



SUSTAINABILITY

DATA BOOK 2021

April 1, 2021–March 31, 2022

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 2021 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, 2021–March 31, 2022 (Information on some activities from outside of this period is included.) |
| Publication | December 2022 |

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 CO₂ emissions reductions associated with the solar power generation business of Kyocera TCL Solar LLC (see Independent Practitioner's Assurance on pages 2–4 for more information).

Legend

- EMS** : Nine 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.; FLCs Co., Ltd.; and ITEC Leasing Co., Ltd.)
- TC** : Tokyo Century Corporation (non-consolidated)
- Gr** : 60 Tokyo Century Group companies
(43 domestic companies and 17 overseas companies)
- ☒ : Items for which Independent Practitioner's Assurance has been received

Independent Practitioner's Assurance

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Independent Practitioner's Assurance Report

Deloitte.

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(TRANSLATION)

Independent Practitioner's Assurance Report

October 24, 2022

Mr. Koichi Baba,
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, 2022 (the "Environmental Quantitative Information") included in the "SUSTAINABILITY DATA BOOK 2021" (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.3-4). 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 2021 Scope and Calculation Methods |
|---|---|
| Scope 1 greenhouse gas emissions | <p>Scope of Data Collection Tokyo Century Corporation and major Group companies (60 companies)</p> <p>Domestic companies (43): 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.;^{*1} ITEC Leasing Co., Ltd.; 20 group companies of Nippon Rent-A-Car Service, Inc.; four group companies of Shinko Real Estate Co., Ltd.;^{*2} Nippon Car Solutions Co., Ltd.; Orico Auto Leasing Co., Ltd.; Orico Business Leasing Co., Ltd.; IHI Finance Support Corporation; Kyocera TCL Solar LLC; KCT Koyo LLC; Energy Gate2 LLC; Energy Gate4 LLC; TC Hotels & Resorts Karuizawa Co., Ltd.; and CSI Leasing Japan K.K.</p> <p>^{*1} Effective April 1, 2022, Fujitsu Leasing Co., Ltd., changed its name to FLCSC Co., Ltd. ^{*2} Effective April 1, 2022, Shinko Real Estate Co., Ltd., changed its name to TC KOBELCO REAL ESTATE CO., LTD.</p> |
| Scope 2 greenhouse gas emissions | <p>Overseas companies (17): 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.; Work Truck Direct Inc.; Aviation Capital Group LLC; Aviation Capital Group Singapore Pte. Ltd.; ACG Aircraft Leasing Ireland Limited; and BPI Century Tokyo Lease & Finance Corporation</p> <p>Applicable emissions: Greenhouse gas emissions from energy use</p> <p>Calculation Method Scope 1: Fuel use volume × CO₂ emission factor^{*1} ^{*1} List of Calculation Methods and Emissions Factors for Calculation, Reporting and Announcement Systems specified in the Act on Promotion of Global Warming Countermeasures Scope 2: Electricity use volume × CO₂ emission factor^{*2} ^{*2} Japan: List of Emissions Factors by Electric Power Utility specified in the Act on Promotion of Global Warming Countermeasures United States: U.S. average (2020) coefficient from Environmental Protection Agency's Emissions & 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>Scope of Data Collection Tokyo Century Corporation</p> <p>Calculation Method Lease property acquisition costs × Emission basic unit based on industry tables^{*3} ^{*3} Database of emission basic unit for calculating organizational greenhouse gases across the supply chain provided by the Ministry of the Environment (Ver. 3.2)</p> |
| Scope 3 greenhouse gas emissions Category 13— Downstream leased assets | <p>1. Computers, office equipment, telecommunications equipment Scope of Data Collection Tokyo Century Corporation</p> <p>Calculation Method Energy consumption of high-representation equipment × Estimated annual operating time × CO₂ emission factor^{*4} × Unit number of applicable equipment ^{*4} Fiscal 2021 substitution values from List of Emissions Factors by Electric Power Utility specified in the Act on Promotion of Global Warming Countermeasures</p> <p>2. Aircraft Scope of Data Collection Tokyo Century Corporation; TC Skyward Aviation U.S., Inc.; TC Skyward Aviation Ireland Limited; TC Aviation Capital Ireland Limited; Aviation Capital Group LLC</p> <p>Calculation Method Based on data extracted from IBA's Carbon Emissions Calculator, which calculates CO₂ emissions based on flight data of the aircraft managed by the above companies</p> |

| Assured Items | Fiscal 2021 Scope and Calculation Methods |
|--|---|
| Scope 3 greenhouse gas emissions Category 13— Downstream leased assets | <p>3. Ships</p> <p>Scope of Data Collection Tokyo Century Corporation</p> <p>Calculation Method Annual use of class A and class C fuel oil × CO₂ emission factor^{*1} ^{*1} List of Calculation Methods and Emissions Factors for Calculation, Reporting and Announcement Systems specified in the Act on Promotion of Global Warming Countermeasures</p> |
| Scope 3 greenhouse gas emissions Category 15— Investments | <p>Scope of Data Collection Tokyo Century Corporation Applicable investments: Cross-shareholdings</p> <p>Calculation Method CO₂ emissions of cross-shareholding counterparty × Ownership ratio (as disclosed by CDP)</p> |
| Annual electricity generation volumes and CO ₂ emissions reductions from solar power generation business of Kyocera TCL Solar LLC | <p>Scope of Data Collection Solar power generation facilities of Kyocera TCL Solar LLC</p> <p>Calculation Method Annual generation volume: Total annual generation volume (transmission basis) for all solar power generation facilities CO₂ emissions reductions: Annual solar power generation volume (transmission basis) × CO₂ emission factor^{*2} ^{*2} 399.5 g-CO₂/kWh (arrived at by subtracting figure of 45.5 g-CO₂/kWh for crystalline silicon solar cells [solar power generation system electricity consumption] from figure of 445 g-CO₂/kWh for per-generation CO₂ emissions from preliminary greenhouse gas emission figures released by the Ministry of the Environment in fiscal 2019, as described in CO₂ reduction standards in fiscal 2021 Japan Photovoltaic Energy Association guidelines)</p> |

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Sustainability

Corporate Information

Company Profile

| | |
|--|--|
| Company name | Tokyo Century Corporation |
| Business activities | Equipment leasing, mobility and fleet management, specialty financing, international business operations |
| Head office | FUJISOFT Bldg., 3 Kanda-neribeicho, Chiyoda-ku, Tokyo 101-0022, Japan |
| Founded | July 1, 1969 |
| Company representatives | Masataka Yukiya, Chairman & Co-CEO, Representative Director Koichi Baba, President & CEO, Representative Director |
| Capital | ¥81,129 million |
| Stock listing (securities code) | Tokyo Stock Exchange, Prime Market (8439) |
| Major shareholders | ITOCHU Corporation; Chuo-Nittochi Co., Ltd.; Nippon Telegraph and Telephone Corporation; and Mizuho Bank, Ltd. |
| Global network coverage | More than 30 countries and regions |

Operating Segments

| | |
|--|--|
| Equipment Leasing | 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 |
| Mobility & Fleet Management | Automobile leasing for corporate customers and individuals, car rental and car-sharing businesses, etc. |
| Specialty Financing | 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 |
| International Business | Leasing and finance (moneylending and investment) including ancillary services and fleet service businesses, among others, mainly in East Asia, the ASEAN region, and North, Central, and South America |

| Operating Segment | Number of Employees (Consolidated) (As of March 31, 2022) | |
|--|--|---------|
| Equipment Leasing | 692 | (125) |
| Mobility & Fleet Management | 3,493 | (3,138) |
| Specialty Financing | 1,192 | (1,424) |
| International Business | 1,982 | (17) |
| Others | 58 | (22) |
| Corporate (shared) / Administrative | 217 | (30) |
| Total | 7,634 | (4,756) |

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 2019 | Fiscal 2020 | Fiscal 2021 |
|---|-----------------|-------------|-------------|-------------|
| Revenues | Millions of yen | 1,166,599 | 1,200,184 | 1,277,976 |
| Operating income | Millions of yen | 88,346 | 77,154 | 82,675 |
| Ordinary income | Millions of yen | 91,126 | 78,105 | 90,519 |
| Net income attributable to owners of parent | Millions of yen | 56,303 | 49,145 | 50,290 |
| Net income per share | Yen | 524.96 | 402.57 | 411.56 |
| Return on equity | % | 11.5 | 8.7 | 8.1 |
| Return on assets | % | 1.9 | 1.4 | 1.6 |
| Operating income to revenues | % | 7.6 | 6.4 | 6.5 |

2. Consolidated Financial Position

| Item | Unit | Fiscal 2019 | Fiscal 2020 | Fiscal 2021 |
|----------------------------|-----------------|-------------|-------------|-------------|
| Total assets | Millions of yen | 5,608,556 | 5,602,897 | 5,663,787 |
| Net assets | Millions of yen | 660,145 | 688,345 | 795,580 |
| Shareholders' equity ratio | % | 9.9 | 10.2 | 11.9 |
| Net assets per share | Yen | 4,543.43 | 4,670.45 | 5,507.50 |

3. Consolidated Cash Flows

| Item | Unit | Fiscal 2019 | Fiscal 2020 | Fiscal 2021 |
|---|-----------------|-------------|-------------|-------------|
| Net cash provided by (used in) operating activities | Millions of yen | △50,664 | 51,331 | 227,383 |
| Net cash provided by (used in) investing activities | Millions of yen | △315,177 | △97,405 | △16,075 |
| Net cash provided by (used in) financing activities | Millions of yen | 523,062 | 18,946 | △201,421 |
| Cash and cash equivalents at end of year | Millions of yen | 250,096 | 216,901 | 240,047 |

4. Segment Information (Fiscal 2021)

| 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 | 512,691 | 342,098 | 307,108 | 116,814 | 1,036 | △1,772 | 1,277,976 |
| Segment income (loss) | 33,939 | 19,227 | 29,498 | 18,987 | 351 | △11,484 | 90,519 |
| Segment assets | 1,379,734 | 611,769 | 2,311,842 | 557,055 | 18,999 | 784,386 | 5,663,787 |
| Return on assets* | 2.4% | 3.1% | 1.3% | 3.7% | — | — | 1.9% |

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

Sustainability Philosophy and Policies

Management Philosophy

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

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

Solutions to your Pursuits



Corporate Code of Conduct

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

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.

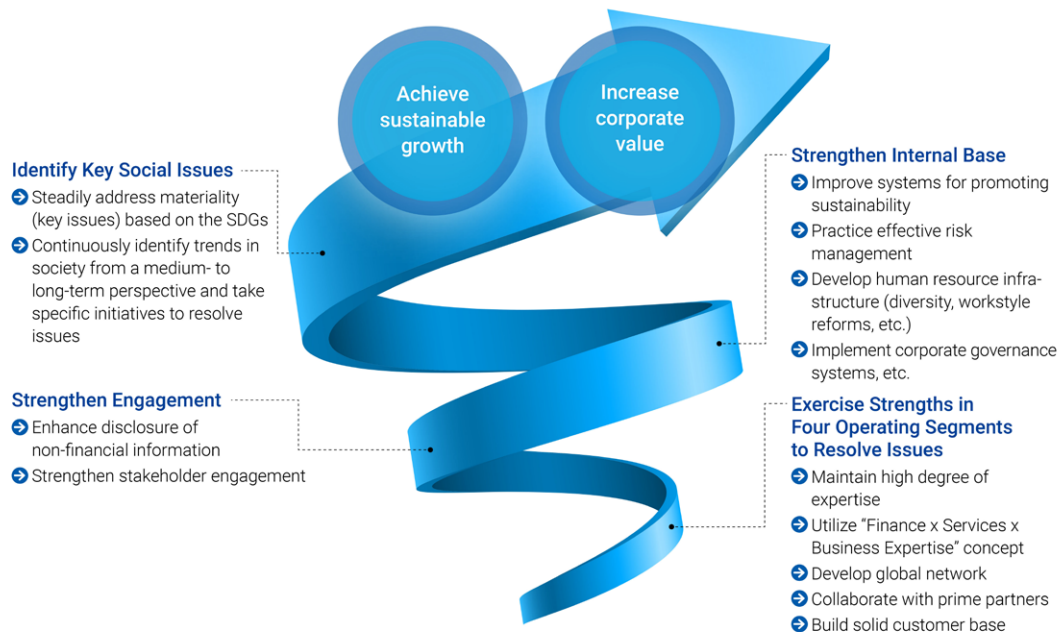
6. We will avoid contact with antisocial forces and criminal organizations.

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

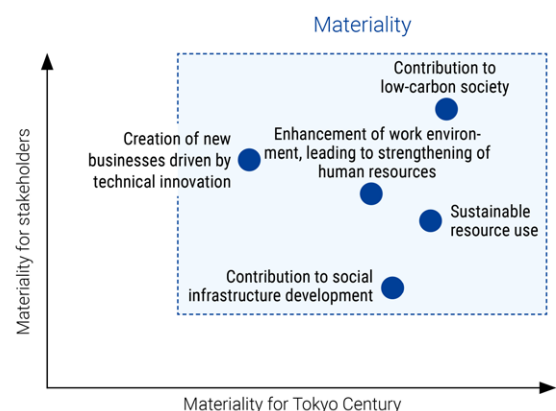


Promotion of Sustainability Management

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.

Tokyo Century's materiality comprises five key issues and a shared platform that supports efforts based on these issues. This structure was arrived at through meetings involving relevant Companywide organizations, discussions by the Sustainability Committee, identification of the relationship of our materiality to the medium-term management plan, and final deliberation by the Management Meeting and the Board of Directors. This process was framed by the materiality map linked to and based on analysis of the 169 targets for the 17 SDGs.

We are advancing materiality initiatives while implementing a PDCA cycle to confirm progress in this regard. In addition, we have implemented protocols for including materiality notifications in agendas for meetings of the Transaction Evaluation Meeting, Management Meeting, and the Board of Directors; a contribution award program; and other frameworks for improving awareness of materiality initiatives among employees.



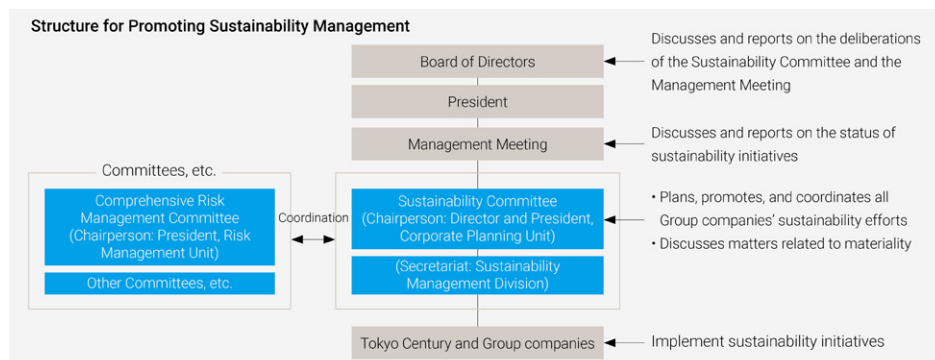
Sources including main ESG evaluation indices: Dow Jones Sustainability Index, FTSE4Good Index, MSCI Index, and SASB

* 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 decarbonized 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, and 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, refurbishment, 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, and 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



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.

Members and Meetings of the Sustainability Committee (Fiscal 2021)

| Members | | |
|--------------------|--|---|
| Chairperson | Director and President of the Corporate Planning Unit | |
| Members | Operation Headquarters: Unit heads (IT Unit, Business Process Management Unit, Personnel Unit, General Affairs Unit, and Risk Management Unit), deputy president of the Corporate Planning Unit, general manager of the Corporate Planning Division, and general manager of the Sustainability Management Division | Business Headquarters: Four business unit general managers (Equipment Leasing, Mobility & Fleet Management, Specialty Financing, and International Business) and observers (invited as necessary) |
| Auditors | Standing corporate auditors | |
| Meetings | | |
| Meetings held | 4 | |
| Major agenda items | <ul style="list-style-type: none">Information disclosure based on recommendations of TCFDBusiness and human rights initiatives | <ul style="list-style-type: none">Progress of medium- to long-term sustainability management initiatives (road map)Carbon-neutrality initiatives |

Non-Financial Materiality KPIs

Tokyo Century has established non-financial key performance indicators (KPIs) related to its materiality in order to promote sustainability management.

The following pages contain information on the principal non-financial KPIs defined for each materiality (key issue).
(Some non-financial KPIs overlap with the ESG-related non-financial KPIs described on page 20 and thereafter.)

Contribution to Decarbonized Society



Tokyo Century recognizes that combating climate change is an important management priority. Our efforts to contribute to a decarbonized society include environmental activities in offices, the development of 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 for sharing emissions reduction benefits between involved countries, and other efforts for addressing climate change through our business activities. We are also working to reduce Scope 3 emissions. For example, Aviation Capital Group LLC has ordered 60 new Airbus aircraft, including Airbus A220 aircraft that use 25% less fuel than prior models. Furthermore, we have set the target of amassing a fleet of 100,000 electric vehicles by fiscal 2030 in the Mobility & Fleet Management segment.

