on other occasions.
Risk Management and Group governance	Improvements with regard to risk management and internal control systems are being seen with each passing year, and discussions are taking place at meetings of the Board of Directors based on appropriate reporting.
	The Investment Management Committee is engaging in brisk discussions while identifying issues, thereby advancing the implementation of investment management frameworks.
	Business expansion and significant losses are creating a need for more rigorous Groupwide management of geopolitical and other risks.

Important Themes for Fiscal 2023

Overall Business Portfolio Structure and Vision

Discussions will be advanced from a medium- to long-term perspective at free discussion and other forums on the overall structure of the Company's business portfolio and our vision for this portfolio with consideration paid to factors such as allocations of management resources and capital efficiency.

Management Team

(As of June 26, 2023)

Representative Directors



Masataka Yukiya
Chairman & Co-CEO,
Representative Director



Koichi Baba
President & CEO,
Representative Director

External Directors*1 *3



Masao Yoshida
External Director



Akio Nakamura
External Director



Toshio Asano
External Director



Miho Tanaka
External Director



Tsuyoshi Numagami
External Director

Directors (As of June 26, 2023)

Position	Name	Age	Reason for appointment	Approx. number of shares of the Company's stock held	Areas of expertise and expected contributions						Committee appointments
					Corporate Management	Global Operations	Finance / Risk Management	Legal Affairs / Accounting / Taxation	Sustainability	IT / Digital Transformation	
Chairman & Co-CEO, Representative Director	Masataka Yukiya	67	Masataka Yukiya has been appointed as a director after his being deemed capable of contributing to ongoing growth and to the improvement of corporate value. He is able to do so by appropriately managing the Company and providing oversight based on his abundant experience and wide-ranging knowledge gained in corporate management at a general trading company and in operational execution in fields including sales and finance.	8,000	●		●		●	●	N C ALM IT
President & CEO, Representative Director	Koichi Baba	62	Koichi Baba has been appointed as a director after his being deemed capable of contributing to ongoing growth and to the improvement of corporate value. He is able to do so by appropriately managing the Company and providing oversight based on his abundant experience and wide-ranging knowledge gained in operational execution in fields including international business and sales at financial institutions as well as corporate planning at the Company.	6,000	●	●	●		●	●	N C ALM IT
External Director	Masao Yoshida	74	Masao Yoshida has abundant experience and wide-ranging knowledge gained in corporate management over his many years as the manager of Furukawa Electric Co., Ltd. He has been appointed as an external director to utilize this expertise in the management of the Company and because he has been judged to be capable of contributing to ongoing growth and to the improvement of corporate value by providing oversight of operational execution from his independent perspective.	4,000	●	●	●	●			N C
	Akio Nakamura	67	Akio Nakamura has a wealth of insight regarding government finance and taxation gained through his experience as director-general of the Financial Bureau of the Ministry of Finance of Japan. He has been appointed as an external director because he has been judged to be capable of contributing to ongoing growth and to the improvement of corporate value by providing oversight of operational execution from his independent perspective and by offering advice with regard to the Company's overall management from an objective standpoint based on his insight.	2,000	●		●	●			N C
	Toshio Asano	70	Toshio Asano has abundant experience and broad knowledge of corporate management gained through his involvement in corporate management at Asahi Kasei Corporation. He has been appointed as an external director to utilize this expertise in the management of the Company and because he has been judged to be capable of contributing to ongoing growth and to the improvement of corporate value by providing oversight of operational execution from his independent perspective.	1,000	●	●			●		N C
