



Tokyo Century



# SUSTAINABILITY DATA BOOK

# 2020

April 1, 2020–March 31, 2021



# Editorial Policy

## Positioning of Sustainability Data Book

Tokyo Century discloses information on its values and strengths and on the sustainability initiatives that contribute to ongoing improvements in corporate value through its integrated reports and other materials and venues. Through these means, we hope to facilitate a deeper understanding among stakeholders.

*Sustainability Data Book 2020* consolidates the environmental, social, and governance (ESG) information disclosed via our integrated reports, website, and other venues. Through this approach, we aimed to develop a data book that catalogs information based on ESG areas to be used as a reference for stakeholders, particularly those with high levels of interest in ESG investment. Please also consult our integrated reports and website.

Furthermore, we hope to make our sustainability data books easier to understand by incorporating reader feedback in order to evolve these data books into more effective communication tools for engagement with stakeholders.


## Scope of Reporting

Scope of Data Collection	In principle, this data book includes data from Tokyo Century Corporation and its consolidated subsidiaries. Should certain data pertain to Tokyo Century Corporation on a non-consolidated basis or a different scope, notification will be provided.
Report Period	April 1, 2020–March 31, 2021 (Information on some activities from outside of this period is included.)
Publication	December 2021

## Independent Practitioner's Assurance

To ensure the reliability of its environmental performance information, the Company has received independent practitioner's assurance from Deloitte Tohmatsu Sustainability Co., Ltd., with regard to Scope 1, Scope 2, and Scope 3 (categories 1, 13, and 15) greenhouse gas emissions as well as for the annual electricity generation volumes and CO<sub>2</sub> emissions reductions associated with the solar power generation business of Kyocera TCL Solar LLC (see Independent Practitioner's Assurance on pages 2 and 3 for more information).

## Legend

- EMS** : Eight companies applicable under Tokyo Century's environmental management system  
(Tokyo Century Corporation; TRY Corporation; TC Agency Corporation; TC Business Service Corporation; TC Business Experts Corporation; TC Property Solutions Corporation; S.D.L. Co., Ltd.; and Fujitsu Leasing Co., Ltd.)
- TC** : Tokyo Century Corporation (non-consolidated)
- Gr** : 51 Tokyo Century Group companies  
(38 domestic companies and 13 overseas companies)
-  : Items for which Independent Practitioner's Assurance has been received

# Independent Practitioner's Assurance

To ensure the reliability of its environmental performance information, the Company has received independent practitioner's assurance from Deloitte Tohmatsu Sustainability Co., Ltd., with regard to Scope 1, Scope 2, and Scope 3 (categories 1, 13, and 15) greenhouse gas emissions as well as for the annual electricity generation volumes and CO<sub>2</sub> emissions reductions associated with the solar power generation business of Kyocera TCL Solar LLC.

## Independent Practitioner's Assurance Report

# Deloitte.

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(TRANSLATION)

### Independent Practitioner's Assurance Report

July 28, 2021

Mr. Makoto Nogami,  
President & CEO, Representative Director,  
Tokyo Century Corporation.

Masahiko Sugiyama  
Representative Director  
Deloitte Tohmatsu Sustainability Co., Ltd.  
3-2-3, Marunouchi, Chiyoda-ku, Tokyo

We have undertaken a limited assurance engagement of the environmental performance data indicated with ☒ for the year ended March 31, 2021 (the "Environmental Quantitative Information") included in the "SUSTAINABILITY DATA BOOK 2020" (the "Report") of Tokyo Century Corporation. (the "Company").

#### The Company's Responsibility

The Company is responsible for the preparation of the Environmental Quantitative Information in accordance with the calculation and reporting standard adopted by the Company (the Report P.3). Greenhouse gas quantification is subject to inherent uncertainty for reasons such as incomplete scientific knowledge used to determine emissions factors and numerical data needed to combine emissions of different gases.

#### Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. We apply International Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

#### Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Environmental Quantitative Information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements ("ISAE") 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board ("IAASB"), ISAE 3410, *Assurance Engagements on Greenhouse Gas Statements*, issued by the IAASB and the *Practical Guideline for the Assurance of Sustainability Information*, issued by the Japanese Association of Assurance Organizations for Sustainability Information.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records. These procedures also included the following:

- Evaluating whether the Company's methods for estimates are appropriate and had been consistently applied. However, our procedures did not include testing the data on which the estimates are based or reperforming the estimates.
- Performing interviews of responsible persons and inspecting documentary evidence to assess the completeness of the data, data collection methods, source data and relevant assumptions applicable to the sites.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

#### Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Environmental Quantitative Information is not prepared, in all material respects, in accordance with the calculation and reporting standard adopted by the Company.

The above represents a translation, for convenience only, of the original Independent Practitioner's Assurance report issued in the Japanese language.

Member of  
**Deloitte Touche Tohmatsu Limited**

Assured Items	Fiscal 2020 Scope and Calculation Methods
Scope 1 greenhouse gas emissions	<p><b>Scope of Data Collection</b> Tokyo Century Corporation and major Group companies (51 companies)</p> <p>Domestic companies (38): Tokyo Century Corporation; TRY Corporation; TC Agency Corporation; TC Business Service Corporation; TC Business Experts Corporation; TC Property Solutions Corporation; S.D.L. Co., Ltd.; Fujitsu Leasing Co., Ltd.; 21 group companies of Nippon Rent-A-Car Service, Inc.; four group companies of Shinko Real Estate Co., Ltd.; Nippon Car Solutions Co., Ltd.; Orico Auto Leasing Co., Ltd.; Orico Business Leasing Co., Ltd.; IHI Finance Support Corporation; and ITEC Leasing Co., Ltd.</p> <p>Overseas companies (13): Tokyo Century Leasing China Corporation; Tokyo Century Factoring China Corporation; Tokyo Century Leasing (Singapore) Pte. Ltd.; Tokyo Century Capital (Malaysia) Sdn. Bhd.; PT. Century Tokyo Leasing Indonesia; TISCO Tokyo Leasing Co., Ltd.; TC Car Solutions (Thailand) Co., Ltd.; HTC Leasing Co., Ltd.; CSI Leasing, Inc.; EPC Inc.; Tokyo Century (USA) Inc.; AP Equipment Financing Inc.; and Aviation Capital Group LLC</p> <p>Applicable emissions: Greenhouse gas emissions from energy use</p>
Scope 2 greenhouse gas emissions	<p><b>Calculation Method</b></p> <p>Scope 1: Fuel use volume × CO<sub>2</sub> emission factor<sup>*1</sup></p> <p><sup>*1</sup> List of Calculation Methods and Emissions Factors for Calculation, Reporting and Announcement Systems specified in the Act on Promotion of Global Warming Countermeasures</p> <p>Scope 2: Electricity use volume × CO<sub>2</sub> emission factor<sup>*2</sup></p> <p><sup>*2</sup> Japan: List of Emissions Factors by Electric Power Utility specified in the Act on Promotion of Global Warming Countermeasures  United States: U.S. Average (2019) coefficient from Environmental Protection Agency's Emissions &amp; Generation Resource Integrated Database  Other countries: Country-specific emission factors for most recent fiscal year from IGES Grid Emissions Factors</p>
Scope 3 greenhouse gas emissions Category 1—Purchased goods and services	<p><b>Scope of Data Collection</b> Tokyo Century Corporation</p> <p><b>Calculation Method</b></p> <p>Lease property acquisition costs × Emission basic unit based on industry tables<sup>*3</sup></p> <p><sup>*3</sup> Database of emission basic unit for calculating organizational greenhouse gases across the supply chain provided by the Ministry of the Environment (Ver. 3.1)</p>
Scope 3 greenhouse gas emissions Category 13—Downstream leased assets	<p><b>Scope of Data Collection</b> Tokyo Century Corporation  Applicable leased items: Aircraft, computers, office equipment</p> <p><b>Calculation Method</b></p> <p>Aircraft: Operation time × Per-hour fuel consumption × CO<sub>2</sub> emission factor<sup>*4</sup></p> <p><sup>*4</sup> List of Calculation Methods and Emissions Factors for Calculation, Reporting and Announcement Systems specified in the Act on Promotion of Global Warming Countermeasures</p> <p>Computers and office equipment: Energy consumption of high-representation equipment × Estimated annual operating time × CO<sub>2</sub> emission factor<sup>*5</sup></p> <p><sup>*5</sup> Fiscal 2020 substitution values from List of Emissions Factors by Electric Power Utility specified in the Act on Promotion of Global Warming Countermeasures</p>
Scope 3 greenhouse gas emissions Category 15—Investments	<p><b>Scope of Data Collection</b> Tokyo Century Corporation  Applicable investments: Policy-holding shares</p> <p><b>Calculation Method</b></p> <p>CO<sub>2</sub> emissions of cross-shareholding counterparty × Ownership ratio (as disclosed by CDP)</p>
Annual electricity generation volumes and CO <sub>2</sub> emissions reductions from solar power generation business of Kyocera TCL Solar LLC	<p><b>Scope of Data Collection</b> Solar power generation facilities of Kyocera TCL Solar LLC</p> <p><b>Calculation Method</b></p> <p>Annual generation volume: Total annual generation volume (transmission basis) for all solar power generation facilities</p> <p>CO<sub>2</sub> emissions reductions: Annual solar power generation volume (transmission basis) × CO<sub>2</sub> emission factor<sup>*6</sup></p> <p><sup>*6</sup> 417.5g-CO<sub>2</sub>/kWh (arrived at by subtracting figure of 45.5g-CO<sub>2</sub>/kWh for crystalline silicon solar cells [solar power generation system electricity consumption] from figure of 463g-CO<sub>2</sub>/kWh for per-generation CO<sub>2</sub> emissions from preliminary greenhouse gas emissions figures released by the Ministry of the Environment in fiscal 2018 as described in CO<sub>2</sub> reduction standards in fiscal 2020 Japan Photovoltaic Energy Association guidelines)</p>

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# Sustainability

## Corporate Information

### Company Profile

<b>Company name</b>	Tokyo Century Corporation
<b>Business activities</b>	Equipment leasing, mobility and fleet management, specialty financing, international business operations
<b>Head office</b>	FUJISOFT Bldg., 3 Kanda-neribeicho, Chiyoda-ku, Tokyo 101-0022, Japan
<b>Founded</b>	July 1, 1969
<b>Company representatives</b>	Shunichi Asada, Chairman Makoto Nogami, President & CEO Masataka Yukiya, Deputy President
<b>Capital</b>	¥81,129 million
<b>Stock listing (securities code)</b>	Tokyo Stock Exchange, First Section (8439)
<b>Number of subsidiaries and affiliates</b>	396 consolidated subsidiaries, 36 affiliates (as of March 31, 2021)
<b>Global network coverage</b>	More than 30 countries and regions

### Operating Segments

<b>Equipment Leasing</b>	Leasing and finance (moneylending and investment) including ancillary services and other businesses dealing with information and communications equipment, office equipment, industrial machinery, transportation equipment, and equipment for commercial and service industries
<b>Mobility &amp; Fleet Management</b>	Automobile leasing for corporate customers and individuals, car rental and car-sharing businesses, etc.
<b>Specialty Financing</b>	Leasing and finance (moneylending and investment) including ancillary services and other businesses focusing on product fields, such as shipping, aviation, real estate, and the environment and energy, in Japan and overseas
<b>International Business</b>	Leasing and finance (moneylending and investment) including ancillary services and fleet services businesses, among others, mainly in Asia, North, Central, and South America

Operating Segment	Number of Employees (Consolidated) (As of March 31, 2021)	
<b>Equipment Leasing</b>	686	(130)
<b>Mobility &amp; Fleet Management</b>	3,574	(3,379)
<b>Specialty Financing</b>	1,100	(1,450)
<b>International Business</b>	1,824	(9)
<b>Others</b>	58	(20)
<b>Corporate (shared)</b>	196	(26)
<b>Total</b>	7,438	(5,014)

Note: Number of employees represents full-time employees. Figures in parentheses represent the average number of temporary employees over the respective fiscal year and are not included in the number of full-time employees.

## Financial Information

### 1. Consolidated Financial Results

Item	Unit	Fiscal 2018	Fiscal 2019	Fiscal 2020
Revenues	Millions of yen	1,067,612	1,166,599	1,200,184
Operating income	Millions of yen	77,721	88,346	77,154
Ordinary income	Millions of yen	86,337	91,126	78,105
Net income attributable to owners of parent	Millions of yen	52,271	56,303	49,145
Net income per share	Yen	494.93	524.96	402.57
Return on equity	%	12.7	11.5	8.7
Return on assets	%	2.2	1.9	1.4
Operating income to revenues	%	7.3	7.6	6.4

### 2. Consolidated Financial Position

Item	Unit	Fiscal 2018	Fiscal 2019	Fiscal 2020
Total assets	Millions of yen	4,086,513	5,608,556	5,602,897
Net assets	Millions of yen	524,372	660,145	688,345
Shareholders' equity ratio	%	10.4	9.9	10.2
Net assets per share	Yen	4,039.68	4,543.43	4,670.45

### 3. Consolidated Cash Flows

Item	Unit	Fiscal 2018	Fiscal 2019	Fiscal 2020
Net cash provided by (used in) operating activities	Millions of yen	(59,154)	(50,664)	51,331
Net cash provided by (used in) investing activities	Millions of yen	(123,947)	(315,177)	(97,405)
Net cash provided by (used in) financing activities	Millions of yen	189,035	523,062	18,946
Cash and cash equivalents at end of year	Millions of yen	89,727	250,096	216,901

### 4. Segment Information (Fiscal 2020)

Millions of yen							
Item	Equipment Leasing	Mobility & Fleet Management	Specialty Financing	International Business	Others	Adjustments in consolidated financial statements	Total in consolidated financial statements
Revenues	525,286	338,874	234,131	100,384	1,507	—	1,200,184
Segment income (loss)	30,434	11,451	38,330	10,681	350	(13,143)	78,105
Segment assets	1,489,130	629,535	2,184,741	483,108	13,938	802,442	5,602,897
Return on assets*	2.1%	1.8%	1.8%	2.1%	—	—	1.4%

\* Return on assets = Ordinary income ÷ ((Segment assets at beginning of year + Segment assets at end of year) ÷ 2)

## Sustainability Philosophy and Policies

### Management Philosophy

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**The 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.**

### Management Policy

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**We will provide the best products and services around the world to contribute  
to the success of our customers' businesses while pursuing all possibilities  
by collaborating with customers and uniting the overall strengths of the Group.**

**We will strive to raise our corporate value over the medium  
to long term by pioneering new business fields and realizing sustainable growth.**

**We will cultivate a corporate culture that allows diverse human resources  
to fully demonstrate their skills and personalities, and  
we will build a company in which all officers and employees can hone their expertise  
and experience growth as well as a sense of pride.**

**We will always be mindful of our social responsibility  
as a corporation and conduct our business activities with vigor  
and sincerity as we fulfill our role of creating a sustainable economy and society.**

### Corporate Slogan

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**Solutions to your Pursuits**





## Corporate Code of Conduct

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### **1. Dedication to Customers**

The Tokyo Century Group is dedicated to the success of its customers' businesses by accurately responding to their needs with quality products and services and thereby forging solid relationships of trust.

### **2. Sound and Fair Corporate Activities**

The Tokyo Century Group engages in sound and fair corporate activities by complying with all laws, regulations, and rules and conforming to social norms.

### **3. Corporate Responsibility and Contribution to Society**

The Tokyo Century Group seeks to fulfill its social responsibilities through honest business management and contributes to society by meeting public expectations as an upstanding corporate citizen.

### **4. Respect for Human Rights**

The Tokyo Century Group respects the human rights of all people and promotes diversity to nurture a corporate culture that encourages personnel with diverse characteristics to thrive.

### **5. Preservation of the Environment**

The Tokyo Century Group seeks to preserve the environment in all areas of its business activities by endeavoring to create an environmentally sound, sustainable economy and society.

### **6. Response to Global Standards**

The Tokyo Century Group acts from a global perspective that is highly transparent and sincere, by respecting the cultures and customs and complying with the laws, regulations, and relevant systems of the countries and regions in which it operates.

## Our Action Guidelines

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### **1. We will continue creating solutions that earn customer trust and recognition.**

We will strive to resolve the issues faced by our customers by harnessing our high level of expertise and foresight to provide optimal products and services that earn their trust and recognition.

### **2. We will act in compliance with laws and regulations and in accordance with our social conscience.**

We will comply with laws and regulations to conduct fair and proper business activities, and we will act on our own initiative in accordance with our social conscience as dignified individuals. We will distinguish between the Company's interests and our individual interests and will strictly refrain from actions that impair the interests of the Company.

### **3. We will respect human rights and human dignity and create a rewarding working environment.**

We will respect our mutual human rights and human dignity and strive to create a vibrant, rewarding working environment where discrimination and harassment have no place.

### **4. We will stringently manage personal information and customer information.**

We will stringently manage the personal information and customer information we obtain through our operations to prevent both leakage outside the Company and use for unintended purposes.

### **5. We will pursue activities to preserve the environment.**

We will maintain a high awareness of environmental issues and actively work to preserve the environment, which includes actions to prevent global warming and promote energy conservation.

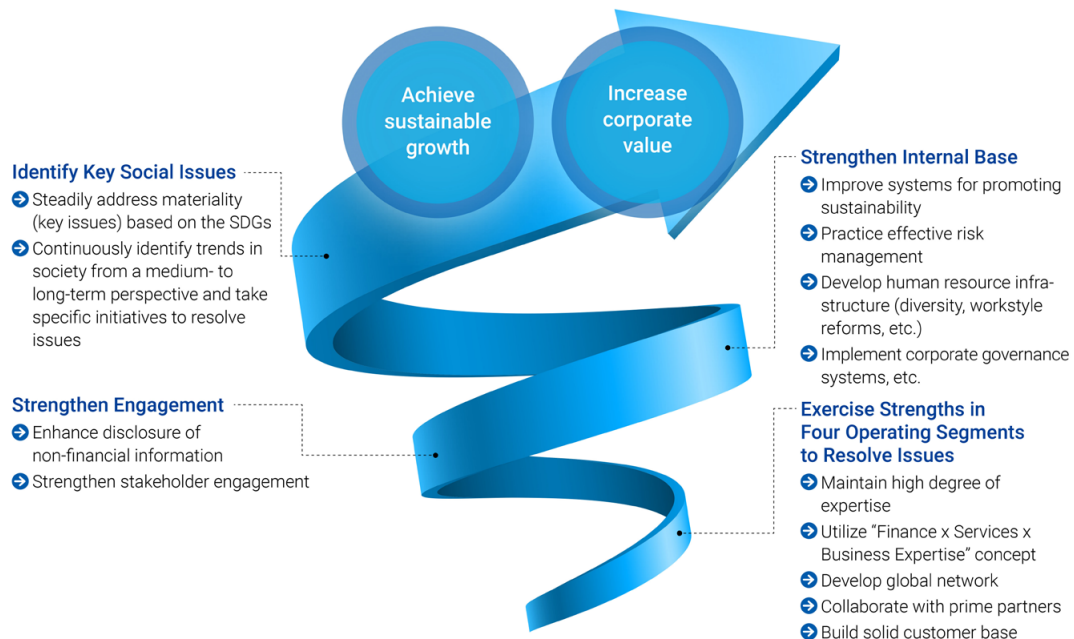
### **6. We will avoid contact with antisocial forces and criminal organizations.**

We will act decisively to avoid any contact with antisocial forces that obstruct the course of social order and safety or with criminal organizations inside or outside Japan that hamper legitimate economic activity.