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 in this regard is disclosed on our corporate website.*

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

| KPI | Metric | Unit | Target year | Target | Fiscal 2019 | Fiscal 2020 | Fiscal 2021 |
|---|---|-----------------------------------|-------------|---|-------------|-------------|-------------|
| Reduction of electricity use (environmental contributions through office activities) | Electric use | kWh | Fiscal 2022 | Less than 1,650,000 kWh | 1,598,069 | 1,578,546 | 1,539,011 |
| | CO ₂ emissions | t-CO ₂ | Fiscal 2022 | Less than 725 t-CO ₂ | 818 | 770 | 723 |
| Reduction of gasoline use (environmental contributions through office activities) | Gasoline use | L | Fiscal 2022 | Less than 65,000L | 69,038 | 43,768 | 45,360 |
| | CO ₂ emissions | t-CO ₂ | Fiscal 2022 | 151t-CO ₂ | 160 | 102 | 105 |
| | Fuel efficiency | km/L | Fiscal 2022 | More than 13.5km/L | 13.9 | 14.3 | 14.5 |
| Reduction of paper use (environmental contributions through office activities) | Paper use (A4 size equivalent) | Thousands of sheets | Fiscal 2022 | Less than 10 million sheets | 13,832 | 9,262 | 8,278 |
| Reduction of head office electricity use (intensity target) | Per-area electricity use | kWh/m ² | Fiscal 2030 | 70.00 kWh/m ² (23% reduction in comparison with FY2009) | 65.28 | 59.75 | 64.84 |
| Reduction of annual CO ₂ emissions associated with head office electricity use (intensity target) | CO ₂ emissions from per-area electricity use | t-CO ₂ /m ² | Fiscal 2030 | 0.041t-CO ₂ /m ² (23% reduction in comparison with FY2009) | 0.033 | 0.029 | 0.030 |
| Reduction of CO ₂ emissions through solar power businesses of four consolidated subsidiaries ^{*1} | Annual generation volume | MWh | Fiscal 2022 | More than 478,900 MWh | 359,665 | 414,047 | 482,795 |
| | CO ₂ emissions (compared with standard thermal power generation) | t-CO ₂ | Fiscal 2022 | More than 191,321 t-CO ₂ | 162,029 | 172,864 | 192,877 |
| Rate of electrified vehicle use (EVs, FCEVs, PHEVs, HVs) | Mobility and fleet management ^{*2} | % | — | — | 16.9 | 18.4 | 19.3 |
| Rate of fuel-efficient aircraft ^{*3} use | Ratio of fuel-efficient aircraft assets ^{*4} | % | — | — | 31.3 | 40.4 | 45.7 |
| Projected aggregate greenhouse gas emissions reductions from JCM Model Projects | Projected aggregate greenhouse gas emissions reductions | t-CO ₂ | Fiscal 2025 | 56,000 | 29,795 | 34,547 | 35,457 |

*1 Four consolidated subsidiaries: Kyocera TCL Solar LLC and three 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: A220, 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)

The Tokyo Century Group has defined “contribution to decarbonized society” as one part of its materiality (key issues), based on which it is working to popularize the use of clean energy through initiatives for combating climate change and preserving the environment. In conjunction with the start of the commercial operation of a biomass co-firing power plant of Shunan Power Corporation in September 2022, the Group unveiled its carbon-neutrality policy for fiscal 2040. This policy describes our goal of achieving effectively zero greenhouse gas emissions while also presenting a transition road map for the aforementioned power plant.

The biomass co-firing power plant of Shunan Power is projected to produce around 98% of the Group's greenhouse gas emissions going forward. For this reason, we look to achieve effectively zero greenhouse gas emissions as soon as possible, with fiscal 2040 being our target year for the accomplishment of this goal. To this end, we will increase the biomass co-firing ratio at this plant while adopting black pellets, which feature high combustion efficiency, prefaced on assumptions of future technological developments. At the same time, we will transition to the burning of ammonia, which does not emit greenhouse gas emissions. We are also increasing our use of renewable energy for purposes such as powering domestic and overseas consolidated subsidiaries. Through these efforts, the Tokyo Century Group will work toward its goal of achieving carbon neutrality by fiscal 2040.

The Tokyo Century Group's Carbon-Neutrality Policy

The Tokyo Century Group^{*1} promotes the reduction of greenhouse gas (GHG) emissions^{*2} and aims to achieve carbon neutrality by fiscal 2040.

As the interim target for achieving carbon neutrality, **the Tokyo Century Group aims to achieve a 50% reduction in GHG emissions by fiscal 2030 (vs. FY2021^{*3}).**

^{*1} Major consolidated subsidiaries where personnel are located (including the biomass co-firing power plant of Shunan Power Corporation)

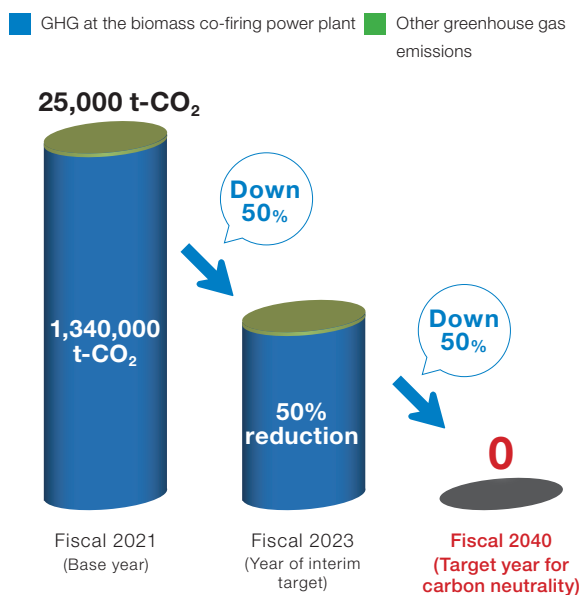
^{*2} Direct emissions from Company-owned and controlled resources (Scope 1) and indirect emissions from the consumption of purchased electricity, heat, and steam (Scope 2)

^{*3} Greenhouse gas emissions of 1,365,000 t-CO₂ in fiscal 2021

(Emissions volume as calculated in relation to carbon-neutrality target = Fiscal 2021 greenhouse gas emissions + Estimated annual greenhouse gas emissions from hotel business and biomass co-firing power plant of Shunan Power)

Image

The Tokyo Century Group's Greenhouse Gas Emissions Reduction Plan



Challenges

Strategic actions for achieving carbon neutrality taken at biomass co-firing power plant in light of operating environment

POINT

In consideration of the projected increase in the biomass co-firing ratio and the anticipated use of next-generation technologies, including ammonia co-firing, the Group established the “Transition Roadmap for Achieving Carbon Neutrality by 2040,” which is aimed at reducing GHG emissions by 50% by fiscal 2030 and achieving carbon neutrality by fiscal 2040.

- ▶ [Commercial Operations Begin at Shunan Power Corporation's Power Plant](#)
- ▶ [Overview of Transition Road Map for Shunan Power Corporation's Power Plant \(in Japanese only\)](#)
- ▶ [Evaluation Report by Japan Credit Rating Agency, Ltd. \(in Japanese only\)](#)

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. Also in this segment, we have established IBeeT Corporation, a joint venture with ITOCHU Corporation, to supply subscription services for household electricity storage systems, decentralized power sources that contribute to decarbonization, and peripheral equipment. 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, Tokyo Century was 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 to provide a system for driving future business growth. Through this project, the Company offers its full support for promising business plans and implements frameworks for examining methods of commercializing such plans. In its first year, a total of 36 proposals were received through the TC Biz Challenge Project, and a verification test is being advanced to assess the feasibility of commercializing the one proposal that passed the final 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 systems, 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 2022. 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 this program in each of the eight years since the establishment of the Competitive IT Strategy Company Stock Selection program—the predecessor of the DX Stocks program—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-creation with 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. In 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 opened 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 Tower, 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. In addition, the Tokyo Cross Park Vision project has been announced by a group of 10 participating companies, including Tokyo Century. This next-generation smart city project calls for the development of the area of the Uchisaiwaicho 1-chome district of Tokyo. With an aggregate floor space of 1.1 million m², this will be one of the largest development projects in Tokyo. Connected to the 16-hectare Hibiya Park, the Tokyo Cross Park Vision project will install office buildings, commercial facilities, and residential housing while contributing to the shared goal of operating in a carbon-negative manner in order to help realize a sustainable community and society.

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.

Meanwhile, together with NTT TC Leasing Co., Ltd., we are providing building leases for new market facilities as part of a project for reorganizing publicly certified wholesale markets being advanced by Toyama City, Toyama Prefecture. Together with this partner, we seek to respond to demand for rebuilding aged public facilities across Japan, expand businesses for invigorating local economies through contributions to infrastructure development, and advance initiatives with significant social meaning that help revitalize local communities.

| KPI | Applicable companies ^{*1} | Unit | Fiscal 2019 | Fiscal 2020 | Fiscal 2021 |
|--|------------------------------------|--------------|-------------|-------------|-------------|
| Number of vehicles equipped with telematics services | NCS, NRS, OAL | Vehicles | 63,668 | 67,757 | 74,180 |
| Number of safe driving lessons conducted using telematics services ^{*2} | NCS | Lessons | 962 | 459 | 923 |
| | | Participants | 19,212 | 7,095 | 13,261 |
| Ratio of rental cars equipped with safety features (automated brakes, etc.) | NRS | % | 90.3 | 94.3 | 96.0 |

^{*1} NCS: Nippon Car Solutions Co., Ltd.; NRS: Nippon Rent-A-Car Service, Inc.; OAL: Orico Auto Leasing Co., Ltd.

^{*2} 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.

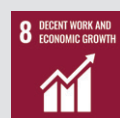
Information and communications equipment is a major offering of our leasing business. In recent years, greater importance has been placed on the environment and on information management with regard to the disposal of end-of-lease IT equipment. This trend is anticipated to spur rapid growth in demand for IT asset disposition (ITAD) services such as data erasing and disposal for IT equipment, which can be used to ensure the safe and appropriate disposal of these IT assets. We anticipate that this demand will be seen centered on global companies seeking to provide services that are standardized on a worldwide basis. In this regard, U.S.-based IT leasing subsidiary CSI Leasing, Inc., is a major source of strength. This company is able to supply high-quality global-standard services through its IT equipment leasing and ITAD service operations in more than 40 countries across the globe. In fiscal 2021, CSI Leasing posted ordinary income approximately 3.7 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 wholly owned 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 and which contribute 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. In addition, Tokyo Century has concluded a capital and business alliance with MIRAI-LABO, which possesses electric vehicle (EV) battery diagnosis and evaluation and reuse technologies. The goal of this alliance is to expand its EV leasing and rental businesses. Through this alliance, the used EV battery diagnosis technologies of MIRAI-LABO, which is acting based on its expressed goal of becoming an environmental platform holder, will be utilized to strengthen these businesses. At the same time, we will work with MIRAI-LABO's partners to bolster and supply environment-friendly mobility services related to the reuse and recycling of EV batteries.

| KPI | Metric | Unit | Target year | Target | Fiscal 2019 | Fiscal 2020 | Fiscal 2021 |
|--|--|-----------|-------------|-----------------------------|-------------|-------------|-------------|
| Refurbishment business | Annual sales of secondhand computers | Computers | Fiscal 2024 | More than 210,000 computers | 479,625 | 405,055 | 247,456 |
| ITAD data erasure services (CSI Leasing subsidiary Executive Personal Computers, Inc., of the United States) | Number of units processed with ITAD services | Units | — | — | 1,246,042 | 829,815 | 1,208,184 |
| Promotion of car rental services (Nippon Rent-A-Car Service, Inc.) | Number of rental cars | Cars | — | — | 37,832 | 33,098 | 31,157 |

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 initiative, which is designed to provide employees with an opportunity to chart their own career courses. Surveys have also been used to facilitate the enhancement of work-life balance support systems for assisting employees giving birth, raising children, or providing care to family members.

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. We also provide employees with a plethora of training opportunities. In addition to annual training and other designated training programs, we offer online learning programs in which employees can select courses on business and other skills as well as practical and specialized training for specific business areas. By supplying various opportunities for enhancing skills, we aim to develop human resources capable of supporting the growth of the Company and contributing to management in the future.

Furthermore, Tokyo Century established its Basic Policy on Health and Productivity Management in fiscal 2021, thereby outlining its intent to increase its focus on the promotion of health of the Company's officers and employees. It is important to develop an environment in which all of our human resources—who represent our greatest assets—can work vigorously in good health, both physically and mentally, and fully exercise their individuality and all their abilities. We therefore strive to maintain and improve the well-being of our officers and employees and their families with the recognition that health and productivity management is a corporate management issue.

| KPI | Unit | Target year | Target | Target employees | Fiscal 2019 | Fiscal 2020 | Fiscal 2021 |
|--|--------|-------------|--|--------------------------|-------------|-------------|-------------|
| Average monthly overtime hours | Hours | — | — | Career track employees | 15.2 | 14.9 | 16.5 |
| | | | | Administrative employees | 2.7 | 3.2 | 2.6 |
| | | | | Total | 10.2 | 10.2 | 11.2 |
| Annual paid leave acquisition rate | % | Fiscal 2023 | 70% | — | 76.3 | 72.7 | 75.6 |
| Childcare leave acquisition rate | % | Fiscal 2023 | Rate of childcare leave acquisition by male employees 100% | Women | 100.0 | 100.0 | 100.0 |
| | | | | Men | 100.0 | 100.0 | 100.0 |
| Ratio of employees with disabilities | % | — | — | — | 2.93 | 2.61 | 3.22 |
| Ratio of women among new-graduate hires | % | Fiscal 2023 | 30% | — | 50.0 | 30.8 | 52.9 |
| Ratio of women in management positions | % | Fiscal 2023 | 30% | — | 7.9 | 9.1 | 9.7 |
| Ratio of women in section leader positions | % | — | — | — | 48.8 | 50.7 | 48.1 |
| Ratio of employees remaining at the Company for 10 years or more (by gender) | % | — | — | Women | 57.4 | 48.6 | 42.9 |
| | | | | Men | 60.3 | 53.7 | 58.3 |
| Employee turnover rate | % | — | — | Women | 1.2 | 0.7 | 0.9 |
| | | | | Men | 4.9 | 3.7 | 4.5 |
| Rate of employees undergoing regular health check-ups | % | — | — | — | 100.0 | 100.0 | 100.0 |
| Rate of employees undergoing stress checks | % | — | — | — | 97.0 | 94.3 | 98.6 |
| Employees relocated through Career Challenge Program internal recruitment system | People | — | — | — | — | 14 | 13 |

Note: Figures are for Tokyo Century Corporation (non-consolidated). The Career Challenge Program internal recruitment initiative was commenced in 2020.



Creation of New Value through Diverse Partnerships

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

2009

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

2010

2011

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

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

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

- 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

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

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

- 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

2017



Tokyo Century

- Changed corporate name to Tokyo Century

2018

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

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

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

2019

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

2020

- Concluded a capital and business alliance agreement with Nippon Telegraph and Telephone Corporation (NTT)
- Established NTT TC Leasing Co., Ltd., as a spin-off of the leasing and financing operations of NTT FINANCE CORPORATION

2021

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

Principal Measures by Operating Segment

Equipment Leasing

Operating Segment



Boost value of leasing business and adapt to digital transformation

- Boost value of leasing business and accelerate business co-creation
- Create new business domains in response to digital transformation
- Optimize organization and improve operational efficiency to suit changes in business style

Mobility & Fleet Management

Operating Segment



View changing times as an opportunity to pursue mobility services that go a step further

- Enhance customer value and brand power with unrivaled quality of service
- Pursue channel and segment strategies aimed at expanding business base
- Take innovative initiatives for a new era
- Strengthen Group management systems to support business expansion

Specialty Financing

Operating Segment



Further refine businesses with expertise and creativity

- Maximize the value chain in collaboration with partners
- Develop new businesses in response to changes in the operating environment
- Build organizational platform and infrastructure in accordance with global standards
- Perform post-merger integration and establish governance systems at acquired companies

International Business

Operating Segment




Respond to expansion of the digital economy and the mobility revolution

- Collaborate with leading companies through alliance strategies
- Pursue broader and deeper business related to fintech and mobility


Strengthening of the Management Base: Key Themes and Policies

Strengthen consolidated management




- Raise level of consolidated management on a global basis
- Manage sustainably to help strengthen responsiveness to the SDGs and ESG issues
- Continue examination of operating systems to create systems that contribute to autonomous management of each business domain
- Generate creative ideas and new businesses

Drive business transformation with digital technology




- Harness digital technology to enhance corporate value and bolster competitiveness
- Drastically revise existing systems to accelerate digital innovation
- Develop systems aimed at promoting digital innovation

Enhance and reinforce the financial base



- Stabilize fund procurement
- Expand foreign currency procurement capabilities
- Raise level of asset liability management

Enhance risk management systems



- Strengthen risk management in response to diversification of business investments and other elements of risk profile
- Build risk control framework aimed at efficient allocation of management resources
- Respond to social need for information security, diverse crisis management, quality control, etc.