	Miho Tanaka	48	Miho Tanaka has abundant knowledge and experience in corporate affairs and M&A as an attorney-at-law. She has been appointed as an external director to utilize her exceptional insight and abundant experience in the management of the Company and because she has been judged to be capable of contributing to ongoing growth and to the improvement of corporate value by providing oversight of operational execution from her independent perspective.	0			●	●	●		N C
	Tsuyoshi Numagami	63	Tsuyoshi Numagami has deep academic knowledge as a corporate management researcher, particularly with regard to corporate strategy and organizations, gained through his experience as a professor of the Graduate School of Business Administration of Hitotsubashi University. He has been appointed as an external director to utilize his exceptional insight and knowledge in the management of the Company and because he has been judged to be capable of contributing to ongoing growth and to the improvement of corporate value by providing oversight of operational execution from his independent perspective.	0	●	●			●		N C
	Akihiko Okada	63	Akihiko Okada has been appointed as a director after his being deemed capable of contributing to ongoing growth and to the improvement of corporate value. He is able to do so by appropriately managing the Company and providing oversight based on his abundant experience and wide-ranging knowledge gained in corporate management at a general trading company and operational execution in fields including international business and sales.	4,000	●	●	●				ALM IC CR
Deputy President, Director and Executive Officer	Hiroshi Sato	63	Hiroshi Sato has been appointed as a director after his being deemed capable of contributing to ongoing growth and to the improvement of corporate value. He is able to do so by appropriately managing the Company and providing oversight based on his abundant experience and wide-ranging knowledge gained in corporate management at a general trading company and operational execution in fields including international business and sales.	0	●	●			●	●	ALM
	Toshio Kitamura	60	Toshio Kitamura has been appointed as a director after his being deemed capable of contributing to ongoing growth and to the improvement of corporate value. He is able to do so by appropriately managing the Company and providing oversight based on his abundant experience and extensive insight from his involvement in overseas and sales operations at financial institutions and in the execution of sales, overseas, and other operations at the Company.	3,000		●	●		●	●	
Director and Senior Managing Executive Officer	Mahoko Hara	58	Mahoko Hara has been appointed as a director after her being deemed capable of contributing to ongoing growth and to the improvement of corporate value. She is able to do so by appropriately managing the Company and providing oversight based on her abundant experience and extensive insight in planning and product development at financial institutions as well as in the execution of overseas, sales, and other operations at the Company.	2,000		●	●		●	●	
	Tatsuya Hirasaki	55	Tatsuya Hirasaki has been appointed as a director after his being deemed capable of contributing to ongoing growth and to the improvement of corporate value. He is able to do so by appropriately managing the Company and providing oversight based on his abundant experience and wide-ranging knowledge gained in operational execution in fields including accounting and corporate planning at the Company.	3,000			●	●	●	●	ALM IC CR CRM IT S IM
Director	Shunichi Asada	74	Shunichi Asada has been appointed as a director after his being deemed capable of contributing to ongoing growth and to the improvement of corporate value. He is able to do so by appropriately managing the Company and providing oversight based on his abundant experience and wide-ranging knowledge gained in corporate management at financial institutions and operational execution in fields including sales, markets, and international business.	29,000	●	●	●				