## Sustainability Management Policy

Tokyo Century's commitment to sustainability is driven by its pursuit of further sustainable development and higher corporate value along with stakeholders as a financial services company, and it thereby contributes to the creation of an environmentally sound, sustainable economy and society. In promoting sustainability management, we envision, with due consideration of the United Nations Sustainable Development Goals (SDGs), a society 10 to 20 years into the future and then take a backcasting approach toward creating financial services that will meet the needs of that time.

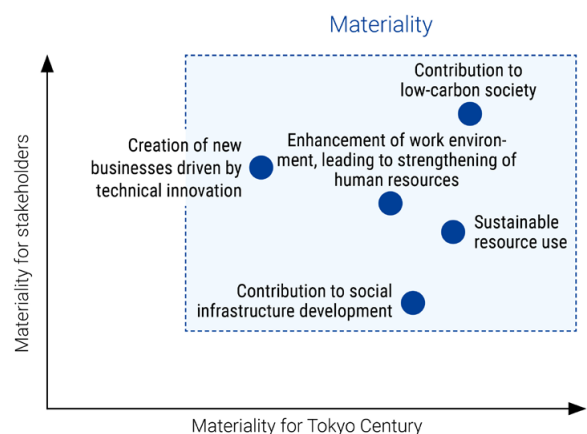
### Resolution of Social Issues Together with Stakeholders



## Promotion of Sustainability Management

Tokyo Century has defined its materiality (key issues), which is itself based on the SDGs, and is advancing initiatives based on this materiality for the purpose of promoting sustainability management to address social issues through its business activities. We thereby aim to improve corporate value while ensuring sustainable growth for both the Tokyo Century Group and the greater society.

A materiality road map has been utilized to indicate the degree of materiality of each key issue to stakeholders. The degree of materiality was determined based on the Company's business characteristics as well as by referencing major ESG evaluation and non-financial disclosure standards and benchmark companies and by analyzing these standards and companies in relation to the SDGs.\*



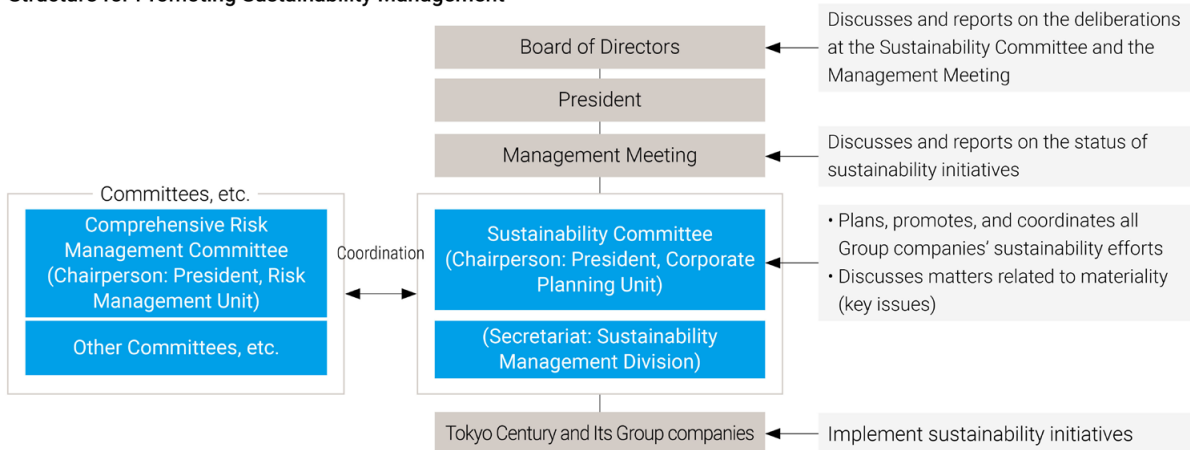
\* Major ESG evaluation and non-financial disclosure standards referenced in determining the degree of materiality of key issues to stakeholders: Dow Jones Sustainability Index, FTSE4Good Index, MSCI Index, and SASB

## Tokyo Century's Materiality (Key Issues) Linked to the SDGs

Materiality	Priority materiality initiatives	Initiative examples	SDGs
Contribution to low-carbon society	Contribute to widespread use of clean energy through climate change response and environmental efforts	Renewable energy business including solar power generation, popularization of electric vehicles via leasing	7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION
Creation of new businesses driven by technical innovation	Create new businesses by integrating new technologies into financial services and contribute to the digital economy	Subscription services, fintech, new rental car services utilizing smartphone apps	8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Contribution to social infrastructure development	Respond to advances in global mobility services and cooperate with local communities to contribute to social infrastructure development	Regional revitalization through rental cars and car sharing, Drive Doctor telematics driving control service that supports safe driving, and hotel business	3 GOOD HEALTH AND WELL-BEING 11 SUSTAINABLE CITIES AND COMMUNITIES
Sustainable resource use	Contribute to development of a circular economy focused on the value of assets	IT equipment leasing, refurbishing, aircraft life-cycle management, and automobile leasing	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Enhancement of work environment, leading to strengthening of human resources	Promote human resource development, diversity, and workstyle reforms that improve job satisfaction and foster a sense of personal growth	Introduction and implementation of telecommuting, employee awareness surveys, 360° evaluations	8 DECENT WORK AND ECONOMIC GROWTH
Shared platforms		Utilize diverse partnerships to create new value	17 PARTNERSHIPS FOR THE GOALS

## Structure for Promoting Sustainability Management

### Structure for Promoting Sustainability Management



The Sustainability Committee (established in April 2018) is responsible for deliberations related to sustainability management at Tokyo Century. This committee meets twice a year, in principle. Important matters deliberated on by the Sustainability Committee are reported to and discussed by the Management Meeting and the Board of Directors to allow for oversight by the Board of Directors. The Sustainability Committee is chaired by the president of the Corporate Planning Unit, and this committee promotes initiatives positioning sustainability as an important management issue. The Sustainability Management Division, which is responsible for planning, promoting, and overseeing Companywide sustainability initiatives, functions as the secretariat for the Sustainability Committee.

Sustainability management strategies furnish a core framework for the New Fourth Medium-Term Management Plan. Tokyo Century is advancing initiatives based on its materiality (key issues), which is itself based on the SDGs, for the purpose of promoting sustainability management to address social issues through its business activities. We thereby aim to improve corporate value while ensuring sustainable growth for both the Tokyo Century Group and the greater society. The progress of these initiatives is assessed through a PDCA (plan-do-check-act) cycle.

Means of entrenching understanding regarding sustainability management include communication documents (sustainability communication) and training as well as project surveys, materiality notifications contained in agendas for meetings of the Management Meeting and the Board of Directors, and award systems. Through these means, we aim to improve awareness regarding materiality initiatives among all employees and officers.

## Materiality KPIs

Tokyo Century has established key performance indicators (KPIs) related to its materiality in order to promote sustainability management. The following pages contain information on the principal KPIs defined for each materiality (key issue). (Some KPIs overlap with the ESG-related KPIs described on page 18 and thereafter.)

### Contribution to Low-Carbon Society



Tokyo Century recognizes that combating climate change is an important management priority. Our efforts to contribute to a low-carbon society include environmental activities in offices, solar power and other renewable energy businesses, the promotion of the Financing Program for Joint Crediting Mechanism (JCM) Model Projects for reducing greenhouse gas emissions through collaboration with developing countries and sharing emissions reduction benefits between involved countries, and other efforts for addressing climate change through our business activities.

Moreover, Tokyo Century announced its endorsement of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in April 2021. In addition, we identified climate change risks and opportunities under multiple scenarios and conducted qualitative and quantitative business impact assessments in line with TCFD recommendations. Information with this regard is disclosed on our corporate website.\*

\* Response to Climate Change and TCFD Endorsement <https://www.tokyocentury.co.jp/en/csr/environment/tcdf.html>

KPI	Metric	Unit	Target year	Target	Fiscal 2018	Fiscal 2019	Fiscal 2020
Reduction of electricity use (environmental contributions through office activities)	Electric use	kWh	Fiscal 2021	Less than 1,650,000 kWh	1,611,715	1,598,069	1,578,546
	CO <sub>2</sub> emissions	t-CO <sub>2</sub>	Fiscal 2021	Less than 776 t-CO <sub>2</sub>	825	818	770
Reduction of gasoline use (environmental contributions through office activities)	Gasoline use	L	Fiscal 2021	Less than 69,000 L	78,203	69,038	43,768
	CO <sub>2</sub> emissions	t-CO <sub>2</sub>	Fiscal 2021	Less than 161 t-CO <sub>2</sub>	181	160	102
	Fuel efficiency	km/L	Fiscal 2021	Less than 13.5 km/L	13.9	13.9	14.3
Reduction of paper use (environmental contributions through office activities)	Paper use (A4 size equivalent)	Thousands of sheets	Fiscal 2021	Less than 13 million sheets	15,402	13,832	9,262
Reduction of head office electricity use (intensity target)	Per-area electricity use	kWh/m <sup>2</sup>	Fiscal 2030	Less than 70.65 kWh/m <sup>2</sup> (22% reduction in comparison with FY2009)	70.25	65.28	60.56
Reduction of annual CO <sub>2</sub> emissions associated with head office electricity use (intensity target)	CO <sub>2</sub> emissions from per-area electricity use	t-CO <sub>2</sub> /m <sup>2</sup>	Fiscal 2030	0.042 t-CO <sub>2</sub> /m <sup>2</sup> (22% reduction in comparison with FY2009)	0.036	0.033	0.030
Reduction of CO <sub>2</sub> emissions through solar power businesses of three consolidated subsidiaries <sup>*1</sup>	Annual generation value	MWh	Fiscal 2021	Less than 427,000 MWh	301,252	359,665	414,047
	CO <sub>2</sub> emissions (compared with standard thermal power generation)	t-CO <sub>2</sub>	Fiscal 2021	Less than 170,586 t-CO <sub>2</sub>	94,744	162,029	172,864
Rate of electrified vehicle use (EVs, FCEVs, PHEVs, HVs)	Mobility and fleet management <sup>*2</sup>	%	–	–	14.9	17.1	18.8
Rate of fuel-efficient aircraft use <sup>*3</sup>	Ratio of fuel-efficient aircraft assets <sup>*4</sup>	%	–	–	22	33	41
Projected aggregate greenhouse gas emissions reductions from JCM Model Projects <sup>*5</sup>	Projected aggregate greenhouse gas emissions reductions	t-CO <sub>2</sub>	Fiscal 2025	56,000t-CO <sub>2</sub>	17,814	29,795	34,547

\*1 Three consolidated subsidiaries: Kyocera TCL Solar LLC and two other solar power business companies

\*2 Mobility and fleet management: Nippon Car Solutions Co., Ltd.; Nippon Rent-A-Car Service, Inc.; and Orico Auto Leasing Co., Ltd.

\*3 Fuel-efficient aircraft: A320neo, A321neo, A350, 737MAX, 747-8F, and 787

\*4 Ratio of fuel-efficient aircraft assets: Ratio of fuel-efficient aircraft to all aircraft (including those of Aviation Capital Group LLC)

\*5 JCM Model Projects: Projects in which collaboration is pursued with developing countries to reduce greenhouse gas emissions and share the emissions reduction benefits between involved countries

## Creation of New Businesses Driven by Technical Innovation



Tokyo Century seeks to create new businesses by integrating new technologies into financial services and to contribute to the digital economy through collaboration with partner companies and investment in companies boasting promising technologies. In the Equipment Leasing segment, where we possess a broad customer base and are developing numerous joint ventures together with prime partners, we are reinforcing our foundation for supporting the digital economy through investment in and a business alliance with Bplats, Inc., a provider of comprehensive subscription service business platforms, while also developing subscription service businesses. Meanwhile, in the Mobility & Fleet Management segment, where we develop a comprehensive range of industry-leading automotive businesses, Tokyo Century is co-creating new businesses that promote digital transformation in the mobility field. For example, we have concluded a capital and business alliance agreement with Mobility Technologies Co., Ltd., which operates the GO taxi dispatch app covering the largest number of affiliated taxis in Japan. Also, we are engaged in mobility-as-a-service (MaaS) and smart city businesses through a business alliance with major map solutions provider ZENRIN CO., LTD., in which we combine the resources of this company with our own. In the Specialty Financing segment, which drives Tokyo Century's growth with highly specialized operations, we have concluded an investment contract with Germany's Volocopter GmbH, a company developing flying cars as a form of next-generation aerial mobility, and are advancing other Companywide initiatives aimed at creating new businesses for the next era.

In December 2020, the DX Strategy Division was established within the Corporate Planning Unit to plan and promote Companywide digital transformation strategies. In addition, in March 2021 Tokyo Century became the first leasing-based financial services provider to be recognized as a DX-certified operator advancing superior initiatives under the DX Certification system organized by the Ministry of Economy, Trade and Industry (METI).

The Company is also focused on fostering a corporate culture in which employees feel empowered to boldly tackle new challenges without fear of failure. For this purpose, we introduced the TC Biz Challenge Project, a new business proposal initiative, in fiscal 2020. Through this project, the Company offers its full support for promising business plans and implements frameworks for examining methods of commercializing such plans. This project was shaped based on the results of employee awareness surveys and is thus anticipated to contribute to increased employee engagement. In its first year, a total of 36 proposals were received through the TC Biz Challenge Project, and commercialization is being pursued for those proposals that passed secondary screening.

KPI	Supplement
Certification under METI's DX Certification system*	Certification achieved in March 2021

\* Outline of the DX Certification System

The DX Certification system is an initiative implemented under the Act on Partial Revision of the Act on Facilitation of Information Processing, which came into force on May 15, 2020. In line with the guidelines set by the Japanese government that present to companies ideal approaches for making use of strategic systems in their business management and for creating such a system, an authority certifies companies engaging in outstanding efforts, if companies eligible for certification file a request accordingly. Under the DX Certification system, beyond being poised to promote digital transformation, it is important that companies have taken measures related to the fundamental items of management goals, strategies, performance, KPIs, and governance systems that are defined in the digital governance code compiled by METI in November 2020.

Moreover, Tokyo Century was included in the Digital Transformation Stock Selection (DX Stocks) announced in June 2021. DX Stocks is a selection of Tokyo Stock Exchange-listed companies that have established internal frameworks for promoting digital transformation aimed at improving corporate value and which have been successful in highly utilizing digital technologies. Between one and two companies are chosen for each industry. The Company has also been included in the Competitive IT Strategy Company Stock Selection program—the predecessor of the DX Stocks program—in each of the seven years since its establishment in 2015.

## Contribution to Social Infrastructure Development



In the Mobility & Fleet Management segment, where we develop industry-leading automotive businesses, Tokyo Century provides mobility-related services through its auto leasing and car rental businesses. These services play a crucial role in contributing to social infrastructure while also having material importance to supporting safety. Moreover, we are promoting the use of vehicles equipped with automated brakes and other safety features in order to contribute to the achievement of target 3.6 –By 2020, halve the number of global deaths and injuries from road traffic accidents– of SDG Goal 3: Good health and well-being. In addition to these equipment-related initiatives, we are proactively offering support through software-related initiatives, namely, safe driving lessons that utilize telematics systems.

In a business environment free of regulatory constraints, Tokyo Century is branching out from leasing and financing to develop and grow unique business models based on the concept of “Finance × Services × Business Expertise” through co-creative partners. For example, we recognize that the revitalization of local communities through the tourism industry is an important task as the depopulation of areas outside of major urban centers becomes an increasingly serious social issue. With this regard, ANA InterContinental Beppu Resort & Spa, an establishment that Tokyo Century played a part in attracting, was opened in Beppu City, Oita Prefecture, in August 2019. This facility garnered attention as Japan’s first InterContinental resort hotel and is functioning as a piece of social infrastructure that promotes tourism and contributes to regional revitalization. Calling upon the expertise gained through this undertaking, we were able to conclude an operation subcontracting agreement with InterContinental Hotels Group PLC, based on which we plan to open Hotel Indigo Karuizawa—located in Karuizawa, a popular Japanese highland resort area—in spring 2022.

Tokyo Century is also involved in real estate operations in Tokyo. As part of the TOKYO TORCH redevelopment project taking place in front of the Nihonbashi exit of Tokyo Station, the Company acquired a super luxury hotel and large-scale hall to be built in Torch Toward, a building scheduled for completion in fiscal 2027, jointly with Mitsubishi Estate Co., Ltd. Together with the office section previously acquired by both parties, these assets are expected to function as important parts of social infrastructure in this urban center.

Furthermore, we announced a business and capital alliance with Nippon Telegraph and Telephone Corporation (NTT) in February 2020. The need for high-speed processing and collection of large quantities of data is growing on a global scale, stimulating a rise in data centers. In response to this trend, we will advance social infrastructure business initiatives through our alliance with NTT as we seek to make other contributions together with partners.

KPI	Applicable companies <sup>*1</sup>	Unit	Fiscal 2018	Fiscal 2019	Fiscal 2020
Number of vehicles equipped with telematics services	NCS, NRS, OAL	Vehicles	54,325	63,668	67,757
Number of safe driving lessons conducted using telematics services <sup>*2</sup>	NCS	Lessons	1,003	962	459
		Participants	19,679	19,212	7,095
Ratio of rental cars equipped with safety features (automated brakes, etc.)	NRS	%	80.0	90.3	94.3

<sup>\*1</sup> NCS: Nippon Car Solutions Co., Ltd.; NRS: Nippon Rent-A-Car Service, Inc.; OAL: Orico Auto Leasing Co., Ltd.

<sup>\*2</sup> The number of safe driving lessons declined substantially in fiscal 2020 in response to the COVID-19 pandemic, and this reduction led to a decrease in the number of participants.

## Sustainable Resource Use



The leasing business Tokyo Century has developed since its founding is built on the 3Rs (reduce, reuse, and recycle), meaning that the Company has been contributing to the realization of an environmentally sound, sustainable economy and society since its inception. Leasing businesses necessarily involve assets, and focuses on the value of assets and on effectively utilizing these assets are thus of crucial importance to such businesses. By further honing the propensity for judging the value of the assets we have refined throughout our history, we look to broaden the scope of assets we handle to branch out from traditional financing and leasing to engage in life-cycle management operations related to automobiles and aircraft. At the same time, we will work together with our partners to combine our specialties and areas of expertise to address social issues. In this manner, Tokyo Century will seek to evolve business models in fields where it can contribute to the realization of an environmentally sound, sustainable economy and society in which it is possible to achieve economic growth while using resources efficiently.