Emphasize diversity in human resource development and workstyle reforms



- Secure diverse human resources (skilled personnel required by each operating segment or operation headquarters)
- Develop global human resources
- Review and reform personnel policies to suit the characteristics of operating segments and workstyle reforms

Strengthen corporate governance



- Strengthen management systems contributing to enhancement of corporate value
- Strengthen Group governance
- Strengthen efforts to improve effectiveness of Board of Directors

Environment

Environmental Policies

| | | |
|-------------------------------------|--|--|
| Policies related to the environment | Basic Environmental Policy | <p>Basic Environmental Policy</p> <p>The Tokyo Century Group recognizes that addressing environmental issues is a key management concern and will seek to contribute to the creation of an environmentally sound, sustainable economy and society and a decarbonized society based on the United Nations Sustainable Development Goals (SDGs). To this end, the Tokyo Century Group will act with due consideration for environmental issues, including prevention of environmental pollution, reduction of greenhouse gas emissions, mitigation and adaptation to climate change impacts, and conservation of biodiversity and ecosystems, in all areas of its operating activities.</p> <p>1. Global Environmental Preservation through Business</p> <p>We will strive to contribute to reducing environmental impacts, conserving forests, oceans, and water resources through our operating activities by developing and providing environmentally sound products and services around the world. We also track the impact of our operating activities on ecosystems and engage in activities that contribute to biodiversity conservation.</p> <p>2. Contribution to Creating an Environmentally Sound, Sustainable Economy and Society</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>3. Promotion of Resource and Energy Conservation Activities</p> <p>We will promote resource and energy conservation activities in recognition of the environmental impact caused by the consumption of resources and energy and the discharge of wastes and other materials associated with our operating activities, including in our supply chain.</p> <p>4. Legal Compliance</p> <p>We comply with environmental laws and regulations, ordinances and treaties, as well as international environmental standards and stakeholder agreements to which the Tokyo Century Group agrees.</p> <p>5. Efforts for Continuous Improvement</p> <p>We will seek to prevent environmental pollution and engage in environmental activities along with providing environmental education and ensuring its dissemination by setting environmental objectives and goals. Furthermore, by constantly reviewing the results of these activities, we will strive to continuously improve our environmental management system and raise awareness of environmental issues.</p> <p>6. Information Disclosure</p> <p>We will strive to disclose information on this policy and our environmental initiatives to our various stakeholders and encourage their understanding and cooperation.</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 address climate change-related issues through management reviews conducted via an environmental management system based on ISO 14001. These reviews are used to evaluate environmental performance and provide guidance for 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
- FLCS Co., Ltd. (head office)



EMS 506044 / ISO 14001

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

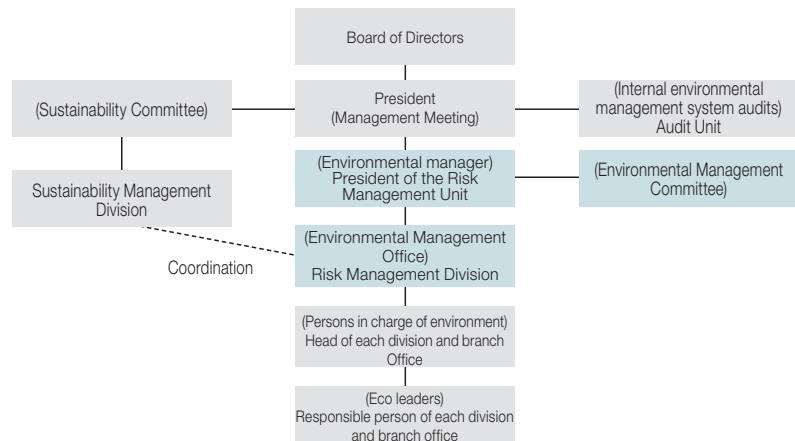
- Nippon CarSolutions Co., Ltd. (head office)
- Amada Lease Co., Ltd.
- Executive Personal Computers, Inc. (subsidiary of CSI Leasing, Inc., of the United States)

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; FLCS Co., Ltd.; S.D.L. Co., Ltd.; and ITEC Leasing Co., Ltd.

Environmental management system promotion framework

Environmental 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 2021 audit found no nonconforming organizations.

Long-term quantitative greenhouse gas emissions reduction targets (intensity targets)

Tokyo Century participates in the Japan Leasing Association's plan for achieving a low-carbon and has set proprietary targets for contributing to the accomplishment of the Japan Leasing Association's long-term targets for fiscal 2030.

Long-Term Targets

1. Per head office floor space electricity use
Fiscal 2030: 70.00 kWh/m² (23% reduction compared with fiscal 2009)
2. Annual CO₂ emissions from per head office floor space electricity use
Fiscal 2030: 0.041 t-CO₂/m² (23% reduction compared with fiscal 2009)

| Item | Unit | Fiscal 2019 | Fiscal 2020 | Fiscal 2021 |
|---|-----------------------------------|-------------|-------------|-------------|
| Per head office floor space electricity use | kWh/m ² | 65.28 | 59.75 | 64.84 |
| Annual CO ₂ emissions from per head office floor space electricity use | t-CO ₂ /m ² | 0.033 | 0.029 | 0.030 |

| | |
|---------------------------------|--|
| Environmental education | <ul style="list-style-type: none"> Environmental education is provided through e-learning programs for the purpose of raising environmental awareness at Tokyo Century Corporation and Group companies. We have issued our in-house newsletter, eco news, three to four times a year since fiscal 2021, renaming it Sustainability Communication in January 2020. The newsletter has been used to communicate on environmental issues and sustainability topics pertaining to management strategies. The redesigned sustainability newsletter is currently distributed to Tokyo Century Corporation and to Group companies, and was issued five times in fiscal 2021, in both Japanese and English. 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. 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 operates solar power generation businesses. As a result of these efforts, the Company received a letter of appreciation from an environmental preservation organization in Shiga Prefecture. |
| Biodiversity initiatives | <p>Biodiversity-Related Guidelines See Basic Environmental Policy on page 20</p> <p>Woodland Banking Project Tokyo Century is participating in a woodland banking project in partnership with Tsubaki Farm, an organization that conducts verification tests of woodland preservation (woodland banking) activities in Shisui Town, Chiba Prefecture. These woodland banking activities use a framework designed to offset the negative environmental impacts of development and other economic activities with the positive effects of conservation activities based on market principles to create a Japanese version of biodiversity preservation.</p> <p>For more information, please refer to the following press release (in Japanese only). https://www.tokyocentury.co.jp/_cms/wp-content/uploads/2021/07/58105ee0d259efdd95ea649543643920.pdf</p> <p>Coastal Forest Restoration Project Planting area: 72.46 ha; Aggregate number of trees planted: 370,198 (As of March 31, 2022)</p> <ul style="list-style-type: none"> Tokyo Century is involved in a project that supports the restoration of coastal forests damaged by the tsunamis that followed the Great East Japan Earthquake, through seedling cultivation and reforestation activities. We are 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>Mangrove Tree Planting Scope: 9 countries; Planting area: 8,543 ha (As of March 31, 2022)</p> <ul style="list-style-type: none"> Tokyo Century is advancing mangrove tree planting projects in the Asia Pacific region to protect coastal environments and the lifestyles of people in coastal areas by preventing erosion caused by high waves and the loss of coastal mangrove trees. We also began supporting a mangrove tree planting project as a new donation-driven venture by OISCA in fiscal 2022. <p>Kodomo no Mori Plan Scope: 5,406 schools in 37 countries and regions (As of March 31, 2022)</p> <ul style="list-style-type: none"> The Kodomo no Mori Plan is a project that promotes greening and teaches children to love nature and value greenery by having them plant and take care of trees at their schools or in other locations in their communities. We make regular donations to OISCA to support the Kodomo no Mori Plan, which gives children the opportunity to plant and take care of trees at their schools or in the surrounding areas. |
| Sustainable Resource Use | <p>PaperLab Tokyo Century has installed the PaperLab A-8000, an office papermaking system developed by Seiko Epson Corporation. This system uses the waste paper collected in recycling boxes at the Company's offices to produce new paper. 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>Refurbishment Businesses In our refurbishment businesses, we erase the data of end-of-lease computers, servers, and other IT equipment so that they can be resold rather than discarded, thereby contributing to the creation of an environmentally sound, sustainable economy and society.</p> |

Environmental Performance

| Greenhouse gas emissions | Scope | | | Unit | Fiscal 2019 | Fiscal 2020 | Fiscal 2021 |
|--------------------------------------|---|---|--|-------------------|-------------|-------------|---------------------------|
| | Scope 1 (direct emissions) Gr | | | t-CO ₂ | 3,139 | 3,613 | ✔ 10,963* ¹ |
| | Scope 2 (indirect emissions originated from energy use) Gr | | | t-CO ₂ | 8,590 | 7,964 | ✔ 9,177* ² |
| | Scope 3 (emissions from supply chain, etc., not included in Scope 1 or Scope 2) | | | t-CO ₂ | 1,390,556 | 1,043,996 | 6,195,446* ³ |
| | Total | | | t-CO ₂ | 1,402,285 | 1,055,573 | 6,215,586 |
| | Scope 3 Emissions by Category | | | | | | |
| | Category 1 | Purchased goods and services | TC | t-CO ₂ | 1,054,304 | 843,494 | ✔ 617,405 |
| | Category 2 | Capital goods | TC | t-CO ₂ | 512 | 100 | 71 |
| | Category 3 | Fuel- and energy-related activities (not included in Scope 1 or Scope 2) | TC | t-CO ₂ | 1,574 | 1,739 | 3,820 |
| | Category 4 | Upstream transportation and distribution | TC | t-CO ₂ | 0 | 0 | 0 |
| | Category 5 | Waste generated in operations | TC | t-CO ₂ | 597 | 1,247 | 593 |
| | Category 6 | Business travel | TC | t-CO ₂ | 127 | 120 | 121 |
| | Category 7 | Employee commuting | TC | t-CO ₂ | 231 | 221 | 222 |
| | Category 8 | Upstream leased assets | TC | t-CO ₂ | 0 | 0 | 0 |
| | Category 9 | Downstream transportation and distribution | TC | t-CO ₂ | 0 | 0 | 0 |
| | Category 10 | Processing of sold products | TC | t-CO ₂ | 0 | 0 | 0 |
| | Category 11 | Use of sold products | TC | t-CO ₂ | 3,108 | 5,452 | 19,104 |
| | Category 12 | End-of-life treatment of sold products | TC | t-CO ₂ | 350 | 148 | 575 |
| | Category 13 | Downstream leased assets | | t-CO ₂ | 193,866 | 181,292 | ✔ 5,544,166* ³ |
| | Category 14 | Franchises | TC | t-CO ₂ | 0 | 0 | 0 |
| Category 15 | Investments | TC | t-CO ₂ | 135,886 | 10,183 | ✔ 9,369 | |
| Other environmental performance data | | | | Unit | Fiscal 2019 | Fiscal 2020 | Fiscal 2021 |
| | Environmental contributions through office activities EMS | Electricity use and related CO ₂ emissions | kWh (environmental targets) | 1,880,000 | 1,550,000 | 1,650,000 | |
| | | | kWh | 1,598,069 | 1,578,546 | 1,539,011 | |
| | | | t-CO ₂ | 818 | 770 | 723 | |
| | | Paper use | Thousands of sheets (environmental targets) | 15,800 | 13,500 | 13,000 | |
| | | | Thousands of sheets | 13,832 | 9,262 | 8,278 | |
| | | Gasoline use, CO ₂ emissions, and fuel efficiency for business vehicles and rent-a-car fleet | L (environmental targets) | 90,000 | 72,000 | 69,000 | |
| | | | L | 69,038 | 43,768 | 45,360 | |
| | | | t-CO ₂ | 160 | 102 | 105 | |
| | | | km/L (fuel efficiency) | 13.9 | 14.3 | 14.5 | |
| | | | | | | | |
| | Environmental contributions through business activities | Renewable energy generation operations CO ₂ emissions reductions associated with solar power generation business of Kyocera TCL Solar LLC | MWh (environmental targets) | 300,000 | 355,000 | 400,000 | |
| | | | MWh (annual generation volume) | 340,712 | 388,084 | ✔ 447,619 | |
| | | | CO ₂ emissions reductions t-CO ₂ | 153,491 | 162,025 | ✔ 178,824 | |
| | | Refurbishment operations (Annual number of secondhand computers sold) EMS | Units (environmental targets) | 210,000 | 230,000 | 260,000 | |
| | | | Units | 479,625 | 405,055 | 247,456 | |
| | Waste TC | Total waste emissions | t | 1,533 | 2,670 | 1,350 | |
| | | Waste sent to landfills | t | 851 | 1,685 | 824 | |
| | Water resources TC | Water intake (only head office and Okachimachi Bldg.) | Thousands of m ³ | 31 | 22 | 18 | |
| | | Water intake (per unit of production) | m ³ | 22.96 | 16.43 | 12.87 | |

| | | | | | | |
|--|--|---|-------------------|-------------|-------------|-------------|
| Compliance | Number of environmental law violations | TC | Cases | 0 | 0 | 0 |
| Environmental accounting | Environmental preservation costs | | | | | |
| | Item | Specific Expenses | Unit | Fiscal 2019 | Fiscal 2020 | Fiscal 2021 |
| | 1. Costs within business area | Costs for transition to eco-friendly vehicles and network equipment upgrades | Millions of yen | 164 | 33 | 147 |
| | 2. Upstream and downstream costs | Waste disposal expenses | Millions of yen | 47 | 98 | 50 |
| | 3. Administrative costs | ISO 14001 certification maintenance and related costs | Millions of yen | 19 | 28 | 35 |
| | | Secretariat, environmental, and CSR expenses | Millions of yen | | | |
| | Total | | | 230 | 159 | 231 |
| Green revenue | Breakdown | | Unit | Fiscal 2019 | Fiscal 2020 | Fiscal 2021 |
| | Sales of solar power generation businesses | Gr Seven domestic solar power generation business companies (Total for Kyocera TCL Solar LLC and six other companies) | Billions of yen | 13.3 | 14.7 | 18.4 |
| Green purchasing rate | Rate of green purchasing of office supplies | Ratio of purchase of Tokyo Century-recommended items (Items compliant with Act on Promotion of Procurement of Eco-Friendly Goods and Services by the State and Other Entities) | % | 68.6 | 80.2 | 81.6 |
| 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 ₂ | 29,795 | 34,547 | 35,457 |
| Aviation business fuel-efficiency initiatives | Ratio of fuel-efficient aircraft assets (Seven aircraft models with high fuel efficiency compared with conventional models) | Gr Ratio of fuel-efficient aircraft assets (Ratio of fuel-efficient aircraft to all aircraft) | % | 31.3 | 40.4 | 45.7 |
| Introduction of eco-friendly vehicles | Rate of electrified vehicle use (EVs, FCEVs, PHEVs, HVs) | Gr Three auto business companies (Nippon Car Solutions Co., Ltd.; Nippon Rent-A-Car Service, Inc.; and Orico Auto Leasing Co., Ltd.) | % | 16.9 | 18.4 | 19.3 |

Changes to the Scope of Data Collection

The following changes to the scope of data collection were implemented in fiscal 2021 (see pages 3 and 4 for more information on the scope of data collection).

*1 The car rental service operations of 20 Nippon Rent-A-Car Group companies were included in the scope of data collection.

*2 Four solar power generation subsidiaries were included in the scope of data collection.

*3 Four aviation business subsidiaries and the Company's shipping business were included in the scope of data collection.

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 perspective.

Tokyo Century announced its endorsement of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in April 2021. In addition, based on a risk severity assessment related to climate change, we have conducted scenario analyses in accordance with the TCFD recommendations for environment and energy businesses (solar power generation, May 2021) and the aviation business (aircraft leasing, April 2022). These scenario analyses used multiple scenarios to identify climate change-related risks and opportunities and to assess the potential qualitative and quantitative impacts on our business.