Directors



Akihiko Okada
Deputy President,
Director and Executive Officer



Hiroshi Sato
Deputy President, Director and
Executive Officer



Toshio Kitamura
Director and Senior Managing
Executive Officer



Mahoko Hara
Director and Senior Managing
Executive Officer



Tatsuya Hirasaki
Director and Managing
Executive Officer



Shunichi Asada
Director

Corporate Auditors



Futoshi Okada*2
Standing Corporate Auditor
External Corporate Auditor



Katsuya Amamoto
Standing Corporate Auditor



Yoshio Nomura
Standing Corporate Auditor

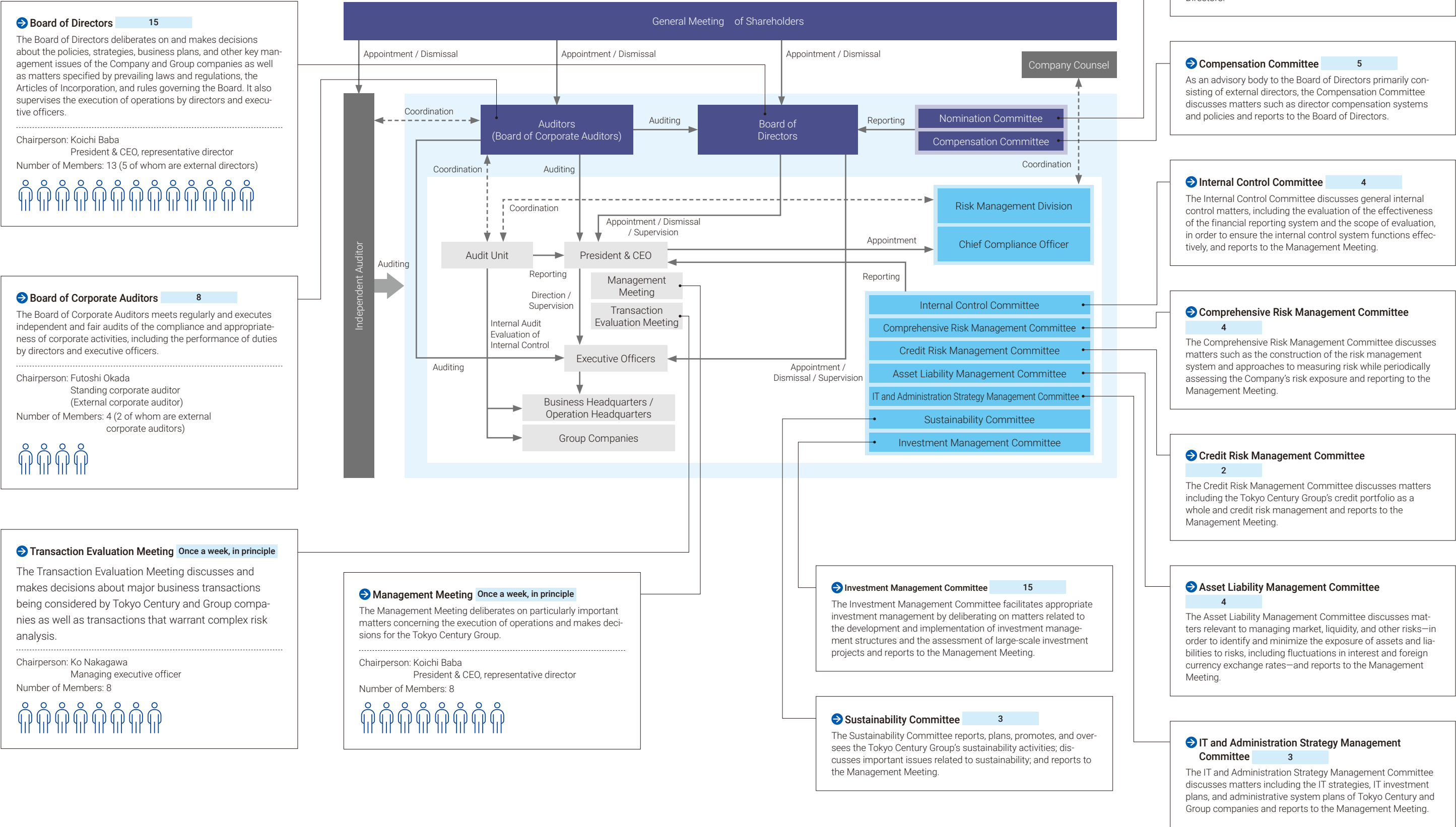


Masao Fujieda*2 *3
Corporate Auditor
External Corporate Auditor

*1 "Outside Director" as stipulated by Article 2-15 of the Companies Act of Japan
*2 "Outside Company Auditor" as stipulated by Article 2-16 of the Companies Act of Japan
*3 Designated independent director or auditor as stipulated by the Tokyo Stock Exchange

Committee membership legend: N : Nomination Committee C : Compensation Committee ALM : Asset Liability Management Committee
IC : Internal Control Committee CR : Comprehensive Risk Management Committee CRM : Credit Risk Management Committee
IT : IT and Administration Strategy Management Committee S : Sustainability Committee IM : Investment Management Committee
● : Chairperson