Information and communications equipment is a major offering of our leasing business. With this regard, data erasure is becoming an increasingly important task for end-of-lease IT equipment. Tokyo Century boasts strength in data erasure as it has an affiliate that provides such data erasure services. In the United States, where there is strong demand for high-level data erasure services in compliance with all necessary requirements, U.S.-based IT leasing subsidiary CSI Leasing, Inc., which offers high-quality IT asset disposition (ITAD) services, is a major source of competitiveness for the Tokyo Century Group. CSI Leasing develops its ITAD service business out of its global network of 17 bases, centered on eight service bases located across the United States, and it has thereby been able to respond to rising needs for worldwide standard services from global companies. In fiscal 2020, CSI Leasing posted ordinary income more than three times the level seen in fiscal 2015, when Tokyo Century commenced investment.

In the aviation business, the conversion of major U.S. aircraft leasing company Aviation Capital Group LLC into a subsidiary in December 2019 made it possible for the Tokyo Century Group to engage in self-driven forays into the operating lease business for new and other aircraft. Going forward, we will continue to pursue intra-group synergies capitalizing on the strengths of the Group's aircraft value chain, which includes such companies as aircraft parts and service business operator GA Telesis, LLC, and allows for strategic aircraft life-cycle management.

Tokyo Century's auto businesses contribute to sustainable resource use through a value chain that encompasses maintenance factories. In this area, Nippon Rent-A-Car Service, Inc., offers car rental services that deliver improved customer convenience as a business for contributing to sharing economies, as exemplified in the trend toward transitioning from ownership to use, amid the rising focus on realizing an environmentally sound, sustainable economy and society.

KPI	Metric	Unit	Target Year	Target	Fiscal 2018	Fiscal 2019	Fiscal 2020
Refurbishment business	Annual sales of secondhand computers	Computers	Fiscal 2023	More than 250,000 computers	459,341	479,625	405,055
ITAD data erasure services (CSI Leasing subsidiary Executive Personal Computers, Inc., of the United States)	Number of units processed with ITAD services	Units	–	–	278,100	437,826	405,375
Promotion of car rental services (Nippon Rent-A-Car Service, Inc.)	Number of rental cars	Cars	–	–	34,081	37,832	33,098



## Enhancement of Work Environment, Leading to Strengthening of Human Resources

Tokyo Century continues to invest in the human resources who support its growth and to develop workplace environments in which all officers and employees feel empowered in their work. These undertakings will be imperative to ensuring that the Company can keep growing and evolving in the current era of rapid change.

We conduct employee awareness surveys to help focus our efforts to develop workplace environments in which all employees respect one another and are able to fully exercise their talents. The results of these surveys are analyzed to identify issues and shape future initiatives, and this information is incorporated into officer training and discussed on an ongoing basis by the Management Meeting and the Board of Directors so that identified issues can be addressed as top management priorities. Various measures for improving employee engagement have been implemented based on these surveys. For example, we have introduced an hourly paid leave program and a teleworking system along with the Career Challenge Program internal recruitment system, which is designed to provide employees with an opportunity to chart their own career courses.

Moreover, the Diversity Promotion Office and the Career Design Office have been established within the Personnel Division to guide medium- to long-term growth initiatives. Under the guidance of these organizations, we are fostering a corporate culture in which diverse employees are able to proactively exercise their talents and individuality through efforts such as recruiting and developing diverse human resources and promoting diversity and inclusion.

KPI	Unit	Target year	Target	Target employees	Fiscal 2018	Fiscal 2019	Fiscal 2020
Average monthly overtime hours	Hours	–	–	Career track employees	12.0	15.2	14.9
				Administrative employees	2.4	2.7	3.2
				Total	8.3	10.2	10.2
Annual paid leave acquisition rate	%	Fiscal 2023	At least 70%	–	77.3	76.3	72.7
Childcare leave acquisition rate	%	Fiscal 2023	Rate of childcare acquisition by male employees 100%	Women	100.0	100.0	100.0
				Men	100.0	100.0	100.0
Ratio of employees with disabilities	%	–	–	–	2.42	2.93	2.61
Ratio of women among new graduate hires	%	Fiscal 2023	At least 30%	–	45.8	50.0	30.8
Ratio of women in management positions	%	Fiscal 2023	At least 10%	–	7.2	7.9	9.1
Ratio of women in section leader positions	%	–	–	–	43.9	48.8	50.7
Ratio of employees remaining at the Company for 10 years or more (by gender)	%	–	–	Women	60.3	57.4	48.6
				Men	61.4	60.3	53.7
Employee turnover rate	%	–	–	Women	1.2	1.2	0.7
				Men	4.3	4.9	3.7



### Exercise of Management Philosophy

Tokyo Century has continued to support the ambitions of various companies and businesses while growing together with these partners.

- Converted IHI Finance Support Corporation into a consolidated subsidiary

**IHI**

- Conducted merger between Tokyo Auto Leasing Co., Ltd., and Nippon Car Solutions Co., Ltd., and converted Nippon Car Solutions into a consolidated subsidiary

**NCS**

- Converted Nippon Rent-A-Car Service, Inc., into a consolidated subsidiary

**NIPPON**  
Rent-A-Car

- Converted CSI Leasing, Inc., a leading U.S.-based independent leasing company, into an equity-method affiliate before converting it into a wholly owned subsidiary in 2016

**CSI LEASING**  
the power of experience

- Established Orico Business Leasing Co., Ltd., which specializes in vendor leasing, with Orient Corporation

**Orico**  
Business Leasing

- Converted Aviation Capital Group LLC, a major U.S.-based commercial aircraft lessor, into an equity-method affiliate before converting it into a wholly owned subsidiary in 2019

**AVIATION**  
CAPITAL GROUP  
A Tokyo Century Company

- Acquired shares in Amada Lease Co., Ltd., and converted it into a consolidated subsidiary

**AMADA**

- Acquired shares in U.S.-based leasing company AP Equipment Financing, Inc., and converted it into a wholly owned subsidiary

**A-P EQUIPMENT**  
FINANCING

- Acquired shares in ITOCHU Construction Machinery and changed the name to ITOCHU TC Construction Machinery

**ITOCHU TC**  
Construction Machinery

- Acquired shares in NITTSU Lease & Finance Co., Ltd., and converted it into an equity-method affiliate

**NITTSU Lease & Finance**

2009

- Century Tokyo Leasing Corporation established through a merger between Century Leasing System, Inc., and Tokyo Leasing Co., Ltd.

2010

2011

**GA**  
TELESIS

2012

- Acquired shares in GA Telesis, LLC, and converted it into an equity-method affiliate
- Established solar power generation company Kyocera TCL Solar LLC with Kyocera Corporation as a joint venture

2013

2014

**BPI**

**Century Tokyo**  
Lease & Finance Corporation

A joint venture of Bank of the Philippine Islands and Tokyo Century Corporation

- Acquired shares in a leasing subsidiary of Bank of the Philippine Islands, a leading bank in the Philippines, and converted it into an equity-method affiliate before converting it into a consolidated subsidiary in 2020

2015

2016

**Tokyo Century**

**Tokyo Century**

2017

- Changed corporate name to Tokyo Century

2018

- Converted Bplats, Inc., into an equity-method affiliate
- Acquired shares in Shinko Real Estate, Co., Ltd., and converted it into a consolidated subsidiary

**bplats**

神鋼不動産株式会社

2019

- Concluded a capital and business alliance agreement with Nippon Telegraph and Telephone Corporation (NTT)

**NTT**





- Established NTT TC Leasing Co., Ltd., as a spin-off of the leasing and financing operations of NTT FINANCE CORPORATION

**NTT TC Leasing**





2020

2021

## Principal Measures by Operating Segment

<div>Equipment Leasing</div> <div>Operating Segment</div> <div>  <b>Boost value of leasing business and adapt to digital transformation</b> <ul style="list-style-type: none"> <li>Boost value of leasing business and accelerate business co-creation</li> <li>Create new business domains in response to digital transformation</li> <li>Optimize organization and improve operational efficiency to suit changes in business style</li> </ul> </div>	<div>Mobility &amp; Fleet Management</div> <div>Operating Segment</div> <div>  <b>View changing times as an opportunity to pursue mobility services that go a step further</b> <ul style="list-style-type: none"> <li>Enhance customer value and brand power with unrivaled quality of service</li> <li>Pursue channel and segment strategies aimed at expanding business base</li> <li>Take innovative initiatives for a new era</li> <li>Strengthen Group management systems to support business expansion</li> </ul> </div>
<div>Specialty Financing</div> <div>Operating Segment</div> <div>  <b>Further refine businesses with expertise and creativity</b> <ul style="list-style-type: none"> <li>Maximize the value chain in collaboration with partners</li> <li>Develop new businesses in response to changes in the operating environment</li> <li>Build organizational platform and infrastructure in accordance with global standards</li> <li>Perform post-merger integration and establish governance systems at acquired companies</li> </ul> </div>	<div>International Business</div> <div>Operating Segment</div> <div>  <b>Respond to expansion of the digital economy and the mobility revolution</b> <ul style="list-style-type: none"> <li>Collaborate with leading companies through alliance strategies</li> <li>Pursue broader and deeper business related to fintech and mobility</li> </ul> </div>

## Strengthening of the Management Base: Key Themes and Policies

<div>Strengthen consolidated management</div> <div>  <ul style="list-style-type: none"> <li>Raise level of consolidated management on a global basis</li> <li>Manage sustainably to help strengthen responsiveness to the SDGs and ESG issues</li> <li>Continue examination of operating systems to create systems that contribute to autonomous management of each business domain</li> <li>Generate creative ideas and new businesses</li> </ul> </div>	<div>Drive business transformation with digital technology</div> <div>  <ul style="list-style-type: none"> <li>Harness digital technology to enhance corporate value and bolster competitiveness</li> <li>Drastically revise existing systems to accelerate digital innovation</li> <li>Develop systems aimed at promoting digital innovation</li> </ul> </div>
<div>Enhance and reinforce the financial base</div> <div>  <ul style="list-style-type: none"> <li>Stabilize fund procurement</li> <li>Expand foreign currency procurement capabilities</li> <li>Raise level of asset liability management</li> </ul> </div>	<div>Enhance risk management systems</div> <div>  <ul style="list-style-type: none"> <li>Strengthen risk management in response to diversification of business investments and other elements of risk profile</li> <li>Build risk control framework aimed at efficient allocation of management resources</li> <li>Respond to social need for information security, diverse crisis management, quality control, etc.</li> </ul> </div>
<div>Emphasize diversity in human resource development and workstyle reforms</div> <div>  <ul style="list-style-type: none"> <li>Secure diverse human resources (skilled personnel required by each operating segment or operation headquarters)</li> <li>Develop global human resources</li> <li>Review and reform personnel policies to suit the characteristics of operating segments and workstyle reforms</li> </ul> </div>	<div>Strengthen corporate governance</div> <div>  <ul style="list-style-type: none"> <li>Strengthen management systems contributing to enhancement of corporate value</li> <li>Strengthen Group governance</li> <li>Strengthen efforts to improve effectiveness of Board of Directors</li> </ul> </div>

## Management Indicators

New Fourth Medium-Term Management Plan (Targets for fiscal 2022)	Ordinary income	¥130.0 billion
	Net income attributable to owners of parent	¥80.0 billion
	Shareholders' equity ratio	12%
	Return on equity	12%

# Environmental

## Environmental Policies

Policies related to the environment	Basic Environmental Policy	<p><b>Basic Environmental Policy</b></p> <p>The Tokyo Century Group recognizes that addressing environmental issues is a social responsibility and will seek to contribute to the creation of an environmentally sound, sustainable economy and society by acting with due consideration for environmental issues, such as preventing environmental pollution, reducing greenhouse gas emissions, mitigating and adapting to the impacts of climate change, and preserving biodiversity and ecosystems in all areas of its operating activities.</p> <p><b>1. Global Environmental Preservation through Business</b></p> <p>We will strive to contribute to reducing environmental impacts, preserving forests, marine ecosystems, and water resources, and preserving the global environment through our operating activities by developing and providing environmentally sound products and services around the world.</p> <p><b>2. Contribution to Creating an Environmentally Sound, Sustainable Economy and Society</b></p> <p>From the standpoint of life-cycle management, we will seek to create an environmentally sound, sustainable economy and society through our efforts for promoting waste reduction, reuse and recycling, and renewable energy.</p> <p><b>3. Promotion of Resource and Energy Conservation Activities</b></p> <p>We recognize the environmental impact generated by our business activities, such as the use of resources and energy, discharge of waste, and related activities, and promote actions for conserving resources and energy.</p> <p><b>4. Legal Compliance</b></p> <p>We comply with environmental laws and regulations and environmental requirements agreed to by the Tokyo Century Group.</p> <p><b>5. Efforts for Continuous Improvement</b></p> <p>We will seek to prevent environmental pollution and engage in environmental preservation activities along with providing environmental education and ensuring its dissemination by setting environmental goals and targets. Through the constant reviewing of the results of these activities, we strive to continuously improve our environmental management system and enhance disclosure of environmental information.</p>
Management system	Chief executive	President & CEO, Representative Director
	Oversight organization	Environmental Management Committee
	Climate change-related oversight by the Board of Directors	<p>Tokyo Century takes steps to combat climate change through management reviews conducted via an environmental management system based on ISO 14001. These reviews are used to evaluate environmental performance and provide guidance regarding future directives. In addition, twice-annual meetings are convened for the Environmental Management Committee, which is chaired by the president of the Risk Management Unit, who is also the environmental oversight representative.</p> <p>The Environmental Management Committee reports to the Management Meeting on the environmental activities implemented in a given fiscal year and receives evaluations of these activities as well as guidance for future directives.</p> <p>The Company's governance system is designed so that important matters, such as the establishment, revision, or abolition of the Basic Environmental Policy, are resolved after being brought to the attention of the Board of Directors for discussion.</p>

## Management system

### Acquisition of ISO 14001 certification

The Tokyo Century Group recognizes that it has a social responsibility to help address environmental issues. Accordingly, it has acquired ISO 14001 certification, the international standard for environmental management systems, for the following companies (certification was received from BSI Group Japan K.K.).

#### Scope of ISO 14001 Certification

ISO 14001 certification has been acquired for the following Tokyo Century Group entities.

- Tokyo Century Corporation  
(head office, Okachimachi office, Akihabara UDX office)
- TRY Corporation
- TC Agency Corporation
- Fujitsu Leasing Co., Ltd. (head office)



EMS 506044 / ISO 14001

In addition, the following two consolidated subsidiaries have received certification on an individual basis.

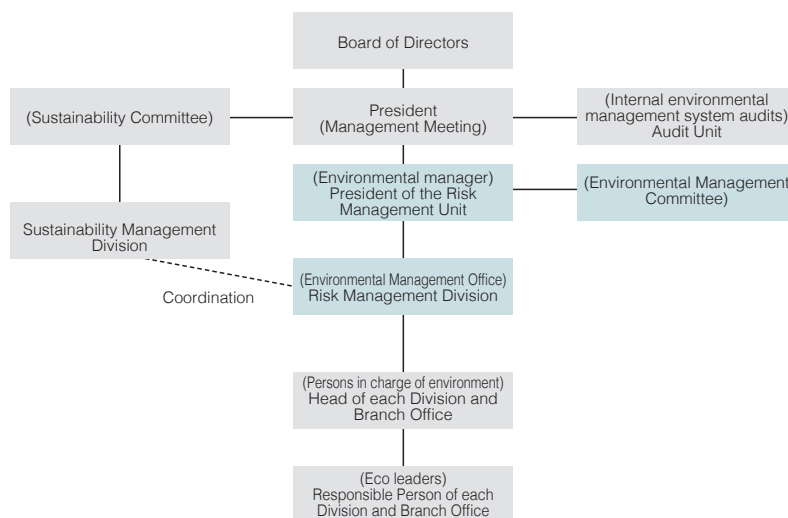
- Nippon Car Solutions Co., Ltd. (head office)
- Executive Personal Computers, Inc. (subsidiary of CSI Leasing, Inc., of the United States)

#### Scope of Application of Environmental Management System

Tokyo Century Corporation; TRY Corporation; TC Agency Corporation; TC Business Service Corporation; TC Business Experts Corporation; TC Property Solutions Corporation; Fujitsu Leasing Co., Ltd.; S.D.L. Co., Ltd.; and ITEC Leasing Co., Ltd.

### Environmental management system promotion framework

#### Environmental Management System



Management system	Environmental audits	Internal environmental audits of organizations at companies applicable under the aforementioned environmental management system are performed to confirm that their operations are conducted in accordance with the stipulations of the environmental management system. The fiscal 2020 audit found no nonconforming organizations.																	
	Long-term quantitative greenhouse gas emissions reduction targets (intensity targets)	<p>Tokyo Century participates in the Japan Leasing Association's plan for achieving a low-carbon society and has set proprietary targets for contributing to the accomplishment of the Japan Leasing Association's long-term targets for fiscal 2030.</p> <p><b>Long-Term Targets</b></p> <p>1. Per head office floor space electricity use Fiscal 2030: 70.65 kWh/m<sup>2</sup> (22% reduction compared with fiscal 2009)</p> <p>2. Annual CO<sub>2</sub> emissions from per head office floor space electricity use Fiscal 2030: 0.042 t-CO<sub>2</sub>/m<sup>2</sup> (22% reduction compared with fiscal 2009)</p> <table><tr><th>Item</th><th>Unit</th><th>Fiscal 2018</th><th>Fiscal 2019</th><th>Fiscal 2020</th></tr><tr><td>Per head office floor space electricity use</td><td>kWh/m<sup>2</sup></td><td>70.25</td><td>65.28</td><td>60.56</td></tr><tr><td>Annual CO<sub>2</sub> emissions from per head office floor space electricity use</td><td>t-CO<sub>2</sub>/m<sup>2</sup></td><td>0.036</td><td>0.033</td><td>0.030</td></tr></table>				Item	Unit	Fiscal 2018	Fiscal 2019	Fiscal 2020	Per head office floor space electricity use	kWh/m <sup>2</sup>	70.25	65.28	60.56	Annual CO <sub>2</sub> emissions from per head office floor space electricity use	t-CO <sub>2</sub> /m <sup>2</sup>	0.036	0.033
Item	Unit	Fiscal 2018	Fiscal 2019	Fiscal 2020															
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Annual CO <sub>2</sub> emissions from per head office floor space electricity use	t-CO <sub>2</sub> /m <sup>2</sup>	0.036	0.033	0.030															
Environmental education	<ul style="list-style-type: none"><li>• Environmental education is provided through e-learning programs for the purpose of raising environmental awareness at Tokyo Century Corporation and Group companies.</li><li>• Since fiscal 2011, we have issued “eco news” three to four times a year. These newsletters were renamed Sustainability Communication in January 2020. The newsletters have been used as means of communication regarding environmental topics as well as concerning various sustainability topics pertaining to management strategies. The redesigned sustainability newsletters are currently being distributed to Tokyo Century Corporation and to Group companies (issued four times in fiscal 2020 in Japanese and English).</li><li>• In divisions engaged in operations closely related to the environment, such as those responsible for disposal of end-of-lease properties and renewable energy business initiatives, environmental regulation tables are used to periodically confirm the regulations and ordinances related to the activities of these divisions. In addition, division members participate in internal and external lectures and training to gain deeper insight with this regard.</li><li>• Tokyo Century has been making ongoing contributions to environmental education for elementary and junior high school students through donations to local environmental preservation organizations in the regions where it conducts solar power generation businesses. These efforts have resulted in the Company's receiving a letter of appreciation from an environmental preservation organization in Shiga Prefecture.</li></ul>																		
Biodiversity initiatives	<p><b>Biodiversity-Related Guidelines</b></p> <p>See Basic Environmental Policy on page 18</p>																		
	<p><b>Coastal Forest Restoration Project</b></p> <p>Tokyo Century is supporting the Great East Japan Earthquake Reconstruction Support–Coastal Forest Restoration Project*1 through ongoing donations to OISCA (The Organization for Industrial, Spiritual and Cultural Advancement-International).</p> <p>*1 This project supports the restoration of coastal forests damaged by the tsunamis that followed the Great East Japan Earthquake through seedling cultivation and afforestation activities.</p>																		
Sustainable resource use	<p><b>Kodomo no Mori Plan</b></p> <p>We make continuous donations to OISCA to support the Kodomo no Mori Plan,*2 which allows children to plant and raise trees at their schools or in the surrounding areas.</p> <p>*2 As of March 31, 2021, 5,343 schools in 37 countries and regions had participated.</p>																		
	<p><b>PaperLab</b></p> <p>Tokyo Century has installed the PaperLab A-8000 office papermaking system developed by Seiko Epson Corporation. This system produces new paper using the waste paper collected from recycled boxes placed within offices.</p> <p>Using this system, we aim to reduce our environmental impact by cutting down on waste paper, including shredded waste paper, and by recycling used office paper.</p>																		
	<p><b>Refurbishment Businesses</b></p> <p>In our refurbishment businesses, we erase the data of end-of-lease computers, servers, and other IT equipment so that they can be resold in order to make contributions to the creation of an environmentally sound, sustainable economy and society.</p>																		