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>

Scenario Analysis of Environment and Energy Businesses (Solar Power Generation, excerpt) Risk Severity Assessment

| 1 Risk Severity Assessment | | | | |
|----------------------------|---|-----------------------|---|---|
| Risks | Subcategory | Business impact | | |
| | | Indicator | Risks | Opportunities |
| Transition risks | Carbon prices | Expenditures | Solar power generation businesses are not expected to be impacted by risks related to carbon pricing. | Our competitive advantage in terms of renewable energy prices may increase following rises in costs of generating energy from fossil fuels. |
| | Recycling regulations | Revenue, expenditures | Legal restrictions regarding the collection and recycling of solar panels may have a financial impact and may tarnish our medium- to long-term reputation. | Panel recycling and hazardous material recycling technologies and services may be developed ahead of competitors and introduced to, and ultimately expand, the market. |
| | Subsidy policies including renewable energy | Revenue | The profitability of a business operated under the feed-in tariff program may deteriorate if grid parity is not achieved before the program ends. | A stricter CO ₂ emissions reduction policy may be adopted, and the feed-in tariff program may provide opportunities for business expansion over the long term. |
| | Changes in energy mix (including energy demand) | Revenue | The number of renewable energy power generation companies may increase, and the competitive environment may become increasingly severe. Also, sales prices may fall. | The portion of electricity sourced from renewable energy may expand as a result of the Japanese government's decarbonization targets. |
| | Spread of renewable energy and energy-saving technologies | Revenue, assets | Declines in the value of equipment and power generation costs of power generation facilities may intensify competition with other companies. | Business opportunities for solar and biomass power generation may expand as the use of renewable energy increases. |
| Physical risks | Intensification of abnormal weather events | Revenue, expenditures | Damage to employees and power plants caused by natural disasters may result in additional investments to restore facilities. In addition, insurance premiums and other costs may increase for power plants and other assets, which could have an impact on performance. | The development of resilient equipment through the accumulation of expertise may lead to new opportunities via the external supply of this equipment. |

Note: Only items that were assessed as "large" in regard to the potential business impact of the associated risks and opportunities are shown above.

Definition of Countermeasures

| 4 Definition of Countermeasures | |
|--|---|
| As a result of the scenario analyses, the following countermeasures have been defined to mitigate risks and capture opportunities from climate change. | |
| Targets of measures | Concrete measures |
| Profitability improvement | Increasing profitability by improving facility efficiency <ul style="list-style-type: none"> Strengthening asset management Maximizing power generation efficiency through accumulated asset management expertise |
| Prevention of sales decline after end of FIT program | Expanding into non-FIT projects <ul style="list-style-type: none"> Developing new businesses in areas such as corporate power purchase agreements, self-wheeling models, and virtual power plants (VPPs) |
| Capturing of new opportunities | Examining renewable energy businesses other than solar power generation <ul style="list-style-type: none"> Expanding business into renewable energy businesses other than solar power generation (e.g., hydropower, biomass power, and wind power) Entering the VPP business, supply and demand adjustment market, capacity market, etc., using storage batteries Growing business by investing in companies that provide new technologies and business models Exploring new needs through the use of secondhand solar panels, for example, by entering the recycling business |

■ Scenario Analysis of the Solar Power Generation Business

https://www.tokyocentury.co.jp/download/pdf/en/csr/sa_solarpower_e.pdf

Climate-related risks and opportunities

Scenario Analysis of Aviation Business (Aircraft Leasing, excerpt) Risk Severity Assessment

1 Risk Severity Assessment

Tokyo Century assessed the severity of risks in terms of time frame (medium term / long term) and industry (aviation / aircraft leasing). The risks and opportunities deemed to have a large impact on the Company's business area are as follows.

| Time frame | Risks | Opportunities |
|--------------------|---|---|
| Medium term (2030) | <ul style="list-style-type: none"> It is possible that government or aviation industry CO₂ emissions regulations will lead to reduced demand for older aircraft. The popularization of next-generation aircraft*¹ could result in lower asset value for older aircraft. | <ul style="list-style-type: none"> A sufficient fleet of next-generation aircraft may lead to increased earnings opportunities. Higher evaluations among investors may result in preferential interest rates for next-generation aircraft and new-generation aircraft.*² |
| Long term (2050) | <ul style="list-style-type: none"> The popularization of new-generation aircraft could cause sharp decreases in the value of existing next-generation aircraft. Declines in ESG ratings could impede fund procurement activities. | <ul style="list-style-type: none"> If new-generation aircraft represent a large portion of the Company's fleet, it may contribute to higher earnings and asset value. |

*1 Low-carbon aircraft with improved fuel efficiency, lighter body, and other features

*2 Blended wing body (passenger aircraft, alternative fuel aircraft, electric aircraft, hydrogen-powered aircraft, etc.)

Definition of Countermeasures

4 Definition of Countermeasures

| Issues | Major ongoing initiatives | Countermeasures for future consideration |
|-------------------------|--|--|
| Contraction of demand | <ul style="list-style-type: none"> Capturing opportunities for expanding assets that are in high demand through orders and purchase commitments for newly build aircraft (orderbook delivery slots available through 2028) Expanding part-out and conversion businesses | <ul style="list-style-type: none"> Investing in new assets related to bio-jet fuel, hydrogen-powered aircraft, electric aircraft, and other assets and participating in related businesses |
| Rise in impairment rate | <ul style="list-style-type: none"> Restructuring portfolio by addressing asset risk (focusing on narrow-body aircraft with low average age and high liquidity, diversifying maturity dates, and implementing other measures) Periodically monitoring asset value volatility through value at risk model on a consolidated basis Setting ratio of next-generation aircraft (fuel-efficient aircraft) in the portfolio as a key performance indicator | <ul style="list-style-type: none"> Reducing portfolio risk by diversifying and expanding lessee base and shifting toward next-generation aircraft Enhancing asset turnover business to realize the swift sale of owned aircraft and improve profitability Expanding asset management services for managing aircraft after sale to third parties |

■ Scenario Analysis of Aircraft Leasing Business

https://www.tokyocentury.co.jp/download/pdf/en/csr/sa_aircraft_e.pdf

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 in fiscal 2019 using environmental impact assessment worksheets to evaluate and track the impact of individual projects on the environment.

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

| Item | Unit | Fiscal 2019 | Fiscal 2020 | Fiscal 2021* |
|---|------|-------------|-------------|--------------|
| Number of environmental impact assessment checks* | | 20 | 36 | 48 |

* Figures for fiscal 2019 and fiscal 2020 only include projects in Japan. Trial overseas projects are included in the figure for fiscal 2021.

| | | |
|------------------------------------|--|---|
| Reduction of environmental impacts | Companywide energy conservation initiatives | <p>Tokyo Century is conducting the following energy conservation initiatives on a Companywide basis.</p> <p>Reduction of Electricity Use 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. 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. These are just some of our efforts for reducing energy use.</p> <p>Reduction of Gasoline Use 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.</p> <p>Reduction of Paper Use We are reducing paper use by employing paperless applications and other documents and electronic applications and by holding paperless meetings through the utilization of thin-client computers and tablets.</p> |
| | Tokyo government's global warming response plan system | <p>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.</p> <p>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.</p> <p>For more details, please refer to Tokyo's list of disclosed tenants.</p> <p>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/tenant/tenant_karte.html</p> |

Environmental Market Opportunities

| | | |
|--|--|--|
| Environment-related financial products | Financial services contributing to social sustainability | <p>Energy conservation subsidy services</p> <p>Tokyo Century uses various subsidy programs to help customers introduce cutting-edge equipment that help to lower their 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.</p> <p>Major Subsidy Programs</p> <ul style="list-style-type: none"> • ESG lease subsidization program for contributing to a carbon-free society • Cutting-edge energy-saving investment support subsidy • Advanced factory and workplace decarbonization support programs |
| | Corporate power purchase agreements (in-house generation support services) | <p>In June 2022, Kyocera Corporation, KYOCERA Communication Systems Co., Ltd., and Tokyo Century launched a donation-oriented corporate power purchase agreement (in-house generation support) service as a new initiative for contributing to the accomplishment of the SDGs.</p> <p>This service will use a framework in which the initial investment and maintenance costs and work will be handled by KYOCERA Communication Systems and Tokyo Century in order to supply customers with options for corporate power purchase agreements (in-house generation support) that allow them to introduce solar power generation systems with no upfront investment. Moreover, the service supplements conventional corporate power purchase agreement contracts with donations to public welfare organizations and NPOs that contribute to accomplishment of the SDGs. Customers that introduce solar power generation systems through this service are able to designate the organization of their choice to receive a donation of a portion of the revenues of Tokyo Century.</p> <p>For more information, please refer to the following press release (in Japanese only). https://ssl4.eir-parts.net/doc/8439/tdnet/2150317/00.pdf</p> |

| | <div>Green bonds</div> | <div><div>Overview</div><p>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.</p><p>For more information, please refer to the following press release. 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</p><div>Third-Party Assessment Concerning Compliance</div><p>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.</p><p>For more information, please refer to the following website. https://www.r-i.co.jp/en/rating/esg/greenfinance/index.html</p></div> | | | | | | | | | | | | | | |
|--|--|--|--------|--------|--------|--------|------|------|------|--|-------------------|--------|--------|--------|--------|--------|
| <div>Green mechanisms</div> | <div>Sustainability-linked loans</div> | <div><div>Overview</div><p>Since concluding its first sustainability-linked loan contract in March 2021, Tokyo Century has proceeded to procure a total of ¥213.5 billion through six sustainability-linked loans (as of March 31, 2021). Sustainability-linked loans entail setting sustainability performance targets linked to sustainability goals. Borrowing conditions are then determined based on performance with regard to the sustainability performance targets in order to encourage economic activities and growth founded on environmental and social sustainability.</p><div>Third-Party Assessment Concerning Compliance</div><p>Third-party assessments were received from either R&I or Japan Credit Rating Agency, Ltd. indicating the compliance of all of the Company's sustainability-linked loans with sustainability-linked loan guidelines, including those of the Ministry of the Environment, and confirming the rationality of the sustainability performance targets.</p><p>The following sustainability performance targets were chosen based on Tokyo Century's materiality key issues of "Contribution to decarbonized society" and "Enhancement of work environment, leading to strengthening of human resources."</p><ul style="list-style-type: none">• Annual power generation volume and CO₂ emissions reductions associated with solar power generation business of Kyocera TCL Solar LLC• Accomplishment of targets for aggregate greenhouse gas emissions reductions when choosing JCM Model Projects• Maintenance of status as DX-certified operator under the DX Certification system organized by METI• Annual paid leave acquisition rate of 70% or more• Rate of childcare acquisition by male employees of 100%<p>For more information, please refer to the press release available on Tokyo Century's corporate website (in Japanese only). https://www.tokyocentury.co.jp/jp/ir/</p></div> | | | | | | | | | | | | | | |
| <div>Projects for realizing a decarbonized society</div> | <div>JCM system</div> | <div><p>The Joint Crediting Mechanism (JCM) system facilitates the diffusion of Japan's superior decarbonization 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.</p><p>Tokyo Century has engaged in 10 projects in four countries that have been selected for the JCM system (as of March 31, 2022).</p><p>Two of the projects undertaken in fiscal2021 were recognized under the new JCM Eco Lease Scheme, which Tokyo Century was involved in designing.</p><p>For more information, please refer to the following website. https://www.tokyocentury.co.jp/en/csr/csr/social.html</p><table><tr><th>Target</th><th>Unit</th><th>2021</th><th>2022</th><th>2023</th><th>2024</th><th>2025</th></tr><tr><td>Projected aggregate greenhouse gas emissions reductions when choosing JCM Model Projects</td><td>t-CO₂</td><td>39,000</td><td>45,000</td><td>49,000</td><td>53,000</td><td>56,000</td></tr></table></div> | Target | Unit | 2021 | 2022 | 2023 | 2024 | 2025 | Projected aggregate greenhouse gas emissions reductions when choosing JCM Model Projects | t-CO ₂ | 39,000 | 45,000 | 49,000 | 53,000 | 56,000 |
| Target | Unit | 2021 | 2022 | 2023 | 2024 | 2025 | | | | | | | | | | |
| Projected aggregate greenhouse gas emissions reductions when choosing JCM Model Projects | t-CO ₂ | 39,000 | 45,000 | 49,000 | 53,000 | 56,000 | | | | | | | | | | |

Social

Human Rights

Policies

Tokyo Century Group Human Rights Policy

We are mindful of corporate social responsibility, offer high expertise and a wide range of unique financial services by leveraging our flexible business domain, and have set out in our management philosophy that we will contribute to the creation of an environmentally sound, sustainable economy and society that enables economic development through the effective use of resources.

We have formulated this Human Rights Policy in accordance with our management philosophy and promote respect for human rights throughout our business activities. Recognizing respect for human rights as a key issue, we will cultivate a corporate culture that allows diverse human resources to fully demonstrate their skills and individual characteristics to become a company where all officers and employees can hone their expertise and experience growth as well as a sense of pride.

1. Scope

This Human Rights Policy applies to all officers and employees of the Tokyo Century Group. We expect all of our stakeholders, including customers and suppliers of Group companies, to respect human rights.

2. Affirmed international standards

We endorse and have signed the United Nations Global Compact. We also refer to the International Bill of Human Rights (Universal Declaration of Human Rights and International Covenants on Human Rights), the UN Guiding Principles on Business and Human Rights, and the ILO Declaration on Fundamental Principles and Rights at Work* in implementing initiatives for respecting human rights.

* Freedom of association and the right to collective bargaining, elimination of all forms of forced or compulsory labor, the effective abolition of child labor, elimination of discrimination in respect of employment and occupation, and equal remuneration for work of equal value

3. Legal compliance

We comply with the relevant laws and regulations in each country or region where we operate. Where there is a conflict between internationally recognized standards and regional laws or regulations, we will find a way to respect international standards.

4. Where the policy stands

This Human Rights Policy was established after deliberation by the Management Meeting followed by approval by the Board of Directors.

5. Human rights of all officers and employees

We respect the human rights of all officers and employees and strive to create a vibrant, rewarding working environment where everyone's human rights and human dignity is respected. Furthermore, we promote diversity and inclusion in accordance with the separately established Basic Diversity Policy and foster a corporate culture that enables diverse talent to thrive in an environment free from discrimination based on race, religion, gender, age, sexual orientation, disability, and nationality.

6. Human rights due diligence

We recognize that our businesses and services have the potential to cause or contribute to adverse impacts on human rights in any domain, and we conduct appropriate due diligence to prevent or mitigate such impacts associated with our business activities.

7. Remedy

If we find that our business has caused or contributed to adverse impacts on human rights, we will strive to provide a remedy to those affected.

8. Dialogues with stakeholders

We will conduct dialogues with stakeholders on our human rights initiatives.

9. Communication and education

We engage in communication and education to ensure that all officers and employees understand the importance of respecting human rights and that the Human Rights Policy is incorporated in all aspects of our business activities. Additionally, we will conduct compliance-related training to confirm that we will not tolerate any discrimination or harassment and that our officers and employees will fully comply with related laws.