Management Structure Comprising Ideal Committees



Officer Compensation

Officer Compensation Policies

Director compensation policies call for the provision of healthy incentives to contribute to the ongoing growth of the Company and frame-works for linking compensation to the medium- to long-term development of its businesses. Systems for director compensation are designed to raise directors’ awareness regarding the enhancement of shareholder value by aligning the interests of directors with those of shareholders. Moreover, director compensation systems aim to attract outstanding talent in order to allow the Company to recruit and culti-vate individuals who can drive the improvement of the Company’s corporate value.

Overview of Officer Compensation

In addition to basic compensation, which is fixed compensation, the Company provides performance-based compensation in the form of bonuses and stock options to contribute to the improvement of overall corporate value and to the maximization of shareholder interests.

Officer Compensation Systems				
	Basic Compensation		Bonuses	Stock Options as Stock-Based Compensation
Fixed / variable compensation	Fixed Compensation Determined based on comprehensive consideration of duties, roles, and responsibilities		Performance-Based Compensation Determined according to achievements and performance	
Ratios of compensation (approximate)	1.0		:	1.0–2.5
Determination process	Request for compensation proposal from the Compensation Committee by the Board of Directors ▼ Report submitted by the Compensation Committee based on input from external experts and research data on compensation levels by third-party institutions ▼ Decision by president based on authority delegated by the Board of Directors with respect paid to proposal by the Compensation Committee			Resolution by the Board of Directors with respect paid to proposal by the Compensation Committee
Amounts of annual compensation	<div>Upper limit of ¥1 billion*</div> <div>* Includes salaries paid to directors who serve concurrently as executive officers; ¥100 million for external directors</div> <div><div>1.0 (approximation)</div><div>Upper limit of amount equivalent to 1% of net income attributable to owners of parent Approx. 50%</div><div>1.0–2.5 (approximation)</div><div>Approx. 50% Upper limit of fair value of ¥400 million</div></div>			
Date of resolution at General Meeting of Shareholders	June 24, 2016			
Notes: 1. The compensation of external directors consists entirely of basic compensation based on their roles. 2. The compensation of corporate auditors consists entirely of basic compensation based on their roles and is set within a limit determined by the corporate auditors. The maximum compensation for corporate auditors, as resolved at the Extraordinary General Meeting of Shareholders held on February 25, 2009, is ¥150 million per year.				

Discussions by the Compensation Committee

Overview of the Compensation Committee

Tokyo Century has established the Compensation Committee as an advisory body to the Board of Directors in order to ensure the independence of its functions. This committee comprises a majority of external directors designated as independent directors and is chaired by an external director designated as an independent director. The Compensation Committee discusses matters such as compensation amounts, systems, and policies and reports to the Board of Directors on these matters. In fiscal 2022, the committee met five times.

Major Topics of Discussions

The Compensation Committee engages in ongoing discussions on topics such as indicators for evaluating medium- to long-term perfor-mance, the introduction of ESG-related indicators, and ideal frameworks for allocating stock-based compensation. Through this process, the committee works to ensure that the Company offers healthy incentives to contribute to the ongoing growth of the Company and frame-works for linking compensation to the medium- to long-term development of its businesses.

Topics of Reports Submitted in Fiscal 2022

In fiscal 2022, the Compensation Committee submitted reports to the Board of Directors on its reviews of basic compensation amounts for different ranks.