## Environmental Performance

Greenhouse gas emissions	Scope		Unit	Fiscal 2018	Fiscal 2019	Fiscal 2020
	Scope 1 (direct emissions) <div>Gr</div>		t-CO <sub>2</sub>	2,091	3,139	<div>✓</div> 3,613
	Scope 2 (indirect emissions originated from energy use) <div>Gr</div>		t-CO <sub>2</sub>	8,684	8,590	<div>✓</div> 7,964
	Scope 3 (emissions from supply chain, etc., not included in Scope 1 or Scope 2) <div>Tc</div>		t-CO <sub>2</sub>	1,211,947	1,390,556	1,043,996
	Total		t-CO <sub>2</sub>	1,222,722	1,402,285	1,055,573
	Scope 3 Emissions by Category					
	Category 1	Purchased goods and services	t-CO <sub>2</sub>	947,632	1,054,304	<div>✓</div> 843,494
	Category 2	Capital goods	t-CO <sub>2</sub>	563	512	100
	Category 3	Fuel- and energy-related activities (not included in Scope 1 or Scope 2)	t-CO <sub>2</sub>	1,496	1,574	1,739
	Category 4	Upstream transportation and distribution	t-CO <sub>2</sub>	0	0	0
	Category 5	Waste generated in operations	t-CO <sub>2</sub>	332	597	1,247
	Category 6	Business travel	t-CO <sub>2</sub>	132	127	120
	Category 7	Employee commuting	t-CO <sub>2</sub>	244	231	221
	Category 8	Upstream leased assets	t-CO <sub>2</sub>	0	0	0
	Category 9	Downstream transportation and distribution	t-CO <sub>2</sub>	0	0	0
	Category 10	Processing of sold products	t-CO <sub>2</sub>	0	0	0
	Category 11	Use of sold products	t-CO <sub>2</sub>	4,011	3,108	5,452
	Category 12	End-of-life treatment of sold products	t-CO <sub>2</sub>	334	350	148
	Category 13	Downstream leased assets	t-CO <sub>2</sub>	112,820	193,866	<div>✓</div> 181,292
	Category 14	Franchises	t-CO <sub>2</sub>	0	0	0
Category 15	Investments	t-CO <sub>2</sub>	144,383	135,886	<div>✓</div> 10,183	
Other environmental performance data			Unit	Fiscal 2018	Fiscal 2019	Fiscal 2020
	Environmental contributions through office activities <div>EMS</div>	Electricity use and related CO <sub>2</sub> emissions	kWh (environmental targets)	1,950,000	1,880,000	1,550,000
			kWh	1,611,715	1,598,069	1,578,546
			t-CO <sub>2</sub>	825	818	770
		Paper use	Thousands of sheets (environmental targets)	17,000	15,800	13,500
			Thousands of sheets	15,402	13,832	9,262
		Gasoline use, CO <sub>2</sub> emissions, and fuel efficiency for business vehicles and rent-a-car fleet	L (environmental targets)	100,000	90,000	72,000
			L	78,203	69,038	43,768
			t-CO <sub>2</sub>	181	160	102
			km/L (fuel efficiency)	13.9	13.9	14.3
			Environmental contributions through business activities	Renewable energy generation operations (CO <sub>2</sub> emissions reductions associated with solar power generation business of Kyocera TCL Solar LLC)	MWh (environmental targets)	277,000
	MWh (annual generation volume)	287,888			340,712	<div>✓</div> 388,084
	CO <sub>2</sub> emissions reductions t-CO <sub>2</sub>	90,541			153,491	<div>✓</div> 162,025
	Refurbishment operations (Annual number of secondhand computers sold) <div>EMS</div>	Units (environmental targets)		200,000	210,000	230,000
		Units		459,341	479,625	405,055
	Waste <div>Tc</div>	Total waste emissions	t	1,256	1,533	2,670
		Waste sent to landfills	t	455	851	1,685
	Water resources <div>Tc</div>	Water intake (only head office and Okachimachi Bldg.)	Thousands of m <sup>3</sup>	20	31	22
		Water intake (per unit of production)	m <sup>3</sup>	13.61	22.96	16.43

Compliance	Number of environmental law violations <div>TC</div>		Cases	0	0	0
Environmental accounting	Environmental preservation costs <div>TC</div>					
	Item	Specific Expenses	Unit	Fiscal 2018	Fiscal 2019	Fiscal 2020
	1. Costs within business area	Costs for transition to eco-friendly vehicles and network equipment upgrades	Millions of yen	1	164	33
	2. Upstream and downstream costs	Waste disposal expenses	Millions of yen	24	47	98
	3. Administrative costs	ISO 14001 certification maintenance and related costs	Millions of yen	32	19	28
		Secretariat, environmental, and CSR expenses	Millions of yen			
	Total			57	230	159
Green revenue		Breakdown	Unit	Fiscal 2018	Fiscal 2019	Fiscal 2020
	Sales of solar power generation businesses <div>Gr</div>	Seven domestic solar power generation business companies ( Total for Kyocera TCL Solar LLC and six other companies )	Billions of yen	10.5	13.3	14.7
Greenhouse gas emissions through JCM Model Projects	Projected aggregate greenhouse gas emissions reductions when choosing JCM Model Projects	Projected aggregate greenhouse gas emissions reductions	t-CO <sub>2</sub>	17,814	29,795	34,547
Aviation business fuel-efficiency initiatives	Ratio of fuel-efficient aircraft assets <div>Gr</div> (Six aircraft models with high fuel efficiency compared with conventional models)	Ratio of fuel-efficient aircraft assets (Ratio of fuel-efficient aircraft to all aircraft)	%	22	33	41
Introduction of eco-friendly vehicles	Rate of electrified vehicle use <div>Gr</div> (EVs, FCEVs, PHEVs, HVs)	Three auto business companies (Nippon Car Solutions Co., Ltd.; Nippon Rent-A-Car Service, Inc.; and Orico Auto Leasing Co., Ltd.)	%	14.9	17.1	18.8

## Climate Change Response Strategy

### Climate-related risks and opportunities

Tokyo Century has identified climate change as one of the operational risks covered by its risk management system, and we manage this risk as a non-financial risk. Climate change presents significant risks to Tokyo Century's business while also creating substantial business opportunities. Various initiatives are being advanced based on this outlook.

In April 2021, Tokyo Century announced its endorsement of the recommendations of the Task Force on Climate-related Financial Disclosures\* (TCFD). Based on these recommendations, we conduct scenario analyses and disclose the results thereof. Specifically, we conduct analyses of our environment and energy businesses (solar power generation) based on P.11 TCFD recommendations. The risks and opportunities affecting these businesses that are projected to have a large impact on operations are indicated in the table below.

\* Tokyo Century is a member of the TCFD Consortium.

<https://tcfcd-consortium.jp/en>

For more information on Tokyo Century's response to climate change and endorsement of TCFD recommendations, please refer to the following website.  
<https://www.tokyocentury.co.jp/en/csr/environment/tcfd.html>

#### Risks and Opportunities in Environment and Energy Businesses (Solar Power Generation)

Item		Business impact			
Risk	Subcategory	Indicator	Risk	Opportunity	Impact
Transitional risks	Carbon prices	Expenditures	N/A	The introduction of carbon prices affecting electricity could cause costs associated with generating energy from fossil fuels to rise. <u>As a result, it will be increasingly likely that consumers will choose to use renewable energy that is highly competitive in terms of carbon pricing.</u>	Large
	Recycling regulations	Revenue, expenditures	<u>Legal restrictions regarding the collection and recycling of solar panels may have a financial impact and may tarnish our medium- to long-term reputation.</u>	<u>Panel recycling and hazardous material recycling technologies and services may be developed ahead of competitors and introduced to, and ultimately expand, the market.</u>	Large
	Subsidy policies including renewable energy	Revenue	<u>The profitability of a business operated under the feed-in tariff program may deteriorate if grid parity is not achieved before the program ends.</u>	A stricter CO <sub>2</sub> emissions reduction policy may be adopted, and the feed-in tariff program may provide opportunities for business expansion over the long term.	Large
	Changes in energy mix (including energy demand)	Revenue	<u>As a result of changes in the energy mix, the number of renewable energy power generation companies may increase, and the competitive environment may become increasingly severe. Also, sales prices may fall.</u>	<u>Japan has defined its policy of increasing the portion of electricity sold represented by power from non-fossil fuel sources to 44% by 2030, which will increase the opportunities for renewable energy businesses.</u>	Large
	Spread of renewable energy and energy-saving technologies	Revenue, assets	<u>Declines in the value of equipment and the power generation costs of power generation facilities stemming from the spread of renewable energy technologies may intensify competition with other companies.</u>	<u>Business opportunities for solar and biomass power generation may expand as the use of renewable energy increases.</u>	Large
Physical risks	Intensification of abnormal weather events	Revenue, expenditures	<u>Damage to employees and power plants caused by natural disasters, such as heavy rains, floods, or typhoons, may result in halts to operations, lower operating rates, or additional investments to restore facilities. In addition, insurance premiums and other costs may increase for assets in high-risk areas, which could impact the earnings or balance sheet of the Company.</u>	The development of resilient equipment through the accumulation of expertise may lead to new opportunities via the external supply of this equipment.	Large



## Reduction of environmental impacts

### Environmental impact assessments

Tokyo Century's Management Philosophy and Basic Environmental Policy state that it will contribute to the creation of an environmentally sound, sustainable economy and society. Contributing to the environment through our business activities is imperative to accomplishing this goal. Accordingly, we began conducting environmental impact assessments based on environmental impact assessment worksheets in order to confirm and track the impact of new projects in Japan on the environment in fiscal 2019.

It is important for the Company to exercise consideration for the environment in the investments it conducts. For this purpose, we are expanding the scope of environmental impact assessments, and we started using the abovementioned environmental impact assessment worksheets to confirm the environmental policies of investment candidates and the potential environmental impacts of their businesses in fiscal 2020.

Item	Unit	Fiscal 2018	Fiscal 2019	Fiscal 2020
Number of environmental impact assessment checks	Checks	—	20	36

### Companywide energy conservation initiatives

Tokyo Century is conducting the following energy conservation initiatives on a Companywide basis.

#### Electricity Use Reduction

Employees are asked to turn off their computer monitors when they are away from their seats and to turn off lights in unused meeting rooms and during lunch breaks, among other measures, for reducing electricity use. We also encourage employees to dress cooler in the summer and warmer in the winter to cut back on air-conditioning use. In addition, we are working to reduce overtime hours through increased operational efficiency.

#### Gasoline Use Reduction

Reductions in gasoline use from driving for business purposes are being pursued by improving the fuel efficiency of business-use vehicles through eco-friendly driving techniques, utilizing trains and rental cars, and employing telematics systems installed in business-use vehicles.

#### Paper Use Reduction

We are reducing paper use by employing paperless and electronic applications and other documents and holding paperless meetings through the utilization of thin-client computers and tablets.

### Tokyo government's global warming response plan system

Tokyo Century's head office (FUJISOFT Building) qualifies as a specified tenant as defined by Tokyo ordinances. For this reason, we have submitted a specified tenant global warming response plan to the Tokyo government.

The names of specified tenants with an overall ranking of A or above are disclosed as excellent business operators. On the six-level ranking scale (C–S), Tokyo Century has consistently received an AA ranking, indicating that we are a tenant implementing superior energy conservation initiatives and systems.

For more details, please refer to Tokyo's list of disclosed tenants.

#### Tokyo Bureau of Environment

Evaluations and list of global warming response measures of specified tenants can be found via the link below (in Japanese only).

[https://www.kankyo.metro.tokyo.lg.jp/climate/large\\_scale/data/tenant\\_karte.html](https://www.kankyo.metro.tokyo.lg.jp/climate/large_scale/data/tenant_karte.html)

## Environmental Market Opportunities

Environment-related financial products	Financial services contributing to social sustainability	Energy conservation subsidy services	Tokyo Century employs various subsidy programs to help customers introduce cutting-edge equipment that will contribute to lower environmental impacts. The resulting reductions in lease payments effectively drive the spread of low-emissions equipment, thereby helping preserve the environment while supporting small to medium-sized companies in achieving carbon-free operations.  <b>Major Subsidy Programs</b> <ul style="list-style-type: none"><li>• ESG lease subsidization program for contributing to a carbon-free society</li><li>• Cutting-edge energy-saving investment support subsidy</li><li>• Advanced factory and workplace decarbonization support program</li></ul>																			
		Corporate power purchase agreements (in-house generation support services)	Together with prime partners, Tokyo Century is engaging in corporate power purchase agreements,* which are expected to see increased use amid the transition to a low-carbon, and ultimately carbon-neutral, society.  * Activities include installing solar panels for supporting in-house generation of renewable energy on the roofs of factories or offices of companies seeking to limit CO <sub>2</sub> emissions. The generated electricity is supplied to the company that installed the panels in a scheme supporting the introduction of in-house solar power generation systems.																			
	Green mechanisms	Green bonds	<b>Overview</b> In October 2018, Tokyo Century procured ¥10.0 billion through the issue of green bonds (unsecured bonds) in the form of a domestic public offering. The procured funds were allocated to the leasing of solar power generation equipment by consolidated subsidiary Kyocera TCL Solar LLC. For more information, please refer to the following press release. <a href="https://www.tokyocentury.co.jp/_cms/wp-content/uploads/2018/10/181005_Announcement-on-the-Issuance-of-the-25th-and-26th-Series-of-Unsecured-Bonds.pdf">https://www.tokyocentury.co.jp/_cms/wp-content/uploads/2018/10/181005_Announcement-on-the-Issuance-of-the-25th-and-26th-Series-of-Unsecured-Bonds.pdf</a>  <b>Third-Party Assessment Concerning Compliance</b> A second opinion regarding the green bonds was received through an R&I Green Bond Assessment by Rating and Investment Information, Inc. (R&I), indicating that the green bonds complied with the Green Bond Principles 2018 and Green Bond Guidelines 2017 of the Ministry of the Environment. In addition, these bonds were awarded the highest rating of GA1 in this assessment. R&I will continue to regularly monitor the green bonds until they are redeemed For more information, please refer to the following press release (in Japanese only). <a href="https://www.r-i.co.jp/news_release_gba/2018/10/news_release_gba_20181005_jpn_2.pdf">https://www.r-i.co.jp/news_release_gba/2018/10/news_release_gba_20181005_jpn_2.pdf</a>																			
		Sustainability-linked loans	<b>Overview</b> In March 2021, Tokyo Century concluded a sustainability-linked loan contract with Sumitomo Mitsui Trust Bank, Limited., procuring ¥15.0 billion worth of funds. Sustainability performance targets linked to sustainability targets have been set for the loans, and borrowing conditions are determined based on performance with regard to the sustainability performance targets. For more information, please refer to the following press release (in Japanese only). <a href="https://ssl4.eir-parts.net/doc/8439/tdnet/1949258/00.pdf">https://ssl4.eir-parts.net/doc/8439/tdnet/1949258/00.pdf</a>  <b>Third-Party Assessment Concerning Compliance</b> A third-party assessment has been received from Japan Credit Rating Agency, Ltd., indicating the compliance of these loans with sustainability-linked loan guidelines and confirming the rationality of the sustainability performance targets. For more information, please refer to the following press release (in Japanese only). <a href="https://www.jcr.co.jp/download/1943737731167d76e28f7137ae6f4129626f754a421f81746f/20d1404.pdf">https://www.jcr.co.jp/download/1943737731167d76e28f7137ae6f4129626f754a421f81746f/20d1404.pdf</a>																			
	Projects for realizing a low-carbon society	JCM system	The Joint Crediting Mechanism (JCM) system 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 costs toward contributing to the establishment of sustainable social infrastructure and in the form of reduced greenhouse gas emissions in these partner countries. At the same time, the system allows for the crediting of some of the reduction in greenhouse gases under Japan's emissions. Tokyo Century has engaged in eight projects in four countries that have been selected for the JCM system (as of March 31, 2021).  For more information, please refer to the following website. <a href="https://www.tokyocentury.co.jp/en/csr/csr/social.html">https://www.tokyocentury.co.jp/en/csr/csr/social.html</a> <table><tr><th>Target</th><th>Unit</th><th>Fiscal 2021</th><th>Fiscal 2022</th><th>Fiscal 2023</th><th>Fiscal 2024</th><th>Fiscal 2025</th></tr><tr><td>Projected aggregate greenhouse gas emissions reductions when choosing JCM Model Projects</td><td>t-CO<sub>2</sub></td><td>39,000</td><td>45,000</td><td>49,000</td><td>53,000</td><td>56,000</td></tr></table>							Target	Unit	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024	Fiscal 2025	Projected aggregate greenhouse gas emissions reductions when choosing JCM Model Projects	t-CO <sub>2</sub>	39,000	45,000	49,000	53,000
Target	Unit	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024	Fiscal 2025																
Projected aggregate greenhouse gas emissions reductions when choosing JCM Model Projects	t-CO <sub>2</sub>	39,000	45,000	49,000	53,000	56,000																

# Social

## Diversity

### Policies

#### Basic Diversity Policy

The Tokyo Century Group will work alongside customers in pursuit of their growth as a highly specialized and unique financial services company and further expand its business domains and develop its global business. We will promote diversity to enable employees with diverse capabilities and personalities to demonstrate flexible thinking and dynamic action to better serve the varied needs of our customers by consistently providing services with high added value.

#### 1. Nurturing Our Corporate Culture

Each employee will understand the importance of diversity and nurture a corporate culture that encourages personnel with diverse characteristics to thrive.