10. Information disclosure

We strive to ensure that shareholders understand our initiatives based on the Human Rights Policy by disclosing information on our website and other media.

| <p>Corporate Code of Conduct and Our Action Guidelines (human rights)</p> | <p>The following provisions related to respect for human rights can be found in Tokyo Century's Corporate Code of Conduct and Our Action Guidelines.</p> <p>Corporate Code of Conduct</p> <ul style="list-style-type: none"> 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. <p>Our Action Guidelines</p> <ul style="list-style-type: none"> 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. | | | | | | | | |
|---|--|--------|--------------|----------------------------|--|---|--|---|---------------------------------|
| <p>Signing of the United Nations Global Compact</p> | <p>Tokyo Century is a signatory to 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.</p> <p><small>* The Ten Principles of the United Nations 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.</small></p> | | | | | | | | |
| <p>Human rights training and educational activities</p> | <p>All officers and employees submit a Compliance Confirmation Form each year, pledging their commitment to the Corporate Code of Conduct and Our Action Guidelines, which include our human rights policies. In addition, the Compliance Handbook, which is available in Japanese, English, and Chinese, is distributed to all domestic and overseas officers and employees to promote further awareness regarding and understanding of human rights. We also conduct the following training and educational activities to foster awareness of respect for human rights.</p> <table border="1"> <thead> <tr> <th>Target</th><th>Major Themes</th></tr> </thead> <tbody> <tr> <td>All officers and employees</td><td> <ul style="list-style-type: none"> Human rights risks in business activities, business and human rights, and human rights initiatives Prohibition of harassment (sexual harassment; abuses of power; harassment for pregnancy, childbirth, childcare leave, family care leave, etc.; harassment associated with teleworking) </td></tr> <tr> <td>Members of divisions and branch offices (individual workplaces)</td><td>Prohibition of harassment, related laws and regulations, prevention guidelines, basic stance on prevention of occurrence, etc.</td></tr> <tr> <td>Staff responsible for human rights at Group companies</td><td>Basic knowledge of human rights</td></tr> </tbody> </table> | Target | Major Themes | All officers and employees | <ul style="list-style-type: none"> Human rights risks in business activities, business and human rights, and human rights initiatives Prohibition of harassment (sexual harassment; abuses of power; harassment for pregnancy, childbirth, childcare leave, family care leave, etc.; harassment associated with teleworking) | Members of divisions and branch offices (individual workplaces) | Prohibition of harassment, related laws and regulations, prevention guidelines, basic stance on prevention of occurrence, etc. | Staff responsible for human rights at Group companies | Basic knowledge of human rights |
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| Staff responsible for human rights at Group companies | Basic knowledge of human rights | | | | | | | | |
| <p>System for addressing human rights violations (grievance mechanism)</p> | <p>As a means of addressing real or perceived compliance violations, including harassment and human rights violations, the Tokyo Century Group operates an internal reporting system available to all officers and employees at Group companies in Japan and overseas (directors, executive officers, employees, contract employees, temporary employees, seconded employees, part-time employees, and others), as well as to former employees up to a year after their resignation. Moreover, we make the utmost effort to ensure the anonymity of whistleblowers and maintain the confidentiality of their reports, and we will take remedial measures for victims in cases where human rights violations are proven through investigations into the cases reported.</p> <p>We conduct an annual compliance survey of all officers and employees, which features questions regarding human rights violations and other compliance concerns, and conduct hearings depending on the content of the responses to prevent problems from occurring.</p> | | | | | | | | |
| <p>Human rights due diligence</p> | <p>We plan to implement a PDCA cycle starting in fiscal 2022 to analyze, identify, and evaluate the negative human rights impacts associated with the Tokyo Century Group's business activities and take corrective action to prevent or mitigate such impacts. Accordingly, we are engaged in discussions with a specialized external organization on the specific human rights issues we should consider based on the characteristics of our business.</p> | | | | | | | | |

| Policies | <p>Basic Diversity Policy</p> <p>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</p> <p>1. Nurturing Our Corporate Culture</p> <p>Each employee will understand the importance of diversity and nurture a corporate culture that encourages personnel with diverse characteristics to thrive.</p> <p>2. Promoting the Active Participation of Diverse Human Resources</p> <p>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.</p> <p>3. Supporting Career and Ability Development</p> <p>We will support the career and ability development of each employee to encourage them to fully demonstrate their ability and individuality.</p> <p>4. Enhancing Work-Life Balance</p> <p>We will enhance support for balancing work and private life so that each employee can work flexibly as appropriate to their life circumstances.</p> | | | | | | | | | | |
|--|---|--------|--------|----------------------------|---|------------------|---|--|--|--------------------|--|
| Promotion system | <p>The Diversity Promotion Office has been established within the Personnel Division to plan and promote Companywide diversity initiatives.</p> | | | | | | | | | | |
| Diversity training | <p>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.</p> <table data-bbox="411 1155 1453 1597"> <thead> <tr> <th>Target</th><th>Topics</th></tr> </thead> <tbody> <tr> <td>All officers and employees</td><td> 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 LGBTQ+ community </td></tr> <tr> <td>Female employees</td><td> 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 </td></tr> <tr> <td>Employees with up to nine years of service (rank-based training)</td><td>Workstyle reforms (high-productivity workstyles)</td></tr> <tr> <td>Non-Japanese staff</td><td>Fostering of mutual understanding and enhancement of communication</td></tr> </tbody> </table> | Target | 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 LGBTQ+ 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 with 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 |
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| Employees with 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 LGBTQ+ community | <p>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, abuse of power, and the negative treatment of women in relation to pregnancy or child-rearing. It also describes our prohibition of discrimination of members of the LGBTQ+ 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 LGBTQ+ community.</p> | | | | | | | | | | |

Promotion of active participation of global human resources

Tokyo Century has expanded its overseas network to more than 30 countries and regions around the world through an alliance strategy in collaboration with prime local partners overseas. As developing global human resources is essential for its continued growth, Tokyo Century continues to proactively hire non-Japanese employees with the aim of developing and appointing diverse human resources who thrive around the globe. In addition, Tokyo Century is working to develop human resources who can play an active role globally in the future by establishing an international course for new graduates and actively promoting an overseas trainee system and overseas assignment for junior employees.

Employment of people with disabilities

Tokyo Century seeks talented individuals from an extensive array of backgrounds and actively employs people with disabilities in order to provide a workplace 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. (Non-consolidated ratio of employees with disabilities of 2.86% as of June 1, 2022)

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, with two teams. In conjunction with the expansion of this plantation, Tokyo Century hired an additional three people with disabilities in February 2021, and this plantation is thus currently operated by three teams from the Company.

The meaningfulness of the operating the plantation at the TC Work Happiness Farm has been communicated throughout the Company and more than 20 Group companies, and we have shared our experiences at the plantation across the Group. This sharing prompted four teams from two Group companies to take part in the plantation, which is now staffed by seven teams consisting of a total of 21 individuals from throughout the Group.

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.

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, to welfare agencies, orphanages, and women's shelters; people with disabilities; impoverished individuals; and others in need. Furthermore, 2HJ carries out relief activities in response to the needs in the regions struck by the 2011 Great East Japan Earthquake, the 2016 Kumamoto Earthquake, and other natural disasters.

Empowerment of female employees

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.

Action Plan for the Promotion of Women's Active Participation^{*1}

| Plan Period | Quantitative Targets |
|------------------------------|---|
| April 1, 2016–March 31, 2023 | <ul style="list-style-type: none"> • Increase the percentage of women among new hires to at least 30% • Increase the percentage of women in management positions to at least 30% • Increase the percentage of childcare leave acquisition by men to 100% • Increase the percentage of annual paid leave acquisition to at least 70% |

^{*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).
<http://positive-ryouritsu.mhlw.go.jp/positivedb/detail?id=985>

Promotion of women to management and officer positions

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.

Action Plan on the Promotion of Women to Officer and Management Positions^{*2}

| Targets |
|--|
| <ul style="list-style-type: none"> • Increase the percentage of women among new hires to at least 30% • Increase the percentage of women in management positions to at least 30% |

Furthermore, in order to ensure that all employees can work comfortably through every stage of life, we are continuously striving to reform our workplace culture, support career and ability development, and enhance and promote the use of systems that aid in balancing work and private life.

(Two female directors and 55 female managers, making for a ratio of women in management positions of 11.4%, as of July 1, 2022)

^{*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).
<http://www.keidanren.or.jp/policy/woman/ap10425.html>

Human Resource Utilization

| | |
|------------------------------------|---|
| Career development | <p>Tokyo Century believes that personnel are its greatest assets and the driving force behind its the sustainable growth. Accordingly, in order to encourage each and every employee to demonstrate their abilities and individuality, we support voluntary career and skills development and conduct various training programs.</p> <p>Types of Training Training for junior employees by year of employment, management training, career design training, global human resource cultivation (external training, overseas trainee dispatch), etc.</p> |
| Promotion system | <p>To support employees in developing their careers throughout their professional lives, Tokyo Century has established the Career Design Office within the Personnel Division to help employees be the principal proponent in planning, designing, and developing their careers. In addition, Tokyo Century provides helpdesks for employees of specific age groups that can be used for training, interviews, or voluntary training as part of its efforts to support employee career development.</p> |
| Skills development support | <p>Tokyo Century aids employee learning through a bonus system for employees who have completed distance learning courses and through a subsidy system for employees who have obtained qualifications relevant to their work.</p> |
| 360° evaluations | <p>We implement 360° evaluations that aim to foster the development of section managers and which emphasize organizational management, with a focus on smooth workplace relationships.</p> |
| Career Challenge Program | <p>The Career Challenge Program is an internal recruitment system designed to provide employees with opportunities for charting their own career course.</p> |
| TC Biz Challenge Project | <p>The TC Biz Challenge Project is a new business proposal system designed to assist employees in proactively chasing their ambitions. In the first iteration of this project, 36 proposals were received, and verification tests have been commenced aimed at the commercialization of one of these proposals.</p> |
| Employee engagement surveys | <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> |
| Improvement of Employee Engagement | <p>Based on the results of its first employee awareness survey, Tokyo Century has introduced the Career Challenge Program^{*1} and the TC Biz Challenge Project^{*2} to further improve employee engagement. The results of the second employee awareness survey will also be analyzed to facilitate effective measures going forward.</p> <div data-bbox="450 1496 1433 2101"> <p>Improvement of Employee Engagement</p> <p>Based on the results of its first employee awareness survey, Tokyo Century has introduced the Career Challenge Program^{*1} and the TC Biz Challenge Project^{*2} to further improve employee engagement. The results of the second employee awareness survey will also be analyzed to facilitate effective measures going forward.</p> <p>^{*1} Career Challenge Program: Internal recruitment initiative in which divisions and branch offices seeking to recruit human resources disclose the requirements of the relevant available positions so that they can be filled from among internal applicants</p> <p>^{*2} TC Biz Challenge Project: New business proposal initiative supporting employees' efforts to tackle new challenges without fear of failure</p> </div> |

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 |
| | Childbirth leave for fathers | Four weeks during first 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 |
| | Bringing forward of work start/end time | Until child reaches the third year of elementary school (up to two hours) |
| | Pushing back of 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 of work start/end time | Three years from the start date (up to two hours, but the number of applications is not limited) |
| | Pushing back of 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' children are invited to their parents' workplace during their school summer holidays, as part of our initiatives to promote diversity. The purpose of these events is to further motivate the employees of the Tokyo Century Group in their work and to promote CSR and work-life balance.

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 support for parent employees with childcare.

Workstyle reforms

Tokyo Century formulated the following Work Style Reform Action Plan* on March 30, 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 and 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

* The Work Style Reform Action Plan is also disclosed on the website for Keidanren (Japan Business Federation) (in Japanese only).
<http://www.keidanren.or.jp/policy/wlb/actionplan.html>

Excessive overtime prevention and work-life 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-conditioner 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 2021, and no penalties were 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.

Health and Productivity Management

Policies

Basic Policy on Health and Productivity Management

Tokyo Century 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. Under this management philosophy, we intend to achieve further growth and increase our corporate value by promoting partnership strategies to continue creating new businesses. To this end, it is important to develop an environment in which all of our human resources, who represent our greatest assets, can work vigorously in good health, both physically and mentally, and fully demonstrate their individuality and all their abilities. We therefore strive to maintain and improve the well-being of our officers and employees and their families with the recognition that health management is a corporate management issue.

1. Fostering health awareness

We will provide information on mental and physical well-being and support the self-sustaining efforts of each officer and employee to foster awareness of prioritizing health.

2. Identifying health issues

We will strive to understand issues identified from the results of physical checkups and stress checks.

3. Health management and measures

We will take action to improve and rectify each health issue and properly manage health-related information.

4. Supporting the balance between work and treatment of disease

We will promote initiatives for preventing and detecting diseases at an early stage while supporting the balance between work and treatment of disease.

Health and productivity management initiatives

Health and Productivity Management Initiatives

1. Fostering health awareness

- (1) Collaborate with health insurance associations to help form sound habits by providing applications that encourage healthy activities
- (2) Establish a basic policy on health and productivity management and publicly disclose health management initiatives both inside and outside the Company
- (3) Work with industrial physicians and occupational health nurses to continue to provide information through e-learning and other means to raise health awareness
- (4) Introduce a basic policy for affiliated companies to share information on the details of health management initiatives
- (5) Disseminate information on said initiatives both internally and externally through our corporate website

2. Identifying health issues

- (1) Conduct regular physical checkups, aiming for 100% participation
- (2) Implement stress checks, aiming for 100% participation
- (3) Disclose the results of regular physical checkups and stress checks both internally and externally

3. Health management and measures

- (1) Provide specific health guidance to officers and employees diagnosed with metabolic syndrome through regular health check-ups
- (2) Provide opportunities to see industrial physicians for employees who have been diagnosed with high stress via stress checks
- (3) Establish and publicize a health consultation service offered by the Human Resources Department, industrial physicians, and occupational health nurses for employees to consult about their mental and physical health concerns or questions
- (4) Properly manage the working hours of all employees to prevent long working hours
- (5) Recommend that employees telework, stagger their working hours, or take hourly leave to prevent COVID-19 infections
- (6) Subsidize the cost of medical examinations for officers and employees identified as needing a re-examination or more thorough examination through regular health check-ups
- (7) Set KPIs to improve dietary habits and reduce smoking rates and release the results both internally and externally

4. Supporting the balance between work and treatment of disease

- (1) Recommend that employees telework, stagger their working hours, or take hourly leave so they can continue to work while receiving treatment for disease
- (2) Establish and help with a return-to-work support system for employees on mental health leave so they can easily return to work
- (3) Adopt an orphans' pension program to provide educational funds for the children of employees in the event of death or severe disability so they can confidently work for their families without concern
- (4) Recommend and subsidize voluntary medical examinations such as complete medical checkups and cancer exams to detect and treat diseases at an early stage
- (5) Expand the special reserve leave system to help employees continue to work insofar as possible while undergoing infertility treatment

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 Earthquake 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>Tokyo Century donated a set of disaster stockpiles for 1,274 people that had been stored at its head office, in accordance with the Tokyo Metropolitan Ordinance on Measures for Persons with Difficulty Returning Home, to a total of eight food bank organizations nationwide through Kuradashi Co., Ltd., which operates the social contribution shopping site KURADASHI. These disaster stockpiles were distributed to underprivileged households, welfare facilities, refugee support groups, and other institutions through the respective food bank organizations to be used for good purposes.</p> <p>Meanwhile, the Mobility & 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> |
| Disaster preparedness measures | <p>Tokyo Century was named a model company in Tokyo for limiting instances of all employees leaving work at the same time during a natural disaster in fiscal 2021.</p> <p>This honor was bestowed on Tokyo Century and eight other companies among the 32 companies certified under the respective system to recognize the highly effective and influential initiatives of these companies.</p> <p>For more information, please refer to the following website (in Japanese only). https://www.bousai.metro.tokyo.lg.jp/kitaku_portal/1000048/1006510/index.html</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 2021, 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>Initiatives in Japan</p> <ul style="list-style-type: none"> • Dispatch of employees as lecturers to teach universities' industry research seminars (finance, leasing, etc.) and career design and other seminars • Internship programs for junior high school students <p>Overseas Initiatives</p> <ul style="list-style-type: none"> • Arrangement of financial literacy lectures for elementary and high school and university students in Indonesia, etc. <p>Another part of our efforts to support the education of the next generation is the provision of children's reading subsidies and the promotion of digital library services through donations to the ITOCHU Foundation.</p> |
| Support for sports | Tokyo Century's sports support activities include acting as an official sponsor for the KAWASAKI FRONTALE J.League soccer team. In addition, we offer special sponsorship to the 12th annual Fukushima Prefectural swimming club competition, an event aimed at improving the swimming skills of children in Fukushima Prefecture ranging from elementary school to high school students. |
| 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>Activities in Japan Early morning volunteer clean-up activities around our head office (Chiyoda Ward) and Okachimachi office (Taito Ward)</p> <p>Overseas Activities Participation in coral reef preservation and coastal clean-up activities at beach located inside naval base by employees of Thailand subsidiary and other voluntary clean-up activities in overseas countries of operation</p> <p>For information on other CSR topics, please refer to the following website. https://www.tokyocentury.co.jp/en/csr/topics/</p> |