Payment of Officer Compensation Amounts

Compensation and Eligible Officers in Fiscal 2022

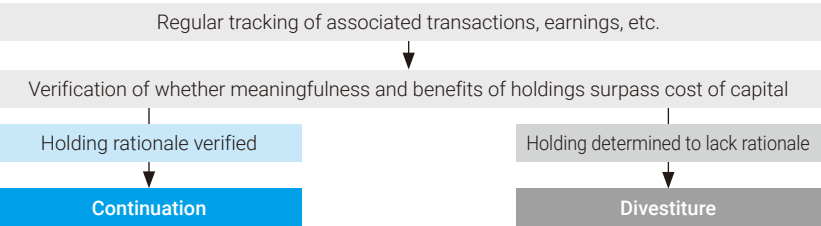
Officer Category	Total Compensation (Millions of Yen)	Total Compensation by Type (Millions of Yen)			Number of Eligible Officers
		Fixed Compensation	Performance-Based Compensation	Non-Monetary Compensation	
Directors (excluding external directors)	498	267	79	151	11
Corporate auditors (excluding external corporate auditors)	41	41	—	—	3
External directors and corporate auditors	132	132	—	—	8

Notes: 1. Stock options provided as stock-based compensation are accounted for under "Non-monetary compensation," although they constitute performance-based compensation. Accordingly, amounts of stock options provided as stock-based compensation are not included under "Performance-based compensation."
2. Although the total number of directors and the total number of corporate auditors as of March 31, 2023, were 13 and 4, respectively, the above compensation amounts also include payments to four directors and one corporate auditor who retired on June 27, 2022.

Cross-Shareholdings

The Company holds investment securities for purposes other than pure investment. These securities are the shares of the stock issued by important stakeholders of the Group, including business partners, shareholders, and borrowers, and are held based on their necessity to the medium- to long-term business activities of the Group.

Process for Reviewing Holdings



Divestitures

	(Number of holdings reduced and sales amounts)	
Fiscal 2020	9 holdings	¥2,871 million
Fiscal 2021	4 holdings	¥451 million
Fiscal 2022	15 holdings	¥5,574 million

Protection of Minority Shareholders

ITOCHU Corporation holds 30% of the voting rights in Tokyo Century, and the Company is thus an equity-method affiliate of ITOCHU. No officers of ITOCHU hold concurrent positions as officers of the Company. However, ITOCHU has seconded 12 individuals to the Company who have immediately applicable skills necessary for supplementing the Company’s operational execution capabilities (as of April 1, 2023).

The Company engages in business transactions with ITOCHU and ITOCHU Group companies. Negotiations regarding said transactions are conducted with these companies on an individual basis, as would be done with a standard transaction counterparty, and the Company’s own decision criteria are applied to these transactions. Accordingly, ITOCHU does not impose any restrictions on the business activities of the Company, and the Company maintains a certain degree of independence from ITOCHU. We are determined to ensure that this relation-ship does not threaten the interests of minority shareholders.

Audit System

Point

Objective and Independent Audit System

The Audit Unit has been established as an independent organization under the direct control of the president and is tasked with performing internal audits of Tokyo Century and Group companies. Internal audits are aimed at assuring the appropriateness of the Company's systems, organizations, and rules; whether all business activities comply with relevant laws and regulations and internal rules; and whether operating processes and the risk management system work appropriately and rationally. Based on these audits, improvements are proposed and advice is provided as necessary. As the Group expands its areas of business, risk profiles are becoming more diversified and complex. Accordingly, Tokyo Century aims to conduct internal audits that are effective as part of a risk-based approach. Timely and appropriate audits are also conducted of companies newly consolidated through investment or acquisition. Through such auditing activities, we strive to enhance the risk management capabilities and improve the corporate value of the Company and Group companies. Annual internal audit plans are reported to the Board of Directors after approval by the president (Management Meeting), and the results of the audits are reported to the president (Management Meeting) and to the Board of Directors.