#### 2. Promoting the Active Participation of Diverse Human Resources

We will promote the hiring, development, and appointment of human resources from diverse backgrounds, regardless of race, religion, gender, age, sexual orientation, disability, or nationality.

#### 3. Supporting Career and Ability Development

We will support the career and ability development of each employee to encourage them to fully demonstrate their ability and individuality.

#### 4. Enhancing Work-Life Balance

We will enhance support for balancing work and private life so that each employee can work flexibly as appropriate to their life circumstances.

### Promotion system

The Diversity Promotion Office has been established within the Personnel Division to plan and promote Companywide diversity initiatives.

### Diversity training

Diversity training is conducted to foster greater understanding of diversity among all officers and employees. Topics related to diversity are incorporated into basic onboarding training for new graduate and mid-career hires, and diversity-related e-learning programs are administered to all officers and employees. In addition, diversity seminars are arranged at which external instructors are invited to hold lectures and lead discussions.

Targets	Topics
All officers and employees	Basic diversity knowledge, fostering of understanding regarding diversity Diversity promotion and management strategies Tokyo Century's Basic Diversity Policy Flexible workstyles Balancing of work and long-term care for family members and Tokyo Century's support systems Understanding of the LGBT community
Female employees	Fostering of understanding regarding diversity Women's career development Understanding of importance of viewing issues from a broader perspective Development of action plans for addressing issues
Employees of up to nine years of service (rank-based training)	Workstyle reforms (high-productivity workstyles)
Non-Japanese staff	Fostering of mutual understanding and enhancement of communication

### Support for the LGBT community

The Tokyo Century Group distributes its Compliance Handbook to all officers and employees. This handbook clearly indicates our stance against all forms of harassment, including sexual harassment, abuses of power, and negative treatment of women in relation to pregnancy or child-rearing, and also describes our prohibition of discrimination of members of the LGBT community. Factual awareness in this regard is promoted through concrete examples, and training is conducted for all officers and employees to foster an accurate understanding of the LGBT community.

Global human resources	<p>In its overseas businesses, Tokyo Century has been building upon strategic alliances with prime partners in its countries of operation. Further expansion of these strategic alliances will require global human resource development. For this reason, the Company conducts the recruitment of non-Japanese individuals and the local hiring of staff on an ongoing basis in order to secure and foster human resources who can succeed in markets around the world. We also offer training specially tailored to the needs of such non-Japanese staff. Other efforts to swiftly cultivate global human resources include actively dispatching junior employees to study or work overseas.</p>				
Employment of people with disabilities	<p>Tokyo Century seeks talented individuals from an extensive array of backgrounds and actively employs people with disabilities in order to provide a space where highly motivated people can flourish. The Company also meets the requirements for the ratio of employees with disabilities as established in the Act to Facilitate the Employment of Persons with Disabilities. As an effort to further promote the employment of people with disabilities, in April 2019 Tokyo Century hired six staff members (people with mental disabilities) and opened the TC Work Happiness Farm in Funabashi City, Chiba Prefecture. In conjunction with the expansion of this plantation, Tokyo Century hired an additional three people with disabilities in February 2021.</p> <p>The TC Work Happiness Farm provides a secure and fulfilling working environment for people with disabilities on a long-term basis. Specifically, the plantation grows vegetables in a farm house designed under the motto of safety and cleanliness and donates the harvested vegetables to the Second Harvest Japan (2HJ) as part of our social contribution activities.</p> <p>Moreover, 2HJ was established in March 2002 as Japan's first food bank. A food bank is a charitable organization that distributes food to those who are going hungry. 2HJ redistributes a variety of food donated from food manufacturers, wholesalers, farmers, and individuals that would normally be disposed of, despite still being edible for people, to welfare agencies, orphanages, and women's shelters; people with disabilities; impoverished individuals; and others in need.</p>				
Empowerment of female employees	<p>Based on the Act on the Promotion of Female Participation and Career Advancement in the Workplace, Tokyo Century empowers its female employees and has drawn up an action plan designed to enable each and every employee to work flexibly and in a diverse number of ways.</p> <p><b>Action Plan for the Promotion of Women's Active Participation*1</b></p> <table><tr><th>Plan Period</th><th>Quantitative Targets</th></tr><tr><td>April 1, 2016–March 31, 2023</td><td><ul style="list-style-type: none"><li>• Increase the percentage of women among new hires to at least 30%</li><li>• Increase the percentage of women in management positions to at least 10%</li><li>• Increase the percentage of childcare leave acquisition by men to 100%</li><li>• Increase the percentage of annual paid leave acquisition to at least 70%</li></ul></td></tr></table> <p>*1 This plan has been disclosed through the Ministry of Health, Labour and Welfare's database of companies actively empowering female employees (in Japanese only). <a href="http://positive-ryouritsu.mhlw.go.jp/positivedb/detail?id=985">http://positive-ryouritsu.mhlw.go.jp/positivedb/detail?id=985</a></p>	Plan Period	Quantitative Targets	April 1, 2016–March 31, 2023	<ul style="list-style-type: none"><li>• Increase the percentage of women among new hires to at least 30%</li><li>• Increase the percentage of women in management positions to at least 10%</li><li>• Increase the percentage of childcare leave acquisition by men to 100%</li><li>• Increase the percentage of annual paid leave acquisition to at least 70%</li></ul>
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Promotion of women to management and officer positions	<p>Tokyo Century established its Action Plan on the Promotion of Women to Officer and Management Positions in October 2014 in order to steadily increase its number of female officers and managers through the active employment, training, and promotion of highly motivated and talented women.</p> <p><b>Action Plan on the Promotion of Women to Officer and Management Positions*2</b></p> <table><tr><th>Targets</th></tr><tr><td><ul style="list-style-type: none"><li>• Increase the percentage of women among new hires to at least 30%</li><li>• Increase the percentage of women in management positions to at least 10%</li></ul></td></tr></table> <p>*2 The Action Plan on the Promotion of Women to Officer and Management Positions is also disclosed on the website for Keidanren (Japan Business Federation) (in Japanese only). <a href="http://www.keidanren.or.jp/policy/woman/ap10425.html">http://www.keidanren.or.jp/policy/woman/ap10425.html</a></p>	Targets	<ul style="list-style-type: none"><li>• Increase the percentage of women among new hires to at least 30%</li><li>• Increase the percentage of women in management positions to at least 10%</li></ul>		
Targets					
<ul style="list-style-type: none"><li>• Increase the percentage of women among new hires to at least 30%</li><li>• Increase the percentage of women in management positions to at least 10%</li></ul>					

## Human Resource Utilization

<b>Career development</b>	<p>Tokyo Century believes that personnel are the real assets and driving force for the sustainable growth of a company. In order to encourage each and every employee to demonstrate their abilities and individuality, we support voluntary career and skills development and conduct a total of 15,000 hours of training annually.</p> <p><b>Types of Training</b>            Training for junior employees by year of employment, management training, career design training, global human resource cultivation (external training, overseas trainee dispatch), etc.</p>
<b>Promotion system</b>	<p>Tokyo Century has established the Career Design Office within the Personnel Division to support employees in composing, designing, and achieving their desired career path throughout the entirety of their professional lives.</p>
<b>Skills development support</b>	<p>Tokyo Century aids employee learning through a bonus system for employees who have completed distance learning courses and a subsidy system for employees who have obtained qualifications relevant to their work.</p>
<b>Employee engagement surveys</b>	<p>Tokyo Century aims to create an environment in which individuals can fully demonstrate their talents based on mutual respect. To facilitate the creation of such an environment, we administer employee engagement surveys. The results of these surveys are analyzed to identify issues and shape future initiatives, and this information is incorporated into officer training and discussed on an ongoing basis by the Management Meeting and the Board of Directors so that issues can be addressed as top management priorities. At the same time, Tokyo Century is developing workplace environments that are conducive to the enhancement of our human resource capabilities in pursuit of ongoing improvements in employee engagement, and regular reports are issued to the Board of Directors with regard to the progress of these activities.</p>
<b>360° evaluations</b>	<p>We implement 360° evaluations, with the goal of fostering the development of section managers, that emphasize organizational management with a focus on smooth workplace relationships.</p>
<b>Career Challenge Program</b>	<p>The Career Challenge Program is an internal recruitment system designed to provide employees with opportunities for charting their own career course.</p>

## Work-life balance support

Tokyo Century promotes work-life balance so that all employees can work flexibly to suit their life circumstances.

### Major Work-life Balance Support Systems

Targets	System	Period
Childbirth and childcare	Pre-childbirth leave	Six weeks prior to childbirth
	Post-childbirth leave	Eight weeks after childbirth
	Childcare leave	Until child reaches the age of two years and six months
	Special leave to visit a hospital, such as for physical examinations	Until one year after pregnancy and childbirth (only days required)
	Special leave for childbirth by a spouse	One month prior to childbirth until two weeks after childbirth (five days in total)
	Nursing leave	Until child starts elementary school (five days per year per child; leave should be taken per day, half a day, or hour)
	Exemption from overtime	Until child reaches the third year of elementary school (up to two hours)
	Bringing forward work start/end time	Until child reaches the third year of elementary school (up to two hours)
	Pushing back work start/end time	Until child reaches the third year of elementary school (up to two hours)
	Shortened working hours	Until child reaches the third year of elementary school (up to 75-minute reduction)
Nursing	Family care leave	Up to one year in total (the number of applications is not limited)
	Nursing leave	Up to five days per family member who is under care; leave should be taken per day, half a day, or hour
	Exemption from overtime	Until the care for the family member in question ends
	Bringing forward work start/end time	Three years from the start date (up to two hours, but the number of applications is not limited)
	Pushing back work start/end time	Three years from the start date (up to two hours, but the number of applications is not limited)
	Shortened working hours	Three years from the start date (up to two hours, but the number of applications is not limited)

### Family Day

Tokyo Century holds Family Day events in which employees' families may visit the workplace to strengthen family bonds by helping children gain a better understanding of the work their parents do and to improve employees' motivation toward their work.

### Working Mothers' and Fathers' Community

At Tokyo Century, we organize periodical lunch roundtable discussions for parent employees to network among themselves to exchange information on managing work while raising children as part of our efforts to support work-life balance.

## Workstyle reforms

Tokyo Century formulated the following Work Style Reform Action Plan in 2018. Through the plan, Tokyo Century will promote employees' physical and mental health in order to achieve higher productivity and allow individual employees to adopt diverse, flexible workstyles to accelerate its business and corporate growth.

### 1. Reduction of Long Working Hours

#### KPI (Numerical Target Time Limit)

- Maintain average monthly overtime working hours below 10 hours

#### Action Plan

- Strictly control employees' working hours through management of prior application and approval for overtime work, in order to raise employees' awareness of time management to make the most of their time to achieve maximum output
- Encourage employees to leave the Company basically on time in summer (July and August), in order to promote their self-development and physical and mental health

### 2. Promotion of Annual Paid Leave Acquisition

#### KPI (Numerical Target Time Limit)

- Keep the percentage of annual paid leave acquisition over 70%

#### Action Plan

- Encourage employees to take annual paid leave in a planned manner from the beginning of fiscal years, including consecutive days of leave for summer vacation, for the year-end and New Year holiday, and before and after weekends or national holidays
- Encourage employees to take hourly paid leave
- Utilize internal annual leave calendar to allow employees to schedule and take annual paid leave in a planned manner from earlier in each fiscal year

### 3. Promotion of Flexible Workstyles

#### KPI (Numerical Target Time Limit)

- Increase the percentage of childcare leave taken by men to 100% by March 31, 2023
- Achieve a nursing care turnover rate of zero by March 31, 2023

#### Action Plan

- Encourage the taking of childcare leave among male employees and their superiors and introduce male employees who have taken childcare leave along with their superiors in internal magazine and via other means
- Provide nursing care handbook on the intranet and conduct training to cultivate understanding of nursing care in order to help employees continue working by balancing work and nursing care

## Excessive overtime prevention and work–balance support

Tokyo Century promotes work streamlining and strives to improve work–life balance through such means as ensuring sufficient time for self-development, family, and friends by reducing overtime hours. Particularly during summer (July–August), a time when the government urges electricity conservation, Tokyo Century encourages employees to leave the office on time and to dress cooler, in order to cut back on air-conditioning use.

In addition, based on the Labor Standards Act, Tokyo Century has concluded an Agreement on Overtime Work and Working on Holidays (so called “36 Agreement”) with its labor union.

In relation to other working conditions, Tokyo Century complies with the Labor Standards Act. Tokyo Century fully complied with the act throughout fiscal 2020, and no penalty was imposed.

Complying with the laws of each country of operation, the Tokyo Century Group pays a living wage that exceeds the legally mandated minimum wage and does not practice unreasonable wage reduction.

## Human Rights Initiatives

### Respect for human rights and prohibition of discrimination

The following provisions related to respect for human rights can be found in Tokyo Century's Corporate Code of Conduct and Our Action Guidelines.

#### Corporate Code of Conduct

##### ● Respect for Human Rights

The Tokyo Century Group respects the human rights of all people and promotes diversity to nurture a corporate culture that encourages personnel with diverse characteristics to thrive.

#### Our Action Guidelines

##### ● We will respect human rights and human dignity and create a rewarding working environment.

We will respect our mutual human rights and human dignity and strive to create a vibrant, rewarding working environment where discrimination and harassment have no place.

### Ten Principles of United Nations Global Compact

Tokyo Century is a signatory of the United Nations Global Compact and endorses the compact's Ten Principles\* in the four areas of human rights, labour, environment, and anti-corruption. Through ongoing efforts to live up to these principles, we aim to contribute to the creation of an environmentally sound, sustainable economy and society.

#### Ten Principles of the UN Global Compact

Human Rights	Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights; and
	Principle 2	make sure that they are not complicit in human rights abuses.
Labour	Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
	Principle 4	the elimination of all forms of forced and compulsory labour;
	Principle 5	the effective abolition of child labour; and
	Principle 6	the elimination of discrimination in respect to employment and occupation.
Environment	Principle 7	Businesses should support a precautionary approach to environmental challenges;
	Principle 8	undertake initiatives to promote greater environmental responsibility; and
	Principle 9	encourage the development and diffusion of environmentally friendly technologies.
Anti-Corruption	Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.

\* The Ten Principles of the UN Global Compact are based on the Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention against Corruption.

### Human rights education programs

Tokyo Century provides human rights education through e-learning programs, training for officers, training for heads of divisions and branch offices, training based on numbers of years of service, and other compliance training programs.

In addition, the Compliance Handbook is distributed to all officers and employees to promote further awareness regarding human rights. (English- and Chinese-language versions of the Compliance Handbook have been prepared to contribute to higher compliance awareness at overseas Group companies.)



## Social Contributions

### ● Social Contribution Activities

Leave system for volunteer activities	In 2009, Tokyo Century introduced a system that can be used by employees to acquire special leave for volunteer activities that fall into one of the following four categories: 1. Environmental preservation activities, 2. Community outreach activities, 3. Social welfare activities, and 4. Other activities authorized by the Company.
Disaster relief	<p>Tokyo Century offers relief to the victims of large-scale natural disasters, such as the 2016 Kumamoto earthquakes and the 2020 Kyushu floods, in the forms of monetary donations and free car rentals. In addition, we donated desks and chairs that were left over following the renovation of our head office to elementary schools that suffered damages due to Typhoon Hagibis (Marumori Town, Miyagi Prefecture, and Koriyama City, Fukushima Prefecture) in 2020 so that they could be put to good use.</p> <p>Meanwhile, the Mobility &amp; Fleet Management segment has been expanding its electric vehicle (EV) initiatives. One facet of these efforts is supplying business continuity products that utilize EVs as a source of emergency power. This approach has already been used to support post-disaster reconstruction, as we supplied such EVs to Chiba Prefecture during a prolonged blackout resulting from Typhoon Faxai in 2019. These EVs were used as an emergency power source for social welfare facilities.</p> <p>Furthermore, Tokyo Century is supporting the Great East Japan Earthquake Reconstruction Support–Coastal Forest Restoration Project through ongoing donations to OISCA (The Organization for Industrial, Spiritual and Cultural Advancement-International).</p>
Contributions through shareholder incentive systems	As a form of contribution through its shareholder incentive systems, Tokyo Century donates an amount equivalent to 5% of the value of shareholder incentives (Quo Card prepaid cards) each fiscal year to organizations engaged in social contribution activities. In fiscal 2020, Tokyo Century donated amounts equivalent to 2.5% of the value of shareholder incentives to the Japan Service Dog Association, which is engaged in the training of service dogs, and to the Japan Rescue Association, which facilitates the training and deployment of disaster search dogs.
Support for education of the next generation	<p>The Tokyo Century Group takes part in the education of the next generation around the world through pro bono and other activities.</p> <p><b>Initiatives in Japan</b></p> <ul style="list-style-type: none"> <li>• Dispatch of employees as lecturers to which universities industry research seminars (finance, leasing, etc.) and career design and other seminars</li> <li>• Internship programs for junior high school students</li> </ul> <p><b>Overseas Initiatives</b></p> <ul style="list-style-type: none"> <li>• Arrangement of financial literacy lectures for junior high and high school students in Indonesia, etc.</li> </ul>
Support for sports	Tokyo Century's sports support activities include acting as an official sponsor for the KAWASAKI FRONTALE J.League soccer team.
Support for the arts	<p>The Company maintains a corporate membership to the Mitsubishi Ichigokan museum as part of its efforts to support the arts.</p> <p>In addition, we are supporting cultural activities through ongoing donations to the Shibusawa Eiichi Memorial Foundation, among other initiatives.</p>
Clean-up activities, etc.	<p>Tokyo Century Group officers and employees take part in clean-up activities as part of our efforts to coexist in harmony with local communities.</p> <p><b>Activities in Japan</b></p> <p>Early morning volunteer clean-up activities around our head office (Chiyoda-Ward) and Okachimachi office (Taito-Ward)</p> <p><b>Overseas Activities</b></p> <p>Participation in coral reef preservation and coastal clean-up activities at beach located inside naval base by employees of Thailand subsidiary</p> <p>For information on other CSR topics, please refer to the following website.  <a href="https://www.tokyocentury.co.jp/en/csr/topics/">https://www.tokyocentury.co.jp/en/csr/topics/</a></p>