Human Resource Data

| KPI | TC | Target (Target year) | Subcategory | | Fiscal 2019 | Fiscal 2020 | Fiscal 2021 |
|---|----|----------------------------|--------------------------|--------------------------|-------------|-------------|-------------|
| Ratio of women among new-graduate hires | | At least 30% (Fiscal 2023) | Women | | 8 | 4 | 9 |
| | | | Total of men and women | | 16 | 13 | 17 |
| | | | Ratio of women | | 50.0% | 30.8% | 52.9% |
| Ratio of women among newly hired employees (including mid-career hires) | | – | Career track employees | | 21.4% | 12.1% | 23.8% |
| | | | Administrative employees | | 100.0% | – | 100.0% |
| | | | Contractors | | 11.1% | 50.0% | 100.0% |
| | | | Total | | 22.6% | 17.9% | 28.9% |
| Average years of continuous employment by gender (as of March 31 of each fiscal year) | | – | Women | Career track employees | 11.0 years | 11.2 years | 11.2 years |
| | | | | Administrative employees | 17.8 years | 18.8 years | 19.6 years |
| | | | | Total | 15.9 years | 16.6 years | 17.1 years |
| | | | Men | Career track employees | 17.3 years | 17.3 years | 17.3 years |
| | | | | Administrative employees | – | – | – |
| | | | | Total | 17.3 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 | | 36 | 42 | 45 |
| | | | Total of men and women | | 454 | 460 | 466 |
| | | | Ratio of women | | 7.9% | 9.1% | 9.7% |
| Average overtime hours per month (labor outside legally designated hours) | | – | Career track employees | | 15.2 hours | 14.9 hours | 16.5 hours |
| | | | Administrative employees | | 2.7 hours | 3.2 hours | 2.6 hours |
| | | | Total | | 10.2 hours | 10.2 hours | 11.2 hours |
| Ratio of successful job applicants by gender (including mid-career hires) | | – | Women | Career track employees | 68.8 times | 167.5 times | 72.1 times |
| | | | | Administrative employees | 193.5 times | – | 1.0 times |
| | | | | Contractors | 5.0 times | 1.0 times | 2.5 times |
| | | | | Total | 84.3 times | 96.1 times | 55.9 times |
| | | | Men | Career track employees | 47.6 times | 44.7 times | 41.8 times |
| | | | | Administrative employees | – | – | – |
| | | | | Contractors | 1.6 times | 1.7 times | – |
| Ratio of men to women among new hires (including mid-career hires) | | – | Total | | 38.6 times | 40.6 times | 42.3 times |
| | | | Career track employees | | 1.4 | 3.8 | 1.7 |
| | | | Administrative employees | | – | – | – |
| | | | Contractors | | 3.1 | 0.6 | – |
| Ratio of women among employees (as of March 31 of each fiscal year) | | – | Total | | 2.2 | 2.4 | 1.3 |
| | | | Career track employees | | 11.0% | 11.3% | 12.0% |
| | | | Administrative employees | | 100.0% | 100.0% | 100.0% |
| | | | Contractors | | 25.0% | 24.3% | 29.4% |
| | | | Temporary staff | | 77.4% | 81.3% | 86.8% |
| Employee turnover rate | | – | Total | | 30.7% | 30.6% | 30.7% |
| | | | Women | | 1.2% | 0.7% | 0.9% |
| | | | Men | | 4.9% | 3.7% | 4.5% |
| | | | Total | | 6.1% | 4.4% | 5.3% |

| KPI | TC | Target (Target year) | Subcategory | Fiscal 2019 | Fiscal 2020 | Fiscal 2021 |
|---|--|-------------------------------|-----------------------------------|-------------------|-------------------|-------------------|
| Ratio of employees with disabilities (as of June 1 of each fiscal year) | | — | — | 2.93% | 2.61% | 3.22% |
| Rate of employees undergoing regular health check-ups | | — | — | 100.0% | 100.0% | 100.0% |
| Rate of employees undergoing stress checks | | — | — | 97.0% | 94.3% | 98.6% |
| Ratio of continuous employment after 10 years by gender (Fiscal 2019: Newly hired employees between fiscal 2008 and fiscal 2010) (Fiscal 2020: Newly hired employees between fiscal 2009 and fiscal 2011) (Fiscal 2021: Newly hired employees between fiscal 2010 and fiscal 2012) | — | Women | Career track employees | 45.8% | 36.8% | 37.5% |
| | | | Administrative employees | 66.7% | 62.5% | 50.0% |
| | | | Total | 57.4% | 48.6% | 42.9% |
| | | Men | Career track employees | 60.3% | 53.7% | 58.3% |
| | | | Administrative employees | — | — | — |
| | | | Total | 60.3% | 53.7% | 58.3% |
| Rate of childcare leave acquisition by gender | Rate of childcare leave 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 | 70% (Fiscal 2023) | Career track employees | | 73.2% | 71.4% | 73.6% |
| | | Administrative employees | | 83.9% | 76.5% | 80.3% |
| | | Contractors | | 98.0% | 77.7% | 92.4% |
| | | Total | | 76.3% (14.6 days) | 72.7% (14.0 days) | 75.6% (14.5 days) |
| Ratio of women in assistant manager position or equivalent | — | Women | | 101 | 113 | 115 |
| | | Total of men and women | | 207 | 223 | 239 |
| | | Ratio of women | | 48.8% | 50.7% | 48.1% |
| Ratio of women officers | — | Women | | 1 | 1 | 2 |
| | | Total of men and women | | 43 | 43 | 42 |
| | | Ratio of women | | 2.3% | 2.3% | 4.8% |
| Occupational category and employment type change data by gender | — | Occupational category change | Nationwide → Tokyo | — | — | — |
| | | | Tokyo → Nationwide | — | — | — |
| | | | Nationwide → Administrative staff | — | — | — |
| | | | Tokyo → Administrative staff | — | 1 (woman) | — |
| | | Employment type change | Temporary → Administrative staff | — | — | 1 (woman) |
| | | | Total | — | 1 | 1 |
| Re-employment and mid-career employment data by gender | — | Women | | 4 | 3 | 4 |
| | | Men | | 33 | 23 | 24 |
| | | Total | | 37 | 26 | 28 |
| Diversity training data | — | Number of e-learning programs | | 1 | 2 | 3 |
| Career Challenge Program internal recruitment system data Note: Launched in fiscal 2020 | — | Number of relocations | | — | 14 | 13 |

Engagement with Shareholders, Investors, and Customers

| IR | IR Policies | <p>Basic Policy Regarding Information Disclosure</p> <p>The Company will actively and consistently disclose its management strategy, status of business activities, financial condition, and other information to shareholders, investors, and other stakeholders in a timely, fair, and accurate manner.</p> <p>Standards Concerning Information Disclosure</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>Method of Information Disclosure</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’s 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>Forward-Looking Statements</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>Silent Period</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> <table><tr><th>Dividends per Share</th><th>Fiscal 2017</th><th>Fiscal 2018</th><th>Fiscal 2019</th><th>Fiscal 2020</th><th>Fiscal 2021</th></tr><tr><td>Annual dividend</td><td>¥114</td><td>¥124</td><td>¥136</td><td>¥138</td><td>¥143</td></tr><tr><td>Payout ratio</td><td>23.5%</td><td>25.1%</td><td>25.9%</td><td>34.2%</td><td>34.7%</td></tr></table> | Dividends per Share | Fiscal 2017 | Fiscal 2018 | Fiscal 2019 | Fiscal 2020 | Fiscal 2021 | Annual dividend | ¥114 | ¥124 | ¥136 | ¥138 | ¥143 | Payout ratio | 23.5% | 25.1% | 25.9% | 34.2% | 34.7% |
| | Dividends per Share | Fiscal 2017 | Fiscal 2018 | Fiscal 2019 | Fiscal 2020 | Fiscal 2021 | | | | | | | | | | | | | | |
| Annual dividend | ¥114 | ¥124 | ¥136 | ¥138 | ¥143 | | | | | | | | | | | | | | | |
| Payout ratio | 23.5% | 25.1% | 25.9% | 34.2% | 34.7% | | | | | | | | | | | | | | | |
| Dialogue with investors | <ul style="list-style-type: none">● 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.● Private investors: Company briefings held online in fiscal 2021 in response to the COVID-19 pandemic | | | | | | | | | | | | | | | | | | | |

| | | |
|-----------|--|---|
| Customers | Our Action Guidelines (customer trust) | <p>The following provisions related to customer trust can be found in Our Action Guidelines.</p> <p>Our Action Guidelines</p> <ul style="list-style-type: none"> • 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. • 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 leakage outside the Company and use for unintended purposes. |
| | Solicitation Policy for Financial Products | <p>Solicitation Policy for Financial Products</p> <ol style="list-style-type: none"> 1. Legal Compliance We will comply with social norms and with laws and regulations, including those governing the sale of financial products and the Consumer Contract Act, and appropriately conduct business operations that satisfy our customers. 2. Proper Solicitation We will recommend appropriate financial products for customers based on their knowledge, experience, purpose of purchase (investment), financial condition, and other considerations. When explaining our products, we will endeavor to do so at a time and place and in a manner convenient for our customers. 3. Explanation of Important Matters We will make every effort to provide explanations that enable our customers to fully understand important matters, such as the nature of the product and associated risks, so that they can exercise their own judgment regarding the transaction. 4. Protection of Privacy We will properly and strictly manage information related to our customers. 5. Education and Training Our employees will strive to acquire and improve their knowledge and skills so as not to fall short of the trust and expectations of our customers. <p>This is our solicitation policy based on Japan's Act on the Provision of Financial Services.</p> |
| | Responsibilities to customers | <p>Responsibilities to Customers</p> <ol style="list-style-type: none"> 1. Policies and Basic Concept The Tokyo Century Group, which is engaged in corporate activities centered on financial service business in more than 30 countries and regions around the world, believes that resolving social and ethical issues through its business activities will maintain sustainability and lead to further growth. We will fulfill our responsibilities to customers by implementing education and training programs for employees and further improving our management system to provide financial services tailored to customers' needs. 2. Provision of Appropriate, High-Quality Products and Services The Tokyo Century Group will comply with all laws, regulations, and rules and provide appropriate, high-quality products and services to realize the development of our customers' businesses. In addition, we strive to earn the trust and recognition of our customers by conducting e-learning and other educational and training programs on responsible business activities and compliance. 3. Responsible Advertising and Marketing In accordance with the management philosophy, the Corporate Code of Conduct, and Our Action Guidelines, the Tokyo Century Group engages in responsible advertising and marketing activities with due consideration for social responsibility. Through two-way dialogues with stakeholders, we will gain an understanding of the expectations and needs of society and reflect them in our business activities. 4. Targets To realize the development of our customers' businesses, the Tokyo Century Group will provide appropriate, high-quality products and services and build strong relationships of trust with its customers. We will implement employee training programs to provide appropriate, high-quality products and services in a sustainable way. |

Governance

Corporate Governance

Management Structure

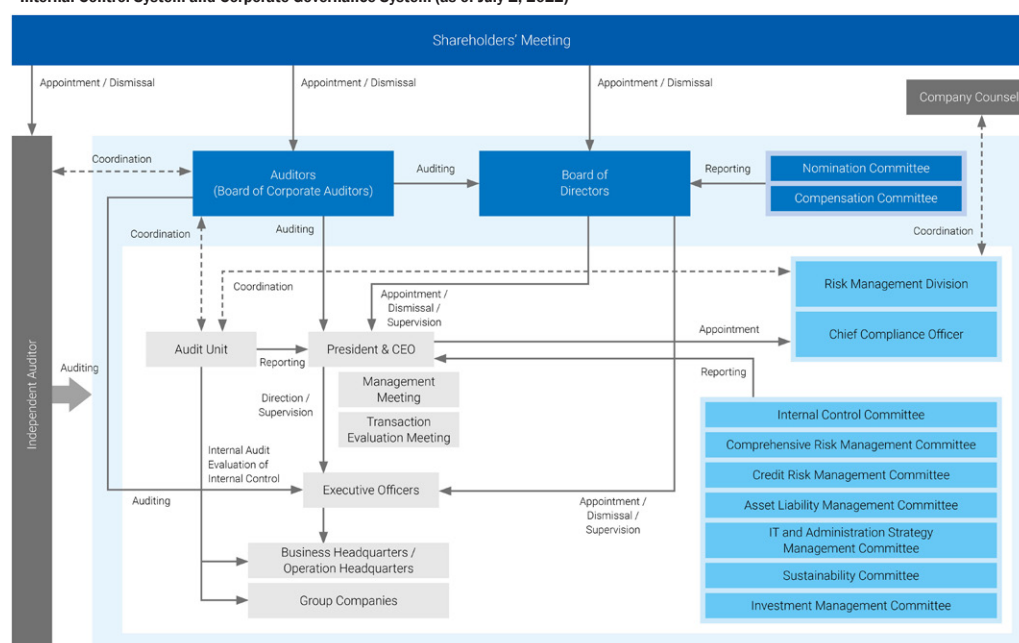
Basic policy

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 two female directors among its 13 directors and one female officer among its 26 executive officers (as of July 1, 2022).

Internal Control System and Corporate Governance System (as of July 1, 2022)



Corporate Governance Report

Corporate Governance Report (Last Update: June 28, 2022) (239 KB)
<https://ssl4.eir-parts.net/doc/8439/tdnet/2168514/00.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 of Directors. It also supervises the execution of operations by directors and executive officers.

| Chairperson | Number of Members (after Shareholders' Meeting held in June 2022) | Meetings Held in Fiscal 2021 |
|--|---|------------------------------|
| Koichi Baba President & CEO, representative director | Directors: 13 (including 5 external directors) | 13 |

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.

| Chairperson | Number of Members (after Shareholders' Meeting held in June 2022) | Meetings Held in Fiscal 2021 |
|---|--|------------------------------|
| Futoshi Okada Standing Corporate Auditor (External Corporate Auditor) | Corporate auditors: 4 (including 2 external corporate auditors) | 9 |

Management Meeting

The Management Meeting deliberates on particularly important matters concerning the execution of operations and makes decisions for the Tokyo Century Group.

| Chairperson | Number of Members | Meetings Held in Fiscal 2021 |
|--|-------------------|------------------------------|
| Koichi Baba President & CEO, representative director | 8 | 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 2021 |
|---|-------------------|------------------------------|
| Ko Nakagawa Managing executive officer | 8 | Once a week, in principle |

Committees

| Name | Purpose | Meetings Held in Fiscal 2021 |
|---|---|------------------------------|
| Nomination Committee | As an advisory body to the Board of Directors primarily consisting of external directors, the Nomination Committee deliberates on the nomination of candidates for director and corporate auditor positions and reports to the Board of Directors. | 8 |
| Compensation Committee | As an advisory body to the Board of Directors primarily consisting of external directors, the Compensation Committee discusses matters such as director compensation systems and policies and reports to the Board of Directors. | 2 |
| Internal Control Committee | The Internal Control Committee discusses general internal control matters, including the evaluation of the effectiveness of the financial reporting system and the scope of evaluation, in order to ensure the internal control system functions effectively, and reports to the Management Meeting. | 4 |
| Comprehensive Risk Management Committee | The Comprehensive Risk Management Committee discusses matters such as the construction of the risk management system and approaches to measuring risk while periodically assessing the Company's risk exposure and reporting to the Management Meeting. | 4 |
| Credit Risk Management Committee | The Credit Risk Management Committee discusses matters including the Tokyo Century Group's credit portfolio as a whole and credit risk management and reports to the Management Meeting. | 2 |
| Asset Liability Management Committee | The Asset Liability Management 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 |
| IT and Administration Strategy Management Committee | The IT and Administration Strategy Management Committee discusses matters including the IT strategies, IT investment plans, and administrative system plans of Tokyo Century and Group companies and reports to the Management Meeting. | 2 |
| Sustainability Committee | The Sustainability Committee reports important matters related to the Tokyo Century Group's sustainability activities to the Board of Directors; plans, promotes, and oversees said sustainability activities; discusses important issues related to sustainability; and reports to the Management Meeting. | 4 |
| Investment Management Committee | The Investment Management Committee facilitates appropriate investment management by deliberating on matters related to the development and implementation of investment management structures and the assessment of large-scale investment projects and reports to the Management Meeting. | 9 |

Director skills matrix

Director Skills Matrix (as of July 1, 2022)

| Position | Name | Age | Background | Areas of expertise and expected contributions | | | | | |
|--|-------------------|-----|--|---|-------------------|---------------------------|---------------------------------------|----------------|-----------------------------|
| | | | | Corporate Management | Global Operations | Finance / Risk Management | Legal Affairs / Accounting / Taxation | Sustainability | IT / Digital Transformation |
| Chairman & co-CEO, representative director | Masataka Yukiya | 66 | | ● | | ● | | ● | ● |
| President & CEO, representative director | Koichi Baba | 61 | | ● | ● | ● | | ● | ● |
| External director | Masao Yoshida | 73 | Former president and representative director of Furukawa Electric Co., Ltd. | ● | ● | ● | ● | | |
| | Akio Nakamura | 66 | Former director-general of the Financial Bureau, Ministry of Finance | ● | | ● | ● | | |
| | Toshio Asano | 69 | Former president and representative director of Asahi Kasei Corporation | ● | ● | | | ● | |
| | Miho Tanaka | 47 | Partner of Shiba & Tanaka Law Offices | | | ● | ● | ● | |
| | Tsuyoshi Numagami | 62 | Professor of Graduate School of Business Administration, Hitotsubashi University | ● | ● | | | ● | |
| | Akihiko Okada | 62 | | ● | ● | ● | | | |
| Deputy president, director and executive officer | Hiroshi Sato | 62 | | ● | ● | | | ● | ● |
| Director and senior managing executive officer | Toshio Kitamura | 59 | | | ● | ● | | ● | ● |
| | Mahoko Hara | 57 | | | ● | ● | | ● | ● |
| Director and managing executive officer | Tatsuya Hirasaki | 54 | | | | ● | ● | ● | ● |
| Director | Shunichi Asada | 73 | | ● | ● | ● | | | |

Policies and method for determining officer compensation

Policies for determining the amounts of compensation to be paid to individual directors are decided through deliberations by the Board of Directors after consulting with the Compensation Committee, which primarily comprises external directors designated as independent directors, and receiving advice from external experts.

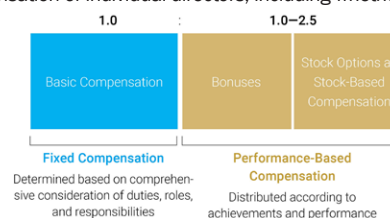
Systems for director compensation are designed to raise directors' awareness regarding the enhancement of shareholder value by aligning the interests of directors with those of shareholders through healthy incentives to contribute to the ongoing growth of the Company and frameworks for linking compensation to the medium- to long-term development of its businesses. In addition, director compensation systems aim to attract outstanding talent in order to recruit and cultivate individuals who can drive the improvement of the Company's corporate value.