Audit System for Major Group Companies

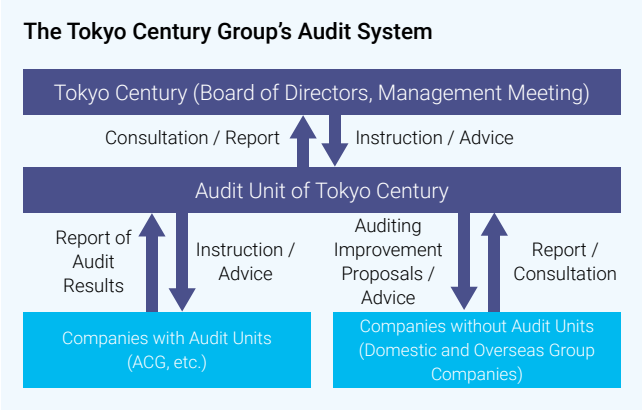
Major domestic Group companies as well as major overseas Group companies Aviation Capital Group LLC and CSI Leasing, Inc., have in place independent audit units that perform audits at their respective companies. Audit plans and results are reported to the Audit Unit of the Company, which provides instruction and support as necessary.

The Audit Unit directly audits subsidiaries that do not have their own auditing functions.

Basic Audit Policies

Reliable Third Line of Defense Supporting Quest for Growth Furnished by Audit Unit

- 1. Identification of latent risks to provide proposals and advice for improving operations and preventing misconduct
- 2. Enhancement of risk identification, analysis, and verification capabilities through ongoing skills improvement by Audit Unit staff
- 3. Support for and coordination among Group companies to strengthen the Groupwide audit system





Message from the President of the Audit Unit

Tokyo Century kicked off Medium-Term Management Plan 2027 in fiscal 2023. This plan calls on us to go beyond simply responding to changes to transform ourselves and become a corporate group that brings about creative change. Robust governance and strong risk management are imperative to accomplishing this objective. I view the Audit Unit as our third line of defense, the last bulwark for governance and risk management. The unit thus has a cornerstone role in supporting the ambitions of the Company. I am therefore committed to offering constructive and accurate improvement proposals and advice to ensure effective risk management.

Akihiko Okada
Deputy President, Director and Executive Officer
President, Audit Unit

Message from an External Director



I aim to use my unique insight to support the rapid growth of the Tokyo Century Group with its limitless potential.

Tsuyoshi Numagami
External Director

As an external director, I took part in the discussions that led up to the formulation of Medium-Term Management Plan 2027. This plan is based on the theme of four types of transformation, of which I feel that portfolio transformation is the most important. Accomplishing the plan's management targets for ROA and ROE will entail the replacement of unprofitable assets and the reinvestment of the funds created through this process in growth businesses. Whether divesting from existing businesses or investing in new businesses, it is crucial to make management decisions based on a long-term perspective. For example, there are cases in which an investment might initially only generate limited returns but will grow into a highly profitable business over the long term. For this reason, introducing frameworks for assessing performance from both short-term and long-term perspectives is an effective way to optimize portfolios.

The Board of Directors is in the position of viewing the Company from an overarching standpoint, and it is therefore critical that we make decisions on important matters based on considerations such as capital allocation, the creation of synergies with existing businesses, and the need to maintain the soundness of corporate management. With regard to capital allocation, specifically, there is a need for frameworks that allow the Board of Directors to monitor overall operations and operating segments and to support

decision-making in order to ensure that the executive team can make effective decisions.

Other important considerations for advancing management strategies are human resource development and organizational management. In an organization with a lot of employees, there is a tendency for people to focus primarily on the performance of their particular team. However, I think it is worth considering the possibility of fostering an organization in which everyone at the Company goes about their job while on the same page, since such organizations tend to have substantial potential to grow over the medium to long term. This is why I intend to offer advice from my unique perspective on how Tokyo Century can share an understanding of the vision of its new medium-term management plan of bringing about change with all employees while developing an organization that motivates employees to think and act autonomously.

I specialize in corporate and organizational strategies. I therefore think I have an important role to play in supporting the healthy growth of Tokyo Century from the perspectives of human resource development and organizational management. In the past, I was involved in various research projects and executive programs. As an external director, I aim to use the insight and experience gained through this involvement to support the rapid growth of the Tokyo Century Group with its limitless potential.