## Human Resource Data

KPI	TC	Target (Target year)	Subcategory		Fiscal 2018	Fiscal 2019	Fiscal 2020
Ratio of women among new graduate hires		At least 30% (Fiscal 2023)	Women		11	8	4
			Total of men and women		24	16	13
			Ratio of women		45.8%	50.0%	30.8%
Ratio of women among newly hired employees (including mid-career hires)		—	Career track employees		18.9%	21.4%	12.1%
			Administrative employees		100.0%	100.0%	—
			Contractors		—	11.1%	50.0%
			Total		36.0%	22.6%	17.9%
Average years of continuous employment by gender (as of March 31 of each fiscal year)		—	Women	Career track employees	10.6 years	11.0 years	11.2 years
				Administrative employees	16.9 years	17.8 years	18.8 years
				Total	15.3 years	15.9 years	16.6 years
			Men	Career track employees	17.4 years	17.3 years	17.3 years
				Administrative employees	—	—	—
				Total	17.4 years	17.3 years	17.3 years
Ratio of women in management positions (as of March 31 of each fiscal year)		At least 10% (Fiscal 2023)	Women		34	36	42
			Total of men and women		472	454	460
			Ratio of women		7.2%	7.9%	9.1%
Average overtime hours per month (labor outside legally designated hours)		—	Career track employees		12.0 hours	15.2 hours	14.9 hours
			Administrative employees		2.4 hours	2.7 hours	3.2 hours
			Total		8.3 hours	10.2 hours	10.2 hours
Ratio of successful job applicants by gender (including mid-career hires)		—	Women	Career track employees	121.1 times	68.8 times	167.5 times
				Administrative employees	37.7 times	193.5 times	—
				Contractors	—	5.0 times	1.0 times
				Total	70.3 times	84.3 times	96.1 times
			Men	Career track employees	70.3 times	47.6 times	44.7 times
				Administrative employees	—	—	—
				Contractors	6.0 times	1.6 times	1.7 times
				Total	66.3 times	38.6 times	40.6 times
Ratio of men to women among new hires (including mid-career hires)		—	Career track employees		1.7	1.4	3.8
			Administrative employees		—	—	—
			Contractors		—	3.1	0.6
			Total		1.1	2.2	2.4
Ratio of women among employees (as of March 31 of each fiscal year)		—	Career track employees		10.0%	11.0%	11.3%
			Administrative employees		100.0%	100.0%	100.0%
			Contractors		29.2%	25.0%	24.3%
			Temporary staff		75.0%	77.4%	81.3%
			Total		30.9%	30.7%	30.6%

KPI	TC	Target (Target year)	Subcategory		Fiscal 2018	Fiscal 2019	Fiscal 2020
Ratio of continuous employment after 10 years by gender (Fiscal 2018: Newly hired employees between fiscal 2007 and fiscal 2009) (Fiscal 2019: Newly hired employees between fiscal 2008 and fiscal 2010) (Fiscal 2020: Newly hired employees between fiscal 2009 and fiscal 2011)	—	—	Women	Career track employees	48.5%	45.8%	36.8%
				Administrative employees	70.0%	66.7%	62.5%
				Total	60.3%	57.4%	48.6%
			Men	Career track employees	61.4%	60.3%	53.7%
				Administrative employees	—	—	—
				Total	61.4%	60.3%	53.7%
Rate of childcare leave acquisition by gender	Rate of childcare acquisition by male employees 100% (Fiscal 2023)	—	Women	Career track employees	100.0%	100.0%	100.0%
				Administrative employees	100.0%	100.0%	100.0%
				Total	100.0%	100.0%	100.0%
			Men	Career track employees	100.0%	100.0%	100.0%
				Administrative employees	—	—	—
				Total	100.0%	100.0%	100.0%
Annual paid leave acquisition rate	At least 70% (Fiscal 2023)	—	Career track employees		74.1%	73.2%	71.4%
			Administrative employees		86.4%	83.9%	76.5%
			Contractors		96.5%	98.0%	77.7%
			Total		77.3% (14.7 days)	76.3% (14.6 days)	72.7% (14.0 days)
Ratio of women in assistant manager position or equivalent	—	—	Women		101	101	113
			Total of men and women		230	207	223
			Ratio of women		43.9%	48.8%	50.7%
Ratio of women officers	—	—	Women		1	1	1
			Total of men and women		42	43	43
			Ratio of women		2.4%	2.3%	2.3%
Occupational category and employment type change data by gender	—	—	Occupational category change	Nationwide → Tokyo	—	—	—
				Tokyo → Nationwide	2 (women)	—	—
				Nationwide → Administrative staff	1 (woman)	—	—
				Tokyo → Administrative staff	—	—	1 (woman)
			Employment type change	Temporary → Administrative staff	5 (women)	—	—
			Total		8	—	1
Re-employment and mid-career employment data by gender	—	—	Women		7	4	3
			Men		22	33	23
			Total		29	37	26
Ratio of employees with disabilities (as of June 1 of each fiscal year)	—	—	—	2.42%	2.93%	2.61%	
Employee turnover rate	—	—	Women		1.2%	1.2%	0.7%
			Men		4.3%	4.9%	3.7%
			Total		5.4%	6.1%	4.4%

### Initiatives Targeting Shareholders and Other Investors

Investor relations	Investor relations policies	<p><b>Basic Policy Regarding Information Disclosure</b></p> <p>The Company will actively and consistently disclose its management strategy, status of business activities, financial condition, and other information in a timely, fair, and accurate manner.</p> <p><b>Standards Concerning Information Disclosure</b></p> <p>The Company will disclose information based on the Companies Act, Financial Instruments and Exchange Act, and other laws and regulations as well as the Securities Listing Regulation defined by the Tokyo Stock Exchange. In addition to information based on the above laws and regulations, we will disclose information that is useful for encouraging a clearer understanding of the Company. We may, however, withhold information that is deemed inappropriate for disclosure based on due consideration.</p> <p><b>Method of Information Disclosure</b></p> <p>We will disclose information relevant to the Securities Listing Regulation based on designated procedures by holding a briefing at the Tokyo Stock Exchange, after which the information will be disclosed through the exchange’s Timely Disclosure Network (TDnet) as well as to media organizations. Following disclosure, the information will be promptly made available on the Company website. From the perspective of timely disclosure, we will also disclose other information not covered by the Securities Listing Regulation in an appropriate manner.</p> <p><b>Forward-Looking Statements</b></p> <p>Forward-looking statements disclosed by the Company may include forecasts and outlooks. Such statements are based on the Company’s judgment as of the time the reference material was compiled. As forward-looking statements involve risks and uncertainties, the Company cannot guarantee the accuracy and results thereof.</p> <p><b>Silent Period</b></p> <p>To prevent leakage of financial information and to ensure fairness, the Company designates the period between the settlement date and the reporting date, including those for quarterly disclosures, as a silent period. During this period, the Company will, in principle, refrain from commenting or replying to queries related to financial information. However, in the event that the Company expects any change, as defined by the standards of the Securities Listing Regulation, to occur with regard to its current earnings forecast, the Company will disclose such information as required in a timely manner, even during the silent period.</p>																		
	Shareholder returns	<p>In principle, the Company issues dividend payments twice a year in the form of an interim and year-end dividend.</p> <p>Tokyo Century’s basic dividend policy is to provide stable, long-term returns to shareholders, and we are pursuing increases in the payout ratio founded on continuous earnings growth.</p> <p><b>Dividends per Share</b></p> <table><tr><th></th><th>Fiscal 2016</th><th>Fiscal 2017</th><th>Fiscal 2018</th><th>Fiscal 2019</th><th>Fiscal 2020</th></tr><tr><td>Annual dividend</td><td>¥100</td><td>¥114</td><td>¥124</td><td>¥136</td><td>¥138</td></tr><tr><td>Payout ratio</td><td>24.2%</td><td>23.5%</td><td>25.1%</td><td>25.9%</td><td>34.2%</td></tr></table>		Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	Annual dividend	¥100	¥114	¥124	¥136	¥138	Payout ratio	24.2%	23.5%	25.1%	25.9%	34.2%
		Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020														
Annual dividend	¥100	¥114	¥124	¥136	¥138															
Payout ratio	24.2%	23.5%	25.1%	25.9%	34.2%															
Dialogue with investors	<ul style="list-style-type: none"><li>• Institutional investors: More than 200 online meetings and teleconferences with domestic and overseas institutional investors and sell-side analysts (including more than 40 meetings with overseas institutional investors) as well as financial results briefings, small meetings, etc.</li><li>• Private investors: Company briefings canceled in fiscal 2020 in response to the COVID-19 pandemic (Company briefings held in Tokyo and cities outside of major urban centers under normal circumstances)</li></ul>																			

# Governance

## Corporate Governance

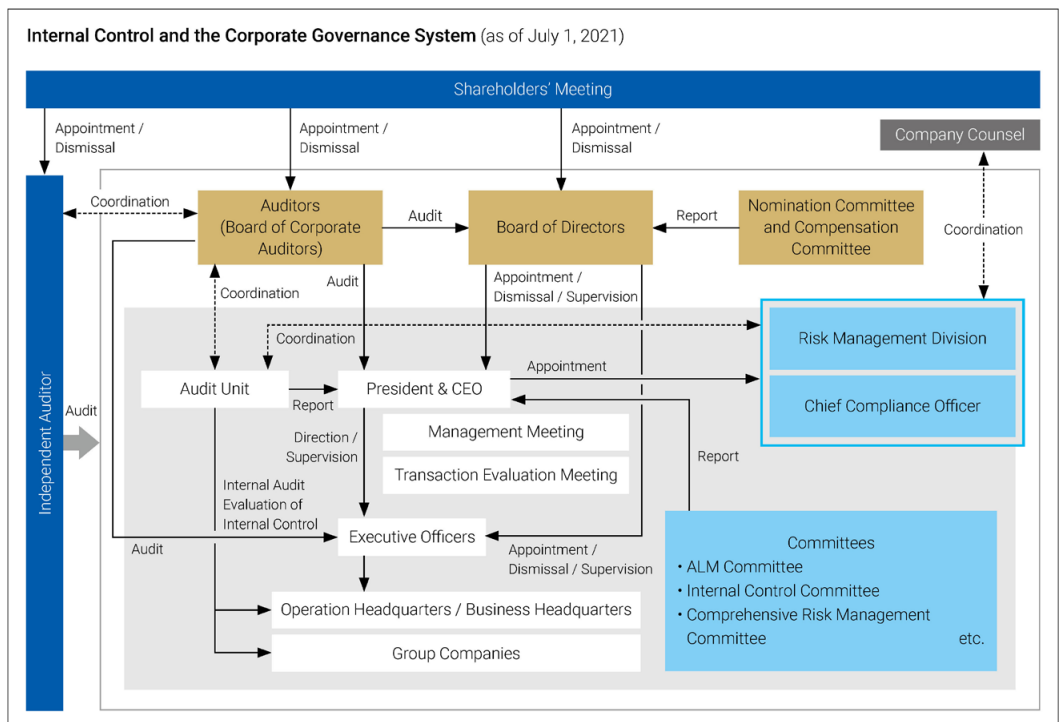
### Management Structure

#### Basic Policy

Tokyo Century recognizes that effective corporate governance is an important management issue to be addressed in order to maximize corporate value. We therefore strive to maintain a sound and highly transparent management system that enables swift and accurate decision-making in response to changes in the operating environment. We also work to enhance the soundness and transparency of corporate management through the implementation of effectively functioning internal control and risk management systems.

#### Internal control system and corporate governance system

Tokyo Century's management structure centers on the Board of Directors and the Board of Corporate Auditors. In addition, an executive officer system has been introduced to accelerate management strategy decision-making and strengthen supervision and operational execution systems. The Company has one female director among its 13 directors and one female officer among its 30 executive officers (as of July 1, 2021).



#### Corporate Governance Report

Corporate Governance Report (Last Update: July 1, 2021) (918 KB)  
[https://www.tokyocentury.co.jp/download/pdf/en/csr/governance\\_en210701.pdf](https://www.tokyocentury.co.jp/download/pdf/en/csr/governance_en210701.pdf)

#### Board of Directors

The Board of Directors deliberates on and makes decisions about the policies, strategies, business plans, and other key management issues of the Company and Group companies as well as matters specified by prevailing laws and regulations, the Articles of Incorporation, and rules governing the Board. It also supervises the execution of operations by directors and executive officers.

Chairperson	Number of Members (after Shareholders' Meeting held in June 2021)	Meetings Held in Fiscal 2020
Makoto Nogami President & CEO, Representative Director	Directors: 13 (including 5 external directors)	12

Board of Corporate Auditors	The Board of Corporate Auditors meets regularly and executes independent and fair audits of the compliance and appropriateness of corporate activities, including the performance of duties by directors and executive officers. 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.		
	Chairperson	Number of Members (after Shareholders' Meeting held in June 2021)	Meetings Held in Fiscal 2020
	Futoshi Okada Standing Corporate Auditor (External Corporate Auditor)	Corporate auditors: 4 (including 2 external corporate auditors)	8
Management Meeting	The Management Meeting deliberates on particularly important matters concerning the execution of operations and makes decisions for the entire Group.		
	Chairperson	Number of Members	Meetings Held in Fiscal 2020
	Makoto Nogami President & CEO, Representative Director	11 members	Once a week, in principle
Transaction Evaluation Meeting	The Transaction Evaluation Meeting discusses and makes decisions about major business transactions being considered by Tokyo Century and Group companies as well as transactions that warrant complex risk analysis.		
	Chairperson	Number of Members	Meetings Held in Fiscal 2020
	Ko Nakagawa Managing Executive Officer	10 members	Once a week, in principle
Committees	Name	Purpose	Meetings Held in Fiscal 2020
	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	8
	Compensation Committee	Primarily consists of independent directors, advises the Board of Directors, discusses matters such as directors' compensation systems and policies, and reports to the Board of Directors	4
	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
	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	3
	Comprehensive Risk Management Committee	Discusses matters such as construction of the risk management system and approaches to measuring risk and also periodically assesses the Company's risk exposure 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, IT investment plans, and administrative system plans of Tokyo Century and Group companies and reports to the Management Meeting	3
	Sustainability Committee	Reports important matters related to the Group's sustainability activities to the Board of Directors; plans, promotes, and oversees the Group's sustainability activities; discusses important issues related to sustainability; and reports to the Management Meeting	2

## Committees

### Composition of Committees (Directors) (as of July 1, 2021)



● Chairperson ● Member

Position	Name	Nomination Committee	Compensation Committee	ALM Committee	Internal Control Committee	Comprehensive Risk Management Committee*	Credit Risk Management Committee*	IT and Administration Strategy Management Committee	Sustainability Committee
Chairperson, Representative Director	Shunichi Asada	●	●	●				●	
President & CEO, Representative Director	Makoto Nogami	●	●	●				●	
Deputy President, Representative Director and Executive Officer	Masataka Yukiya		●	●				●	
External Director	Masao Yoshida	●	●						
	Yukito Higaki	●	●						
	Akio Nakamura	●	●						
	Toshio Asano	●	●						
	Miho Tanaka	●	●						
Deputy President, Director and Executive Officer	Akihiko Okada			●	●	●			
	Keiichiro Ogushi			●					
Director and Senior Managing Executive Officer	Koichi Baba			●	●	●	●	●	●
Director and Managing Executive Officer	Tatsuya Hirasaki			●	●	●	●	●	●
Director	Toshihito Tamba	●							

\* Managing Executive Officer Ko Nakagawa serves as the chairperson of the Comprehensive Risk Management Committee and the Credit Risk Management Committee.

## Directors

### Information on Directors (as of July 1, 2021)

Name	Classification	Age	Independence	Background	Board of Directors Attendance at Board of Directors Meetings	Number of Years as Director
Shunichi Asada		72		—	12/12	12 years
Makoto Nogami		67		—	12/12	12 years
Masataka Yukiya		65		—	12/12	10 years
Masao Yoshida	External Director	72	●	Former president and representative director of Furukawa Electric Co., Ltd.	12/12	4 years
Yukito Higaki	External Director	58	●	President of Imabari Shipbuilding Co., Ltd.	11/12	4 years
Akio Nakamura	External Director	65	●	Former director-general of the Financial Bureau, Ministry of Finance	12/12	3 years
Toshio Asano	External Director	68	●	Former president and representative director of Asahi Kasei Corporation	12/12	2 years
 Miho Tanaka	External Director	46	●	Partner of Shiba & Tanaka Law Offices	—	—
Akihiko Okada		61		—	12/12	2 years
Keiichiro Ogushi		60		—	9/9*	1 year
Koichi Baba		60		—	12/12	4 years
 Tatsuya Hirasaki		53		—	—	—
Toshihito Tamba		71		—	12/12	10 years

\* Attendance at meetings after appointment in July 2020

## Director Skills Matrix

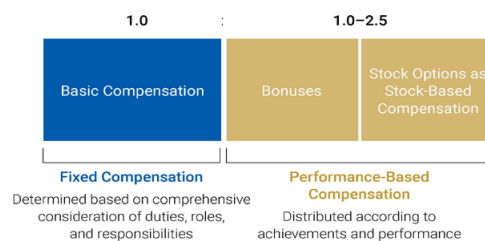
Director Skills Matrix (as of July 1, 2021)

Position	Name	Age	Background	Specialization				
				Corporate Management	Global Operations	Legal Affairs / Risk Management	Finance	Accounting / Taxation
Chairperson, Representative Director	Shunichi Asada	72		●	●		●	
President & CEO, Representative Director	Makoto Nogami	67		●			●	
Deputy President, Representative Director and Executive Officer	Masataka Yukiya	65		●			●	
External Director	Masao Yoshida	72	Former president and representative director of Furukawa Electric Co., Ltd.	●	●		●	●
	Yukito Higaki	58	President of Imabari Shipbuilding Co., Ltd.	●	●		●	
	Akio Nakamura	65	Former director-general of the Financial Bureau, Ministry of Finance	●		●	●	●
	Toshio Asano	68	Former president and representative director of Asahi Kasei Corporation	●	●			
	Miho Tanaka	46	Partner of Shiba & Tanaka Law Offices			●	●	
Deputy President, Director and Executive Officer	Akihiko Okada	61		●	●			
	Keiichiro Ogushi	60		●			●	
Director and Senior Managing Executive Officer	Koichi Baba	60			●		●	
Director and Managing Executive Officer	Tatsuya Hirasaki	53					●	●
Director	Toshihito Tamba	71		●	●		●	●

## Officer Compensation

Systems for director compensation are designed to provide healthy incentives to contribute to the ongoing growth of the Company and frameworks for linking compensation to the medium- to long-term development of its businesses. The compensation of officers comprises basic compensation, bonuses, and stock options. Basic compensation, which is fixed compensation, is determined based on comprehensive consideration of factors such as the duties, roles, and responsibilities of each officer. Amounts of bonuses and stock options, both forms of performance-based compensation, are decided based on net income attributable to owners of parent in order to tie compensation to earnings.

The compensation of external directors and corporate auditors, who are in positions independent of operational execution, consists entirely of basic compensation based on their roles.



Compensation and Eligible Officers (Fiscal 2020)

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)	699	320	194	184	11
Corporate auditors (excluding external corporate auditors)	45	45	—	—	2
External officers	133	133	—	—	7

Notes:

- 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."
- Although the total number of directors and the total number of corporate auditors as of March 31, 2021, were 15 and 4, respectively, the above compensation amounts also include payments to one director who retired on June 22, 2020.



## Evaluation of Board of Directors' effectiveness

The Company hires a third-party assessment institution to objectively evaluate the effectiveness of the Board of Directors and uses its evaluation reports during meetings of the Board Effectiveness Review Council.

### Important Themes for Fiscal 2020

1. Provision of overall direction by setting corporate strategies
2. Creation of an environment conducive to appropriate risk-taking by senior management
3. Exercise of highly effective oversight of senior management and directors from an independent and objective standpoint.