Compensation policies, systems, and levels are decided by the Board of Directors based on consultations with and reports from the Compensation Committee.

Compensation systems comprise basic compensation, bonuses, and stock options provided as non-monetary, stock-based compensation. Basic compensation, which is fixed compensation, is determined through comprehensive consideration of such factors as the duties, roles, and responsibilities of the recipient.

The compensation of directors responsible for operational execution comprises basic compensation as well as performance-based bonuses and stock options provided as stock-based compensation. The payment ratio of basic compensation and performance-based compensation is set at approximately 1.0:1.0–2.5 and is determined within this range by comprehensively taking into account achievements and performance based on each director's expected duties.

The Compensation Committee discusses matters regarding the compensation of individual directors, including whether said compensation adheres to the defined policies. The president & CEO then decides individual compensation amounts based on and in consideration of reports from the Compensation Committee. The Board of Directors therefore judges that compensation amounts have been decided based on the defined policies. 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. In addition, the compensation of corporate auditors is decided through deliberations among the corporate auditors within the defined limits.



Compensation and Eligible Officers in Fiscal 2021

| 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) | 626 | 301 | 194 | 131 | 11 |
| Corporate auditors (excluding external corporate auditors) | 45 | 45 | — | — | 2 |
| External directors and corporate auditors | 132 | 132 | — | — | 8 |

Notes: 1. Stock options provided as stock-based compensation are accounted for under "Non-monetary compensation," although they constitute performance-based compensation. Accordingly, amounts of stock options provided as stock-based compensation are not included under "Performance-based compensation."

2. Although the total number of directors and the total number of corporate auditors as of March 31, 2022, were 13 and 4, respectively, the above compensation amounts also include payments to four directors who retired on June 28, 2021.

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 2021

1. Reinforcement of control and oversight functions for subsidiaries and affiliates

Bolstering of monitoring of investee companies in view of growing business risks associated with large-scale M&A activities and investments implemented

2. Composition of Board of Directors, including giving consideration to issue of diversity

Deepen discussion on Board of Directors' oversight functions and continue to explore ideal ratio of internal and external directors and gender and global aspects of diversity

Evaluation in Fiscal 2021

| Subject | Progress | Details |
|--|-------------------|--|
| Invigoration of discussions on medium- to long-term management strategies | Unsatisfactory | Steps were taken to facilitate more constructive discussions through reductions to the size of the Board of Directors and the appointment of external directors from outside of the financial industry. However, the amount of time devoted to free discussions on medium- to long-term management strategies was insufficient due to the restrictions imposed by the COVID-19 pandemic. Accordingly, there is a need to reform meeting proceedings to allow for more invigorated discussions. |
| Discussions emphasizing cost of capital | Very satisfactory | The investment management framework began functioning, improving the transparency of investments and allowing for even more energized debates with an emphasis on cost of capital. |
| Reinforcement of information-sharing systems of Group companies | Unsatisfactory | Although risk management frameworks are in place at Group companies, there are not enough on-site inspections of overseas Group companies due to the COVID-19 pandemic. Management of Group companies will continue to be a critical priority given that the importance of such management is growing as the Company's business becomes more global. |
| Promotion of sustainability management | Satisfactory | Understanding regarding the importance of sustainability management is shared, contributing to the progress of various initiatives, including pursuing carbon neutrality and establishing basic policies on human rights and health and productivity management. |

Management Issues to Be Discussed at Board of Directors' Meetings in Fiscal 2022

1. Medium- to Long-Term Discussion Looking toward 10 to 15 Years in the Future

There is a need for expanded discussion on management visions, business models, long-term targets, risk control, and other topics based on the rapidly changing operating environment.

2. Group Governance

Group governance systems must be enhanced to allow for greater coordination of information-sharing and risk management frameworks amid growing overseas operations and joint initiatives with partner companies.

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, controlling non-financial risks, and enhancing consolidated Group governance in Japan and overseas through the use of consolidated enterprise risk management (ERM) and management information system (MIS) measures.

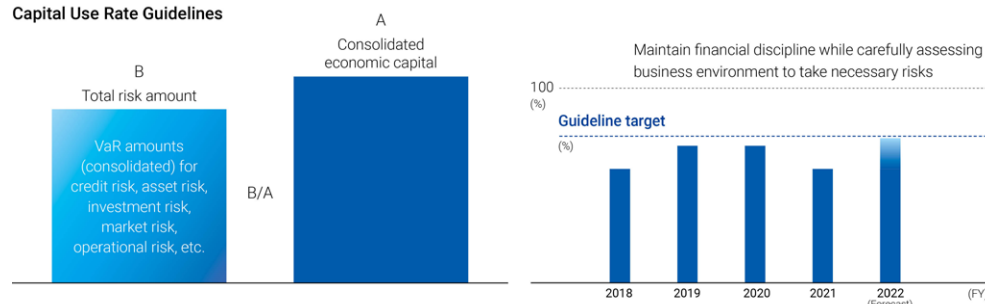
Management

Comprehensive Enterprise Risk Management

The Tokyo Century Group will continue to practice comprehensive ERM in accordance with 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 receives 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 levels for financial institutions are not applied to us. In operating a business, seizing business opportunities, such as the opportunity to take part in M&A activities, is also an important factor considered under the risk management framework. Rather than adopting a passive approach to the soundness of corporate management, we pay due consideration to the magnitude of increase in the amount of risk over a medium-term period of about three years, the projection for organic increases in the shareholders' equity ratio from earnings growth, and the level of tolerance of our capital policy. Even amid the COVID-19 pandemic and the changes to the geopolitical landscape, we will continue to maintain the capital use rate at the appropriate guideline level while securing sufficient growth potential. At the same time, we will constantly improve on the efficacy of our risk management frameworks in conjunction with the expansion of our business domain and changes in the operating environment.

Capital Use Rate Guidelines



Visual Risk Information Tracking at the Management Level

In addition to measuring risks on a consolidated basis and controlling the capital use rate, we implement a visual management information system (MIS). Under the 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.

In our global operations, we pay particular attention to Aviation Capital Group LLC (ACG) and CSI Leasing, Inc. (CSI), our U.S.-based subsidiaries that specialize in leasing and for which the scale of investments and assets is quite large. ACG has achieved success as a textbook example of a resilient company made so through a unique risk management approach that includes introducing a risk appetite framework to clarify the risks to be accepted, such as aircraft asset risks, and the risks to be avoided (mitigated or transferred), such as interest, liquidity, and foreign exchange rates. However, it is also important to establish unified governance in line with the Company's corporate standards from the standpoint of consolidated management control. Accordingly, the management standards of ACG and CSI are being integrated into the global management policies of Tokyo Century. ACG and CSI were both large acquisitions, and we feel that these companies are prime examples of effective post-merger integration.

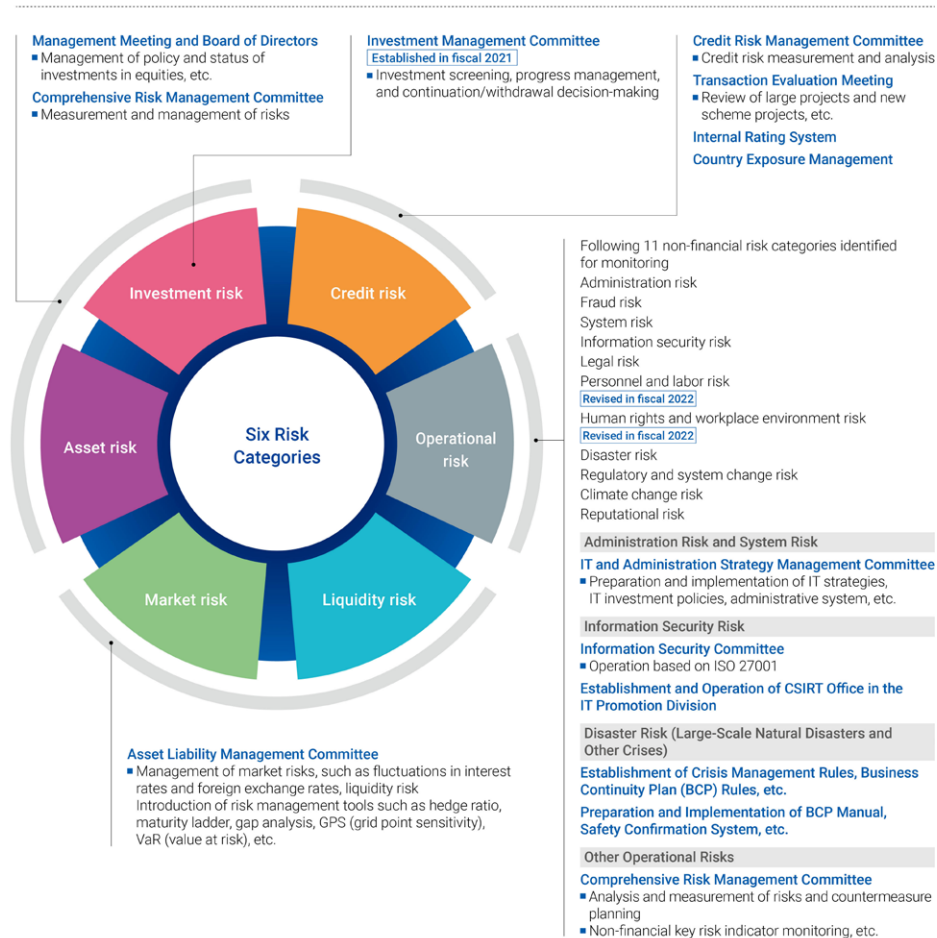
Non-Financial (Non-Quantitative) Risks

As our business domain grows and we branch out from the financial sector to provide business services, it is becoming increasingly important to account for non-financial operational risks that cannot be measured quantitatively. Based on this recognition, Tokyo Century has established key risk indicators (KRIs) for non-financial risks. Regular monitoring of these KRIs is performed, and the results are reported to the Board of Directors and other relevant bodies.

KRIs have been set pertaining to human resources, information security, accidents, compliance, climate change, legal affairs, and corruption. We are also expanding our range of environmental KRIs in relation to renewable energy, CO₂ emissions, and the portion of our portfolio accounted for by fuel-efficient aircraft amid the rising importance of tracking and managing climate change risks. Nevertheless, stakeholder concern for non-financial risks is constantly rising. From the perspective of sustainability, Tokyo Century will continue to bolster its range of effective indicators related to climate change risks as well as to other environmental, social, and governance (ESG) factors and to the United Nations Sustainable Development Goals (SDGs).

Major risks and management approaches

Major Risks and Management Approaches



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 | FLCS | Nippon Rent-A-Car Service | Orico Auto Leasing | TC Kobelco Real Estate | Orico Business Leasing | IHI Finance Support | Aviation Capital Group | CSI Leasing | Tokyo Century (USA) | TC Skyward Aviation |
|--------------------------|---------------|----------------------|--------------------------|---------------------------|--------------------|------------------------|------------------------|--------------------------|------------------------|--------------------------|--------------------------|---------------------|
| Credit risk | ● | ○ | ○ | ○ | ○ | | ○ | ○ | ● | ○ | ○ | ○ |
| Market risk | ● | ○ | ○ | ○ | ○ | | ○ | ○ | ○ | | ○ | |
| Interest rate risk | ● | ○ | ○ | ○ | ○ | | ○ | ○ | ○ | | ○ | |
| Foreign exchange risk | ● | | | | | | | | ○ | | | |
| Liquidity risk | ● | ○ | ○ | | | | | ○ | ● | ○ | ○ | |
| Investment risk | ● | ○ | | ○ | | | | | | | | |
| Equity investment risk | ● | ○ | | ○ | | | | | | | | |
| Business investment risk | ● | | | | | | | | | | | |
| Asset risk | ● | ● Automobile | ○ General residual value | ○ Automobile | ○ Automobile | ● Real estate | | ○ General residual value | ● Aircraft | ● General residual value | ○ General residual value | ● Aircraft |
| Operational risk | ● | ○ | ● | ● | ○ | ● | ○ | ○ | ● | ○ | ○ | |

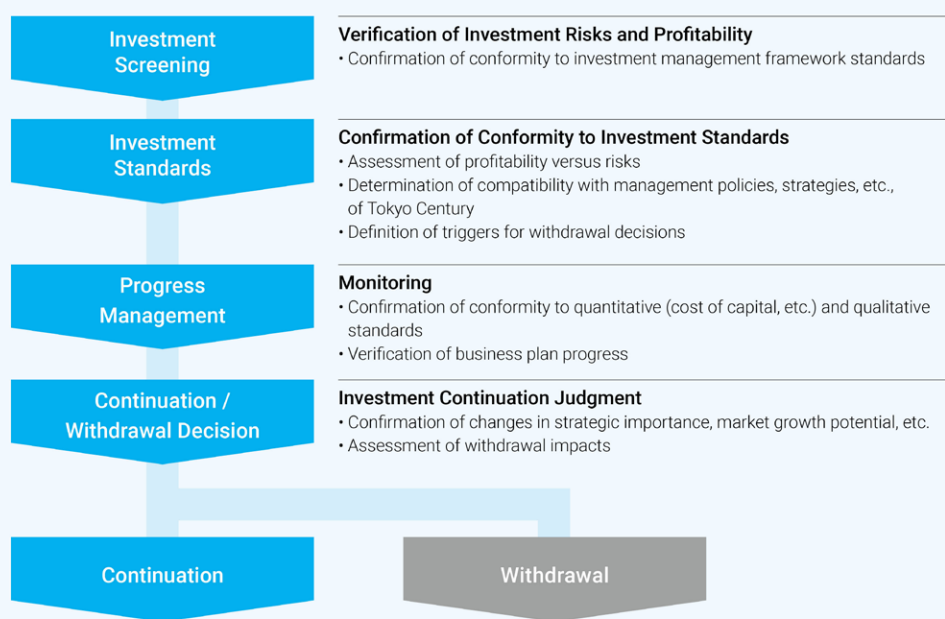
Note: The scope of management extends to all consolidated subsidiaries. The table above only lists Tokyo Century's significant subsidiaries subject to internal control under Japan's Financial Instruments and Exchange Act.

Investment management framework

For the purposes of effectively controlling diversifying investment risks and optimizing its business portfolio, Tokyo Century has instituted an investment management framework. Primary focuses of this framework include clarifying investment screening, continuation, and withdrawal standards and developing standardized monitoring processes.

Under this framework, meetings of investment advisory committees are held prior to discussions by the Management Meeting as part of the process for screening investments of a predetermined scale, in order to confirm the anticipated level of profitability after considering capital costs based on the inherent risks (quantitative standards) and the compatibility with Tokyo Century's strategies (qualitative standards). In addition, multifaceted evaluations will be conducted by business divisions with regard to business plans, investment structures, and projected quantities of risk and environmental impacts. After investment, projects will continue to be monitored through standardized processes, and the status of projects and their conformity to the scenarios formulated at the time of their selection will be confirmed regularly. Should it become apparent that a project will not be able to achieve its initial targets, discussions will be arranged on whether investment will be continued.

Overview of Investment Management Framework



ROIC monitoring in four operating segments

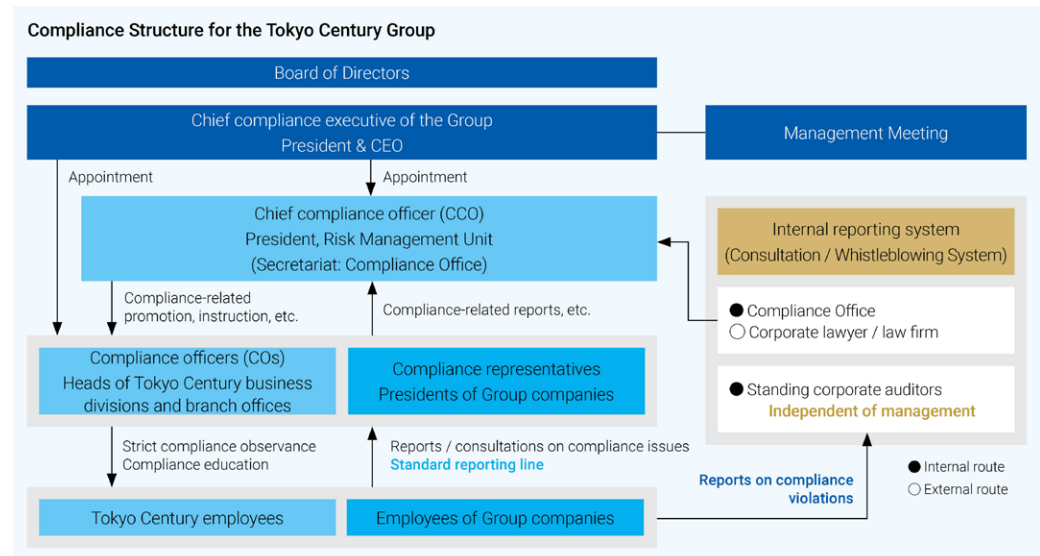
Tokyo Century regularly monitors the return on invested capital (ROIC) spread (ROIC less weighted average cost of capital) as a cost-of-capital-based indicator of the risk and reward balance of specific business areas. Business and risk characteristics are accounted for in this monitoring. Moreover, this timing-based monitoring approach is used to promote management that emphasizes cost of capital along with sound financial discipline. Factors examined through this monitoring include whether an appropriate balance is being maintained between risks and returns in our four operating segments and whether the necessary risks are being taken to generate value and stimulate growth.