### Results of the Fiscal 2020 Effectiveness Evaluation

In fiscal 2020, the Board of Directors was judged to be facilitating constructive and meaningful discussions regarding management strategies based on an accurate understanding of the changes in the operating environment, such as those brought about by the COVID-19 pandemic and the trend toward decarbonization. The Board of Directors will continue to discuss medium- to long-term management strategies with appropriate consideration paid to the operating environment and circumstances related to the Company.

#### Highly Evaluated Areas

1. Acceleration of initiatives for enhancing investment risk management by clarifying investment continuation and withdrawal standards and developing investee monitoring processes through establishment of investment management framework
2. Improvement of diversity and balance of knowledge, experience, and skills among members of the Board of Directors by appointing female external director and reducing the number of internal directors to revise Board scale, based on discussions centered on Nomination Committee regarding ideal structure and composition of oversight functions



#### Measures for Addressing Major Issues for Fiscal 2021

1. Invigoration of discussions at meetings of the Board of Directors
2. Discussions emphasizing cost of capital
3. Reinforcement of information-sharing systems of Group companies
4. Promotion of diversity management

## Risk Management

### Policies

The Tokyo Century Group has established the Basic Risk Management Policy for its risk management activities.

In addition, we have defined the Comprehensive Risk Management Rules for comprehensive risk management activities as well as various other individual risk-specific rules based on the Basic Risk Management Policy. Risk management is promoted in accordance with these rules.

Our risk management approach focuses on strengthening visual risk management and enhancing consolidated Group governance in Japan and overseas through the use of consolidated enterprise risk management (ERM) and management information system (MIS) measures.

### Management

#### Comprehensive Enterprise Risk Management

The Tokyo Century Group will continue to practice comprehensive ERM following its management guidelines for capital use rates based on quantitative risk control on a consolidated basis.

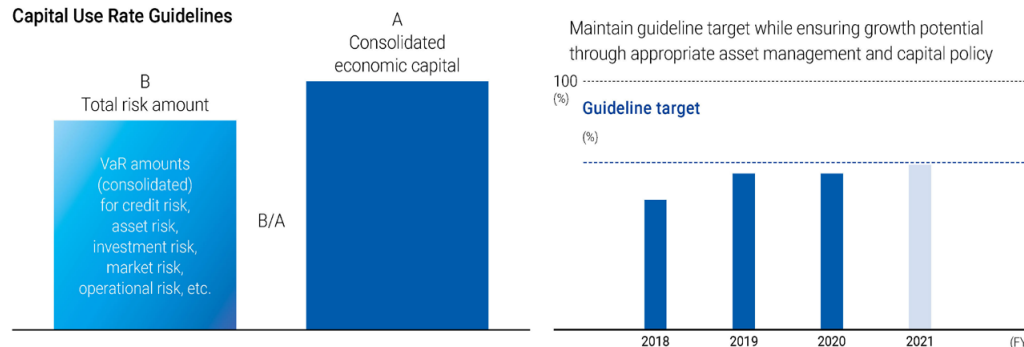
The capital use rate is used to assess risk resilience, which is an important criterion for rating financial institutions. We have therefore sought to keep the risk amount within a certain level of capital buffers by adhering to the aforementioned management guidelines. As our business domain continues to expand, the relationship between the amount of capital and level of risk is receiving greater attention from investors and other interested parties. For this reason, the capital use rate has become a key indicator for objectively determining prospects for our sustainable growth and investment capacity. We refer to the targeted level of the capital use rate only as a guideline, since the regulations regarding capital use rates for financial institutions are not applied to us.

#### Visual Risk Information Tracking at the Management Level (MIS)

In addition to quantifying risks on a consolidated basis and controlling the capital use rate, we implement a visual MIS. Under this system, the Credit Risk Management Committee and the Comprehensive Risk Management Committee take the lead in regularly monitoring risk information on multiple criteria and report the results to the Management Meeting and the Board of Directors.

One particular subject for regular reporting to the Board of Directors is the key risk indicators (KRIs) established for non-financial risks (including those related to human resources, information security, accidents, compliance, and climate change) in light of the increased importance of non-financial operational risks resulting from the expansion of our business scope.

#### Capital Use Rate Guidelines



## Major Risks and Management Approaches

### Major Risks and Management Approaches

Risk Category	Definition	Management Approach
<b>Credit risk</b>	Risk of losses 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.
<b>Market risk</b>	<b>Interest rate risk</b> Risk of losses from interest rate fluctuations	ALM Committee (market risks such as fluctuations in interest rates and foreign exchange rates, liquidity risk related to fund procurement); introduction of risk management tools such as hedge ratio, maturity ladder, gap analysis, GPS (Grid Point Sensitivity), VaR, etc.
	<b>Foreign exchange risk</b> Risk of losses from foreign currency-denominated assets and liabilities owing to fluctuations in foreign exchange rates	
<b>Liquidity risk</b>	Risk of losses from difficulty in procuring funds or increase in funding costs owing to Company-specific factors; systemic risk of losses resulting from difficulty in procuring financing owing to overall uncertainty in capital markets	
<b>Investment risk</b>	<b>Equity investment risk</b> Risk of losses 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 and status of investment in equities, etc.) Comprehensive Risk Management Committee (investment risk measurement)
	<b>Business investment risk</b> Risk of losses from investment activities in specific businesses	<b>Investment Management Committee</b> ← Established in FY2021 (Investment screening, progress management, continuation/withdrawal decision-making) Comprehensive Risk Management Committee (risk measurement, monitoring status)
<b>Asset risk</b>	Risk of losses from fluctuations in the value of real estate, aircraft, ships, automobiles, and other products as well as losses resulting from operating businesses related to these assets, includes risk of holding and investing in non-recourse loans, equity investments, investment assets, etc.	
<b>Operational risk</b>	Following 10 categories as non-financial risks identified for monitoring <ul style="list-style-type: none"> <li>● Administration risk</li> <li>● Fraud risk</li> <li>● System risk</li> <li>● Information security risk</li> <li>● Legal risk</li> <li>● Employment management risk</li> <li>● Disaster risk</li> <li>● Regulatory and system change risk</li> <li>● <b>Climate change risk</b> ← Added in FY2020</li> <li>● Reputational risk</li> </ul>	<b>Administration risk and system risk:</b> IT and Administration Strategy Management Committee (preparation and operation of IT strategy, IT investment, administrative system, etc.) <b>Information security risk:</b> Information Security Committee, operation based on ISO 27001, establishment and operation of CSIRT Office in the IT Promotion Division <b>Large-scale natural disasters and other crises:</b> Establishment of Crisis Management Rules, Business Continuity Plan Rules, etc.; preparation and operation of BCP manual, safety confirmation system, etc. <b>Other operational risks:</b> Comprehensive Risk Management Committee (analysis and risk measurement, countermeasure planning, non-financial KRI monitoring, etc.)

## Relationship between Major Group Companies and Main Risk Categories

With respect to Group risk management, we mainly manage the following risks based on the characteristics of our business operations.

### Relationship between Major Group Companies and Main Risk Categories

● High-weight risk category

Risk Category	Tokyo Century	Nippon Car Solutions	Fujitsu Leasing	Nippon Rent-A-Car Service	Orico Auto Leasing	Shinko Real Estate	Orico Business Leasing	Aviation Capital Group	CSI Leasing	TC Skyward Aviation
<b>Credit risk</b>	●	●	●	●	●		●	●	●	●
<b>Market risk</b>	●	●	●	●	●		●	●		
Interest rate risk	●	●	●	●	●		●	●		
Foreign exchange risk	●							●		
<b>Liquidity risk</b>	●	●	●					●	●	
<b>Investment risk</b>	●	●		●						
Equity investment risk	●	●		●						
Business investment risk	●									
<b>Asset risk</b>	●	●	●	●	●	●		●	●	●
		Automobile	General residual value	Automobile	Automobile	Real estate		Aircraft	General residual value	Aircraft
<b>Operational risk</b>	●	●	●	●	●	●	●	●	●	●

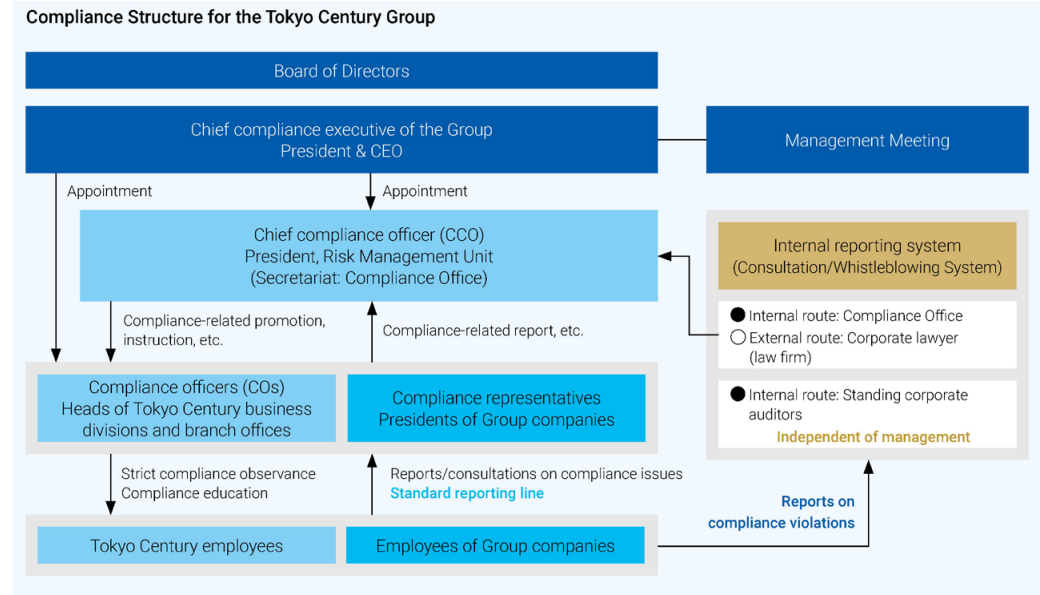
Note: The scope of management extends to all consolidated subsidiaries. The table above only lists Tokyo Century's significant subsidiaries subject to internal control under Japan's Financial Instruments and Exchange Act.

### Management

At the Tokyo Century Group, the Compliance Office promotes Groupwide compliance measures under the supervision of the chief compliance officer (CCO) appointed by the president & CEO, who is also the chief compliance executive.

The heads of each business division and branch office, along with the presidents of each Group company, act as compliance officers (COs) with the responsibility of guaranteeing compliance with all relevant laws and regulations and ensuring that business activities are kept in line with social norms.

### Compliance structure



### Rigorous compliance at consolidated Group companies

The Risk Management Liaison Committee for Group companies meets regularly each year to help strengthen consolidated business management. This committee, attended by compliance representatives from domestic Group companies, has already met 15 times since its establishment and proved to be a valuable forum for internal communication and sharing important compliance issues.

A major task faced amid rapid global expansion in our business domain is to integrate into the Group's compliance structure practices pertaining to compliance, which are currently matched to the specific circumstances of the operations of individual Group companies. For example, CSI Leasing, Inc., has established a compliance portal system with a multiple-language interface that is available on a global basis. Aviation Capital Group LLC, meanwhile, is revising its compliance rules to bring them in line with Tokyo Century's compliance standards, while also strengthening its frameworks through means such as using online systems for compliance reporting.

For overseas Group companies, relevant head office divisions utilize remote meetings, e-learning programs, and other tools to overcome the recent difficulties in engaging in face-to-face communication associated with the COVID-19 pandemic. Said divisions also provide Group companies with training, monitor the status of compliance with local laws and regulations, confirm the effectiveness of business continuity plans, and raise awareness to facilitate use of the internal reporting system.

## Internal reporting system

With the aim of quickly detecting and addressing risks, improving organizational corrective capabilities, and enhancing compliance management, the Tokyo Century Group has established the Consultation/Whistleblowing System, an internal reporting system that allows for direct reports through which officers and employees who become aware of actions being performed or about to be performed in violation of compliance standards are obliged to directly report such matters without the intervention of their superiors.

### (1) Outline of the Internal Reporting System

For our internal reporting system, we have established three reporting routes to ensure independence: the in-house Compliance Office, the office of an external corporate lawyer who is familiar with this field, and full-time corporate auditors. Individuals making reports are able to choose the route that best suits their needs.

Reports can be sent via any means, such as by email, telephone, verbally, or in written form, to the relevant contacts. These contacts are indicated in the Group's Compliance Handbook, which has been distributed to all officers and employees, and are also posted on the Company's intranet.

Reports may be filed on a wide range of matters, including violations of the Antimonopoly Act, bribery, or other acts of corruption that impede fair competition; violations of the Financial Instruments and Exchange Act that undermine the interests of investors and other stakeholders; harassment, human rights violations, and other violations of laws concerning business operations; or acts of misconduct that violate corporate ethics or internal rules. In addition, the internal reporting system also allows for consultation to be received when there is doubt about compliance in terms of business execution.

All officers and employees—including directors, executive officers, full-time employees, contractors, temporary staff, seconded employees, part-time staff, and retired employees—are eligible to report such matters through this reporting system. Moreover, individuals making reports may remain anonymous. We strictly prohibit disadvantageous treatment, such as disciplinary action and retaliation, of individuals making reports by the Company as a result of raising concerns, and the anonymity of the reporter and the confidentiality of the report are protected.

### (2) Investigation of Reports

When a report is received, the CCO is consulted to determine response policies and the report is quickly investigated to verify the facts of the matter.

Parties involved with and subjects of an investigation have confidentiality obligations imposed upon them, and disadvantageous treatment of investigation subjects as a result of their cooperation with a given investigation is prohibited in the same manner as individuals making reports.

The results of the investigation in question are reported to the CCO. Should the investigation results reveal a compliance violation, measures will be taken to remedy the issue, limit the resulting damage, prevent recurrence, and rectify any human rights violations.

Critical compliance violations are reported to the chief compliance executive of the Tokyo Century Group (the president & CEO of Tokyo Century Corporation) and to the corporate auditors.

Reports from domestic and overseas Group companies have been representing an increasingly large portion of the reports received through this system. We believe this is due to our consistent efforts to raise awareness of the internal reporting system among employees, including locally hired staff at overseas Group companies, which have led to increased awareness and, subsequently, system use.

At the same time, stringent whistleblower protection measures at both the associated external law firm (corporate lawyer) and the Compliance Office, located in head office, have helped increase confidence in the system, encourage more use thereof, and contribute to the effective functioning of the system.

	Unit	Fiscal 2018	Fiscal 2019	Fiscal 2020
Number of Reports Received via the Group Internal Reporting System (consolidated basis)	Number of Reports Received	19	17	17

## Compliance Handbook

The Tokyo Century Group distributes its Compliance Handbook to all officers, managers, and employees and makes it available on its corporate portal at all times. The Compliance Handbook outlines our Management Philosophy, Corporate Code of Conduct, and compliance management regulations and other internal regulations. In addition, the handbook clearly stipulates the Group's stance toward respect for human rights and the prohibition of harassment.

The Group also strives to foster a compliance-oriented mindset at its overseas subsidiaries and has created an English and Chinese edition of the handbook for these companies.



## Compliance education

Aiming to thoroughly instill a compliance-oriented mindset, the Tokyo Century Group provides systematic and continuous compliance education through such means as rank-based training programs designed for employees ranging from new hires to newly appointed managers; e-learning-based training targeting all officers, managers, and employees (including contractors and temporary staff); and workplace compliance training conducted by compliance officers (heads of divisions and branch offices).

Targets (Training Methods)	Major Subjects	No. of Training Sessions per Year
New employees (rank-based training programs)	<ul style="list-style-type: none"> <li>Meaning and nature of compliance</li> <li>Impacts of compliance violations</li> <li>Deep understanding of compliance-oriented mindset</li> <li>Advice for practicing good compliance</li> <li>Details and purposes of the internal reporting system</li> <li>Importance of information security measures and defense against cyberattacks</li> <li>Management systems, rules, and important points for information security, etc.</li> </ul>	1
New heads of divisions and branch offices (rank-based training)	<ul style="list-style-type: none"> <li>Roles and responsibilities of heads of divisions and branch offices concerning risk management and compliance</li> <li>Organizational risk and compliance management system and promotion thereof</li> <li>Responses to crises, incidents, and accidents</li> <li>Business continuity measures</li> <li>Information security and information management (personal information, insider information, etc.)</li> <li>Prevention of bribery and corruption (non-association with antisocial organizations; prevention of money laundering and of provision of funds for terrorism; appropriate means of offering entertainment to public officials, political contribution control, etc.)</li> <li>Initiatives for environment-related businesses, etc.</li> </ul>	1
All officers and employees (e-learning)	<ul style="list-style-type: none"> <li>Internal reporting system</li> <li>Prohibition of harassment (sexual harassment; abuses of power; harassment for pregnancy, childbirth, childcare leave, family care leave, etc.; remote harassment)</li> <li>Points to note on entertainment and the exchange of gifts with people working at private companies, domestic public officials, overseas public officials, etc.</li> <li>Non-association with antisocial organizations</li> <li>Prevention of money laundering and of provision of funds for terrorism</li> <li>Appropriate management of personal information, My Number (social security and tax numbers in Japan), information assets, and insider information</li> <li>Attendance management (workhours, teleworking, annual paid leave, etc.)</li> <li>Fraud triangle (motivation, opportunity, and rationalization)</li> <li>Appropriate use of copyrighted works</li> <li>Prohibition of misuse of subsidies from the government and local governments</li> <li>Compliance with the Antimonopoly Act</li> <li>Self-checking of basic actions and behavior pertaining to Corporate Code of Conduct, Our Action Guidelines, etc.</li> </ul>	2
Employees at divisions and branch offices (workplace compliance training conducted by compliance officers / heads of divisions and branch offices)	<ul style="list-style-type: none"> <li>Internal reporting system (details, purposes, and appropriate use)</li> <li>Prohibition of harassment—relevant laws and regulations and prevention guidelines, basic stance toward prevention, etc.</li> <li>Prohibition of excessive offering of entertainment and exchange of gifts</li> <li>Prevention of money laundering and of provision of funds for terrorism</li> <li>Act on the Protection of Personal Information</li> <li>Insider trading regulations</li> <li>Antimonopoly Act</li> <li>Intellectual property rights</li> <li>Political contribution control</li> <li>Trends in and lessons learned from compliance violations at other companies, etc.</li> </ul>	About 4
Employees at overseas bases (training for overseas assignees, training conducted by the heads of compliance (base heads), e-learning)	<ul style="list-style-type: none"> <li>Training for overseas assignees (regulations related to compliance and risk management at overseas bases, management systems, internal reporting system and other systems, features of assigned bases, etc.)</li> <li>Workplace compliance training conducted by heads of compliance (base heads) (internal reporting system, prohibition of harassment, prevention of bribery and corruption, non-association with antisocial organizations, prevention of money laundering and of provision of funds for terrorism, and appropriate means of offering entertainment to public officials, personal information protection, information security, insider trading regulations, fraud triangle, etc.)</li> <li>E-learning (same as above)</li> </ul>	As needed 4 or more As needed

## Compliance training

	Unit	Fiscal 2018	Fiscal 2019	Fiscal 2020
No. of Training Sessions per Year <sup>*1</sup>	Sessions	8	10	9
No. of Participants in E-Learning Programs <sup>*2</sup>	Participants	4,359	4,865	5,173

<sup>\*1</sup> Training sessions conducted by Tokyo Century head office and e-learning programs (excluding those conducted by branch offices and Group companies)

<sup>\*2</sup> Aggregate number of participants in abovementioned e-learning programs

## ● Anti-Corruption

### Anti-corruption initiatives

At the Tokyo Century Group, we take steps to avoid anti-corruption by promoting fair, equitable, and transparent transactions in all of our business activities.

The Group prohibits the offering of entertainment, cash, or other benefits to domestic or overseas public officials for the purpose of obtaining illicit profit, rewarding them for granting favors, or obtaining an unfair business advantage, whether these gifts are offered directly or indirectly through agents, consultants, or any other third parties.

In international businesses, we exercise caution and seek to act appropriately with regard to the provision of entertainment and gifts to overseas public officials by practicing strict compliance with the laws of Japan and local laws and regulations. In addition, our Guidelines on Offering Entertainment to Public Officials are available in Japanese, English, and Chinese to ensure awareness of the necessary concerns among officers and all employees, including non-Japanese staff at Tokyo Century's overseas subsidiaries.

Furthermore, the Group has instituted rules for confirming the identity of transaction counterparties when concluding contracts in order to prevent money laundering that may foster organized crime and the financing of terrorism and to ensure we have no associations with antisocial forces. We thereby strive to contribute to the realization of a safe society and healthy economic activities.

Our commitment to anti-corruption efforts is described in our Compliance Handbook, which is available in Japanese, English, and Chinese. In addition, anti-corruption topics are included in e-learning and other internal training programs whenever necessary to ensure awareness among all Group officers and employees.

Reports on anti-corruption initiatives are issued to and reviewed by the Management Meeting and the Board of Directors as one facet of the implementation of the compliance structure.

In fiscal 2020, there were no fines imposed on Tokyo Century and no employees were disciplined or dismissed as a result of corruption.

### ISO 27001 certification

The Tokyo Century Group has acquired certification under the ISO/IEC 27000 international information security management system standards, with the goal of protecting the information assets of its clients and those of the Group from threats such as unauthorized access, loss, leakage, revision, and destruction. With this certification, we practice the appropriate protection and management of information assets on a Groupwide basis. Aiming to be a company trusted by society, the Group will strive to ensure information security by working to further entrench adherence to ISO/IEC 27001 standards and by engaging in continuous improvement efforts (certification was received from BSI Group Japan K.K.).

#### Scope of ISO 27001 Certification

ISO 27001 certification has been acquired for the following Tokyo Century Group entities.

- Tokyo Century Corporation (head office, Okachimachi office, Akihabara UDX office)
- TRY Corporation
- TC Business Services Corporation



In addition, the following consolidated subsidiary has received certification on an individual basis.

- Fujitsu Leasing Co., Ltd. (all offices)

**IS 91018 / ISO 27001**

### Basic Information Security Policy

Tokyo Century Group seeks to protect the information assets of business partners and of the Group from various security risks by laying out guidelines and related rules and regulations to carry out the following initiatives.

#### 1. Protection of Information Assets

We will protect all information assets related to our business activities. In particular, we will designate information concerning our business partners and confidential information concerning the Group as vital information, and we will appropriately handle such information to protect it against illegal access, loss, leaks, falsification, and destruction.

#### 2. System of Information Security Management

We will clarify the roles and responsibilities for information security through the Information Security Committee, as the organization for deliberating on information security, and a Chief Information Security Officer, as the person responsible for implementing related measures, and we will pursue these activities Group-wide.

#### 3. Information Security Education

We will consistently conduct education and training on information security for officers and employees to maintain and deepen awareness of information security.

#### 4. Response to Incidents and Accidents

We will strive to prevent incidents and accidents related to information security, and in the event of such an incident or accident, we will promptly respond with appropriate action, including preventive measures.

#### 5. Legal Compliance

We will comply with laws and regulations on information security as well as rules and contractual security requirements.

#### 6. Initiatives for Continuous Improvement

We will evaluate the security risks of information assets based on appropriate risk assessment to promote effective security measures. In addition, we will respond to changes in the management environment and progress in information technology by regularly reviewing our policies, rules, and measures to make continuous improvements.



### **Information Security Policies**

Tokyo Century views information security as a crucial issue affecting corporate management, rather than just as a task for the IT Unit.

Implementing necessary information security measures is essential for protecting the Company and its customers' information assets from incidents of cyberterrorism such as targeted attack emails, ransomware, and business email fraud. The Company has obtained certification under ISO 27001, the international standard for information security management systems. Under the leadership of the Information Security Committee, we regularly revise regulations and rules regarding information management, conduct regular risk assessments to address information security risks, and carry out surveys to evaluate effectiveness.

### **Cybersecurity Measures**

Tokyo Century has established TC-CSIRT as well as creating incident response manuals as part of its security system for ensuring protection from extreme circumstances. In addition, we hold regular drills that simulate cyberattacks to strengthen our capabilities for responding to cybersecurity incidents resulting from increasingly sophisticated and insidious cyberattacks.

### **Information Security Issues at Group Companies**

Certain Group companies are involved in consumer businesses, which raises the need to further reinforce our personal information management efforts. Meanwhile, the global development of our business has resulted in Group companies being located around the world. We are thus aware of the need to strengthen information security measures in accordance with diverse cultures and regulatory systems.

We encourage closer collaboration among Group companies by establishing security guidelines for said companies, strengthening management of outside subcontractors, providing information on information security, and holding regular liaison meetings. We also strive to prevent security incidents by bolstering the security systems of Group companies through increased involvement by the IT Unit in their operations.

In addition to these efforts, we conduct regular drills for all officers and employees that simulate a suspicious email attack without prior notice.

Tokyo Century (hereafter “the Company”) recognizes that protecting personal information, including My Number and specific personal information (hereafter “specific personal information”), as a vital social responsibility, and we will appropriately handle personal information under the following guidelines.

#### **1. On Compliance with Relevant Laws and Regulations**

The Company will handle personal information in strict compliance with the Act on the Protection of Personal Information (hereafter “the Personal Information Protection Act”) and the Act on the Use of Numbers to Identify a Specific Individual in the Administrative Procedure (hereafter “the Numbers Act”) as well as with other relevant laws and regulations.

#### **2. On Obtaining Personal Information**

The Company will obtain personal information through legitimate and appropriate means within the scope necessary for performing the Company’s business activities.

#### **3. On Using Personal Information**

The Company will use personal information only after specifying its purpose and will not use personal information beyond the scope of achieving its purpose, except in cases when prior consent has been granted or when regulatory approval has been obtained. The Company will limit its use of specific personal information to purposes that have been defined under the Numbers Act and other relevant laws and regulations.

#### **4. On Providing Personal Information to Third Parties**

The Company will not provide the personal information of customers to a third party, except in cases when prior consent has been granted or when regulatory approval has been obtained. However, the Company may provide such information without the consent of customers within the scope of achieving its purpose when the Company consigns the handling of personal information to a third party or when the Company becomes involved in a merger or similar actions. The Company will not provide specific personal information to a third party, except as defined under the Numbers Act and other relevant laws and regulations.

#### **5. On Ensuring Secure Management of Personal Information**

The Company will take steps to securely manage personal information to prevent leaks, loss, falsification, etc., by establishing rules related to the protection of personal information and by appointing staff to be responsible for ensuring the secure management of personal information. Furthermore, if the Company were to consign the handling of personal information to a third party, it would only do so to a third party that meets the Company’s standards, and the Company would exercise the necessary and appropriate supervision.

#### **6. On Responding to Requests for Disclosure, etc., of Personal Information**

The Company will respond with sincerity to customer requests for disclosure of personal data in its possession. Furthermore, the Company will respond appropriately and promptly in cases when factual errors have been discovered in such personal data and the Company receives requests for an addition, correction, or deletion of such data, as well as through complaints or consultation from customers.

#### **7. On Making Continuous Improvements**

The Company will strive for continuous improvements in its handling of personal information by revising these guidelines and related internal rules, etc., to reflect changes in the Personal Information Protection Act, Numbers Act, and other relevant laws and regulations as well as social requirements.

## Handling of customers' personal information

### 1. Purposes of Personal Information Use

In the handling of customers' personal information, the Company shall specify the purpose of use and, excluding when consent has been received in advance and when recognized by law, it will not use personal information beyond the scope necessary to achieve the purposes of use below concerning the Company's business activities. Note that when specific purposes of use of personal information are separately restricted by laws and ordinances, such as the use of Individual Numbers as defined by the Numbers Act, personal information shall not be used for purposes other than the relevant purpose of use.

#### Company business activities

1. Businesses involved in leasing, installment sales, and sales and intermediaries thereof concerning computers, transportation equipment, industrial machinery, medical equipment, other various movables, real estate, and rights;
2. Financial businesses;
3. Casualty insurance agencies and insurance agencies as described in the Act on Securing Compensation for Automobile Accidents;
4. Businesses concerning the solicitation of life insurance;
5. Possession, management, administration, and sales of marketable securities;
6. Investment, financing, loan guarantees, and management advice to unlisted companies;
7. Contracting businesses involved in design, construction, installation, repair, and demolition;
8. Businesses involved in business contracting and business undertaking;
9. Collection agency businesses;
10. Businesses engaged in the sale and rental of welfare equipment as described in the Long-Term Care Insurance Act;
11. In-home, long-term care support businesses as described in the Long-Term Care Insurance Act;
12. Businesses involved in home care services;
13. Type II financial instruments businesses;
14. Businesses concerning supply, sales, intermediary, etc., of energy including electricity;
15. Businesses engaged in hotel and *ryokan* (traditional Japanese-style hotel) management; and
16. Any businesses associated with or related to the foregoing.

#### Purposes of use

1. In order to make credit decisions when engaging in transactions with customers concerning the above business activities, such as leasing, installment sales, and loans
2. In order to engage in appropriate management as concerns contracts relating to transactions with customers
3. In order to introduce products and services offered by the Company or Tokyo Century Group companies as well as to respond to inquiries and applications in this regard
4. In order to provide information to relevant third parties within the scope necessary when the Company concludes or considers concluding a contract with a third party involving transactions with customers
5. In order to confirm the identity of a customer or that of a customer proxy in transactions with customers
6. In order to disclose customers' personal information to third parties, including the credit bureaus of which the Company is a member, to the extent required to appropriately execute relevant business activities
7. In order to engage in suitable solicitation concerning products and services offered by the Company or Tokyo Century Group companies in accordance with principles regarding suitability established in laws and ordinances such as the Financial Instruments and Exchange Act
8. In order to make use of information in market research and new product development as concerns products and services offered by the Company and Tokyo Century Group companies
9. In order to appropriately execute all other business activities concerning transactions with customers

## 2. Sharing of Personal Information

The Company may share customers' personal information as described in (1) through (3) below. However, the Company will not share specific personal information.

### (1) Personal Information to Be Shared

- Information concerning attributes such as name, sex, address, date of birth, telephone number, email address, and place of work
- Information concerning transactions with the Company as well as transaction history, such as the balances of transactions made with Group companies and others

### (2) Scope of Sharing

Domestic Group companies and overseas subsidiaries noted on the "Corporate Information" page in the "About Us" section and the "Overseas Network" page of the Company's website

### (3) Purposes of Use of Parties with Which Information Is Shared

Use within the scope necessary to achieve the purposes of use above

### (4) Chief Executive of Personal Information

Chief Compliance Officer  
Tokyo Century Corporation  
FUJISOFT Bldg., 3 Kanda-neribeicho, Chiyoda-ku, Tokyo 101-0022 Japan

## 3. Provision of Personal Information to Third Parties

Excluding when consent has been received from a customer or when recognized by laws and ordinances, in principle, the Company will not provide the personal information of a customer to a third party. However, when the processing of personal information is to be outsourced externally, the Company may commit personal information to a third party with a sufficient management system within the scope necessary for the purpose of use.

Note that specific personal information shall not be provided to third parties, excluding in those cases clearly delineated in the Numbers Act.

## 4. Security Control Measures

The Company shall establish and maintain regulations concerning the protection of personal information. The Company shall strive to store and manage customers' personal information in an accurate and up-to-date state. The Company shall also select a person responsible for the management of the safety of personal information, and it shall take safety management measures necessary and appropriate for preventing the leakage, loss, revision, etc., of personal information. In addition, in the event the Company outsources the handling of customers' personal information to a third party, the Company shall only outsource to parties that meet its standards concerning information safety management and shall engage in necessary and appropriate supervision.

## 5. Request for Disclosure of Personal Information, etc.

The Company has established the information desk noted below to handle requests for the disclosure (disclosure, notification of purposes of use, amendment, addition, deletion, suspension of use, erasure, or suspension of provision to a third party) of personal information as well as complaints and inquiries in this regard. The Company shall strive to respond appropriately and promptly to customers or their proxies concerning personal information in the possession of the Company (however, this is limited to retained personal data as defined by the Personal Information Protection Act). Note that the Company has established procedures concerning requests for disclosure, including entering one's name and applying one's signature to the established form and confirming the identity of the person making the request. In addition, please be aware that these procedures may require fixed fees.

Information Desk for Personal Information Disclosure Requests, Complaints, and Inquiries  
Business Risks Management Division  
Tokyo Century Corporation  
FUJISOFT Bldg., 3 Kanda-neribeicho, Chiyoda-ku, Tokyo 101-0022 Japan  
TEL: +81-3-5209-8273

(Monday through Friday 9:00 a.m.–5:15 p.m. (JST), not available on Japanese national holidays)

## 6. Continuous Improvement Efforts

The Company shall appropriately review this policy and relevant internal regulations in response to revisions of laws and ordinances such as the Personal Information Protection Act and the Numbers Act, advancements in information technologies, and changes in social demand while continuously striving to improve its handling of personal information.

# Others

## External Evaluations

### MSCI ESG Leaders Indexes

The MSCI ESG Leaders Indexes were developed by MSCI Inc. of the United States. These indexes compile companies exhibiting particular excellence in regard to ESG factors. Tokyo Century has been included in these indexes since 2020.



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### MSCI Japan ESG Select Leaders Index

The MSCI Japan ESG Select Leaders Index is based on the MSCI Japan IMI Top 700 Index and composed of companies that have demonstrated outstanding ESG performance. Tokyo Century has been a constituent of the index since 2017.

### 2020 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

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### MSCI ESG Ratings

MSCI ESG Research LLC rates companies on a seven-tiered scale, from CCC to AAA, according to their exposure to ESG risks and other factors. Tokyo Century received an MSCI ESG Rating of AA in 2020.



THE USE BY Tokyo Century Corporation OF ANY MSCI ESG RESEARCH LLC OR ITS AFFILIATES ("MSCI") DATA, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT, RECOMMENDATION, OR PROMOTION OF Tokyo Century Corporation BY MSCI. MSCI SERVICES AND DATA ARE THE PROPERTY OF MSCI OR ITS INFORMATION PROVIDERS, AND ARE PROVIDED 'AS-IS' AND WITHOUT WARRANTY. MSCI NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI.

### DX Certification System

The DX Certification system is based on the Act on Partial Revision of the Act on Facilitation of Information Processing. In 2021, Tokyo Century was certified by the Ministry of Economy, Trade and Industry (METI) through this system, indicating that the Company is implementing superior initiatives based on the guidelines for information system implementation and management.



### Digital Transformation Stock Selection

Tokyo Century was included in the Digital Transformation Stock Selection (DX Stocks) in 2021. This system is arranged by METI and the Tokyo Stock Exchange to recognize companies that have been successful in high-level utilization of digital technologies through the promotion of digital transformation for improving corporate value.



### FTSE4Good Index Series

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



FTSE4Good

### FTSE Blossom Japan Index

The FTSE Blossom Japan Index is designed as a tool to measure the performance of Japanese companies that have a track record of strong ESG practices. Tokyo Century has been a constituent of the index since 2017.



FTSE Blossom Japan

### S&P/JPX Carbon Efficient Index

The S&P/JPX Carbon Efficient Index comprises companies that boast high levels of carbon efficiency and which actively disclose information on CO<sub>2</sub> and other emissions. Tokyo Century has been a constituent of the index since 2018.



### Platinum Kurumin Certification

Tokyo Century was accredited with Platinum Kurumin certification by the Ministry of Health, Labour and Welfare as a company pursuing a higher level of initiatives for supporting child-rearing.






### Semi-Nadeshiko Brand

Since 2019, Tokyo Century has twice been selected as a Semi-Nadeshiko Brand company in the program jointly arranged by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange to recognize companies that excel in empowering women.



## Participation in External Initiatives

Signing of the United Nations Global Compact	<p>Tokyo Century became a signatory of the United Nations Global Compact in May 2018.</p> <p>An international initiative spearheaded by the United Nations, the Global Compact invites companies and organizations to participate on a voluntary basis. Signatories exercise creative and responsible leadership and act as good citizens to contribute to the development of global frameworks for realizing sustainable growth.</p> <p>Moreover, the Global Compact requests that signatories adhere to its Ten Principles in the four areas of human rights, labour, environment, and anti-corruption. Through ongoing efforts to live up to these principles, we aim to contribute to the creation of an environmentally sound, sustainable economy and society.</p>	<p><b>WE SUPPORT</b></p> 														
Signing of Principles of Financial Behavior in the 21st Century	<p>In May 2016, Tokyo Century signed the Financial Behavior Principles for the Formation of a Sustainable Society (Principles of Financial Behavior in the 21st Century), an initiative encouraging financial institutions to incorporate ESG principles into their financial activities.</p> <p>We are exercising consideration for the environment and society in our activities based on the defined seven principles for contributing to the realization of a sustainable society.</p>															
Participation in CDP	<p>CDP is an international nonprofit organization that encourages companies to disclose information regarding climate change and other environmental issues and which conducts surveys and analyses of such information.</p> <p>Tokyo Century has been disclosing information through responses to CDP's climate change and water security questionnaires since fiscal 2016.</p> <table><tr><th></th><th>Category</th><th>Fiscal 2018</th><th>Fiscal 2019</th><th>Fiscal 2020</th></tr><tr><td rowspan="2">CDP score</td><td>Climate change</td><td>D</td><td>B-</td><td>B-</td></tr><tr><td>Water security</td><td>C-</td><td>C</td><td>C</td></tr></table>		Category	Fiscal 2018	Fiscal 2019	Fiscal 2020	CDP score	Climate change	D	B-	B-	Water security	C-	C	C	
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Endorsement of TCFD recommendations	<p>Tokyo Century announced its endorsement of the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) in April 2021. We have since been disclosing information based on TCFD recommendations.</p> <p>■ For more information, please refer to the TCFD official website. <a href="https://www.fsb-tcfd.org/">https://www.fsb-tcfd.org/</a></p>															
Support for Fun to Share initiative	<p>Tokyo Century has been supporting the Fun to Share initiative since March 2014. The Fun to Share initiative is a climate change response campaign advanced by the Ministry of the Environment to contribute to the realization of a low-carbon society.</p> <p>The slogan of the Fun to Share initiative translates as, "Let's share the latest insight on global warming response measures to create a low-carbon society."</p>															