Management

At the Tokyo Century Group, the Compliance Office promotes 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 of the Company, along with the presidents of Group companies, act as compliance officers (COs) with the responsibility of coordinating with the Compliance Office to guarantee compliance with all relevant laws and regulations and ensure that business activities are kept in line with social norms.

Compliance structure



Compliance activities

We report and review the Group's compliance structure and operation as well as identified compliance violations at the meetings of the Management Meeting and the Board of Directors every six months. Based on the results of these reviews, which look at effectiveness, we formulate and implement compliance promotion plans.

Specific compliance activities include e-learning programs, face-to-face and online training sessions, distribution of compliance-related information, and compliance awareness surveys. We also arrange Groupwide forums for sharing compliance information.

In addition to the above, we oblige all officers and employees to submit a compliance pledge once every year in order to underscore their commitment to adhering to our compliance regulations.

In fiscal 2021, there were no major compliance violations, including human-rights violations, deserving of public announcement.

Compliance handbooks

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 improve the compliance mindset at its local subsidiaries overseas and has created an English and Chinese edition of the handbook for these subsidiaries.



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) based on compliance information.

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

Compliance training

| | Unit | Fiscal 2019 | Fiscal 2020 | Fiscal 2021 |
|--|--------------|-------------|-------------|-------------|
| No. of Training Sessions per Year ^{*1} | Sessions | 10 | 9 | 9 |
| No. of Participants in E-Learning Programs ^{*2} | Participants | 4,865 | 5,173 | 4,480 |

^{*1} Training sessions conducted by Tokyo Century head office and e-learning programs (excluding those conducted by branch offices and Group companies)

^{*2} Aggregate number of participants in abovementioned e-learning programs

The Tokyo Century Group strives to detect and address risks at the earliest possible stage, improve its organizational corrective capabilities, and reinforce its compliance management by operating an internal reporting system (Consultation / Whistle-Blowing System) that allows officers and employees who become aware of a compliance violation to directly report the matter without the intervention of their superiors.

1. Outline of Internal Reporting System

All officers and employees of Tokyo Century Group companies in Japan and overseas are eligible to use this internal reporting system—including directors, officers, permanent employees, contractors, temporary staff, seconded employees, part-time staff, and others—as well as those who have retired within the past year.

In order to ensure independence, we have set up three contact points: the Compliance Office inside the Company; the legal counsel's office outside the Company, which is well informed in this field; and full-time corporate auditors. Reports can be submitted through any of these channels, irrespective of content, and be submitted in any form, such as by email or in writing as well as by phone or otherwise verbally, to the contact points listed on the Company's intranet. Submitted reports are included in the Group's Compliance Handbook, which is distributed to all officers and employees. Moreover, reports can be submitted in either English or Japanese.

The system covers a wide range of issues, including violations of the Anti-Monopoly Act that impede fair competition; bribery and other acts of corruption; violations of the Financial Instruments and Exchange Act that undermine the interests of investors; harassment; violations of any laws concerning business operations, including human rights violations; and misconduct that violates corporate ethics or internal rules. Furthermore, the internal reporting system is open for consultation when an individual becomes aware of or is concerned about a compliance violation or when they have a question about compliance in the course of executing business.

Whistleblowers are given stringent protection. We strictly prohibit any disciplinary action, retaliation, or other disadvantageous treatment of whistleblowers by the Company and strive to thoroughly protect anonymity and maintain confidentiality concerning their reports. Personnel involved in responding to these reports are designated as being in charge of whistleblowing, as stipulated in Japan's Whistleblower Protection Act, and are obliged to maintain complete confidentiality with regard to the identity of the whistleblower and to eliminate the risk of their being recognized.

2. Response to Issues Raised by Internal Reports

When an issue is reported, the chief compliance officer (CCO) is consulted to determine a response with due consideration to the whistleblower's wishes and, if deemed necessary, an investigation is promptly conducted to establish the facts. The Company is obliged to notify the whistleblower (within no more than 20 days following the submission of a report) as to whether an investigation will be conducted and to provide reasons for the decision, except when the report has been submitted anonymously.

During this process, we impose strict confidentiality on those involved in or subject to any investigation and prohibit any disadvantageous treatment of those under investigation or cooperating therewith, as is the case with a whistleblower.

Timely reports on the status of an investigation are made to the CCO, who, in the event of a confirmed compliance violation, will implement corrective measures and seek to prevent further damage based on the advice of a legal counsel while also taking action to prevent a recurrence. The CCO will take remedial action if the case is related to a violation of human or other rights.

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

3. Status of Reports Received by Internal Reporting Contact Points

The types of cases received by the contact points for internal reporting are roughly classified into such categories as rule violations, harassment, workplace environment, and other cases. The number of cases received over the years, including those reported by Group companies in Japan and overseas, are summarized in the graph below. There was a total of 16 cases reported in fiscal 2021.

Appropriate corrective measures are being taken in accordance with the content in all types of cases.

For more information, please refer to the following website.

<https://www.tokyocentury.co.jp/en/csr/governance/compliance.html>

| | Unit | Fiscal 2019 | Fiscal 2020 | Fiscal 2021 |
|---|----------------------------|-------------|-------------|-------------|
| Number of reports received (consolidated basis) | Number of Reports Received | 17 | 17 | 16 |

4. Revision of the Internal Reporting System and Measures to Promote Use

Use of the internal reporting system and responses to individual cases are reported once every six months to the Management Meeting and Board of Directors and are regularly checked and evaluated by our legal counsel to make any necessary improvements.

We also encourage all officers and employees to use the internal reporting system through an annual compliance survey to ascertain their awareness of how contact points have been used, biannual e-learning sessions on the purpose and significance of the system, and various training programs that include sessions on the system.

Prevention of Money Laundering

Initiatives for preventing money laundering

In accordance with its Corporate Code of Conduct and Our Action Guidelines, Tokyo Century recognizes the importance of taking action against money laundering, the financing of terrorism, and proliferation financing (ML/FT/PF) and thus strives to prevent the Tokyo Century Group, its employees, and its customers from becoming involved in such acts.

The Group therefore works to prevent regulatory violations associated with ML/FT/PF while continuously strengthening its countermeasures to fulfill the requirements of international organizations such as the United Nations and the Financial Action Task Force on money laundering as well as to adhere to the laws and regulations of Japan and other countries, including those imposed by the U.S. Office of Foreign Assets Control.

A specific internal control framework and operation provisions are stipulated in our Regulations for Anti-Money Laundering and Financing of Terrorism.

1. Establishment of a Framework to Prevent Money Laundering and the Financing of Terrorism

The Company recognizes that implementing measures against ML/FT/PF is an important management issue and will establish and maintain an effective control framework.

2. Commitment by Management

The Company's management takes a leadership role in preventing ML/FT/PF.

3. Identification, Assessment, and Mitigation of Risks Associated with Money Laundering and the Financing of Terrorism

The Company adopts a risk-based approach to identifying and verifying risks related to ML/FT/PF that are relevant to the Company, assesses the risks identified, and takes appropriate action to mitigate said risks in light of the assessment results.

4. Customer Verification

To ensure public security and sound economic practices, the Company takes "Know Your Customer" measures in a timely and appropriate manner to prevent ML/FT/PF that encourages organized crime and to block any relationships with anti-social forces. To this end, we make use of databases and other tools to perform pre-transaction screening and conduct checks during transactions in addition to monitoring contractual procedures based on internal rules.

5. Notification of Suspicious Transactions

The Company will promptly notify the authorities in the event that it detects suspicious transactions based on checks and monitoring conducted during transactions or through reporting by sales and other divisions.

6. Training of Officers and Employees

The Company provides ongoing training so that its officers and employees can deepen their knowledge regarding the prevention of ML/FT/PF and take appropriate action at any time necessary.

7. Compliance Auditing

To ensure appropriate operations regarding the prevention of ML/FT/PF, the Company conducts internal audits on a regular basis and strives to improve its internal framework.

Initiatives for preventing corruption

The Tokyo Century Group is committed to preventing corruption by conducting fair, equitable, and transparent transactions in all of its business activities.

1. Initiatives for Preventing Corrupt Practices

The Group makes a concerted effort to ensure compliance and prevent corruption while addressing issues such as the prevention of money laundering, the financing of terrorism, and proliferation financing; the blocking of any relationships with anti-social forces; prohibition of insider trading; and compliance with the Anti-Monopoly Act, including provisions related to cartels and bid-rigging, as well as with the competition laws of other countries.

2. Prohibition of Bribery

Except when permitted by the relevant rules, the Group prohibits offering entertainment, cash, or any other benefits to domestic and foreign public officials* and engaging in behavior such as receiving, demanding, or promising illicit or unjustifiable business profits with the intention of obtaining favors, rewarding public officials for favors obtained, or gaining illicit profit, either directly or indirectly through agents, consultants, or any other third party.

* "Public officials" is understood hereafter to include private customers, business partners, and other business entities.

3. Education and Training

Our initiatives for preventing corruption are clearly laid out in the Japanese, English, and Chinese editions of our Compliance Handbook. We also incorporate these initiatives into e-learning and other in-house training as necessary to ensure awareness among officers and employees across the Group. In our international business, we remain particularly committed to acting prudently and appropriately with regard to entertainment and gifts to and from foreign public officials in stringent compliance with the laws and regulations of Japan and those of other countries and regions.

We have compiled the Guidelines on Offering Entertainment to Public Officials in Japanese, English, and Chinese, which states the points to be noted, and which are known, by officers and employees at the Group's overseas subsidiaries.

(1) Key considerations for providing entertainment and gifts to public officials

- i. Entertainment and gifts should not be given with the intention of obtaining favors or rewarding public officials for favors obtained.
- ii. The purpose and objective must be justifiable, and the cost and other expenses must be within the scope of typical social norms.
- iii. The location of meetings and the handling of expenses must be open and transparent.

(2) Key considerations for providing entertainment and gifts to foreign public officials

- i. to iii. of (1) above and
- iv. It must be clear that the purpose is not to obtain illicit business profits, and the expenses must be kept within the customary and socially acceptable range of the country of the foreign public official in question.

4. System and Response

We remain committed to protecting whistleblowers so that no discriminatory or retaliatory actions will be directed toward any officer or employee who reports on, or provides information concerning, violations or potential violations of laws, regulations, or internal rules on preventing corrupt practices.

5. Reporting

The progress and status of initiatives for preventing corrupt practices are reported to and reviewed by the Management Meeting and Board of Directors as part of the implementation of the Group's compliance system.

In fiscal 2021, no fine was imposed on the Group and no officers or employees were dismissed or disciplined for corruption.

Policy on political funds

The Tokyo Century Group's Corporate Code of Conduct stipulates that we should act from a global perspective that is highly transparent and sincere, by respecting the cultures and customs of the countries and regions in which the Group operates and complying with all laws, regulations, and rules, in addition to conducting sound and fair corporate activities in accordance with social norms.

Our policy on political funds prohibits donations to political parties, political fundraising groups, other political organizations, and candidates for public office (e.g., politicians). Therefore, no political contributions are recorded each year.

ISO 27001 certification

The Tokyo Century Group has acquired certification under the ISO/IEC 27001 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 always 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.

- FLCS 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 initiatives

Tokyo Century views information security as a crucial issue affecting corporate management. The Company has accordingly obtained certification under ISO 27001, the international standard for information security management systems. Under the leadership of the Information Security Committee, we periodically revise regulations and rules regarding information management, conduct regular risk assessments to address information security risks, and carry out security training for employees and officers.

The TC-CSIRT (computer security incident response team) has been set up within the IT Unit as a dedicated cybersecurity organization. Under normal circumstances, the TC-CSIRT will take steps to prevent the recurrence of past incidents and the occurrence of new incidents by monitoring security systems, assessing the security of cloud services, and educating officers and employees. As cyberattacks grow more sophisticated and complex, we endeavor to enhance our response capabilities by periodically having our cybersecurity measures assessed by third-party institutions, sharing information with external partners through membership in the Nippon CSIRT Association, and participating in drills for exercising the knowledge acquired in this manner.

Developing a global business means that actions must be taken to protect personal information and strengthen information security measures with respect for various cultures and regulatory environments. Based on this recognition, we encourage closer collaboration with Group companies by establishing security guidelines for said companies, strengthening management of outside subcontractors, providing information on information security, and holding regular liaison meetings.

In addition to these efforts, we conduct email drills targeting the Company and its domestic and overseas Group companies with emails in Japanese, English, and Chinese several times a year. These drills have proved to be an effective training method for improving the information security awareness of officers and employees.

Tokyo Century Corporation (hereafter “the Company”) recognizes that protecting personal information, including Personal Identification 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”) and 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 where prior consent has been granted or where 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 where prior consent has been granted or where 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 Data

The Company will take steps to securely manage the personal information to prevent leakage, 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 entrust the handling of personal information to a third party, it would only do so to those who meet the Company’s standards for safe management and would conduct necessary and appropriate supervision.

As for the specific details of action for the security control of personal data, the Company will respond without delay if customers inquire at the reception desk separately designated.

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

The Company will respond in good faith to customer requests for disclosure of personal data in its possession or records of third party provision. Furthermore, the Company will respond appropriately and promptly in cases where 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 improvement 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 societal requirements.

Koichi Baba
President & CEO, Representative Director
Tokyo Century Corporation
FUJISOFT Bldg., 3 Kanda-neribeicho, Chiyoda-ku, Tokyo
101-0022, Japan

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 Personal Identification Number 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 sale 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 the supply, sale, 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, gender, 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

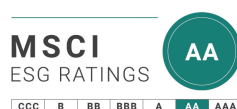
The Company shall appropriately review this policy and relevant internal regulations in response to revisions of laws and ordinances such as the Personal Information Protection Act and the Numbers Act, advancements in information technologies, and changes in social demand while continuously striving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

Others

External Evaluations / Inclusion in ESG Indices

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.



For more information, please refer to the MSCI official website.
<https://www.msci.com/accept-terms-and-conditions>

MSCI Japan ESG Select Leaders Index

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

2022 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX

For more information, please refer to the MSCI official website.
<https://www.msci.com/accept-terms-and-conditions>

S&P/JPX Carbon Efficient Index

The S&P/JPX Carbon Efficient Index comprises companies that boast high levels of carbon efficiency and that actively disclose information on CO₂ and other emissions. Tokyo Century has been a constituent of the index since 2018.



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.



DX Stock Selection

DX Stocks comprises listed companies selected by METI and the Tokyo Stock Exchange for having established internal frameworks to promote digital transformation (DX) aimed at improving corporate value and for having been highly successful in utilizing digital technologies. The Company has been included in this program in each of the eight years since the establishment of the Competitive IT Strategy Company Stock Selection program, the predecessor of the DX Stocks program.



Tokyo's Model Company for Disaster Prevention Measures

The Tokyo Metropolitan Government certifies companies that actively work to prevent employees from returning home at the same time in the event of a disaster. The purpose of this measure is to prevent problems with lifesaving and rescue activities and secondary damage. Tokyo Century was selected as a model company for its work on this initiative in Tokyo in fiscal 2021, in recognition of its outstanding efforts that have a particularly large influence on society.



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

For more information, please refer to the FTSE official website.
<https://www.ftserussell.com/products/indices/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

For more information, please refer to the FTSE official website.
<https://www.ftserussell.com/products/indices/FTSE4Good>

FTSE Blossom Japan Sector Relative Index

The FTSE Blossom Japan Sector Relative Index is an index designed to be sector neutral, reflecting the performance of Japanese companies that demonstrate outstanding ESG practices in their respective sectors. Tokyo Century has been a constituent of the index since 2022.



FTSE Blossom
Japan Sector
Relative Index

For more information, please refer to the FTSE official website.
<https://www.ftserussell.com/products/indices/blossom-japan>

CDP

CDP is a U.K. nonprofit organization that encourages companies to disclose information regarding climate change and other environmental issues and that conducts surveys and analyses of such information. Tokyo Century has been disclosing information through responses to CDP's climate change and water security questionnaires since fiscal 2016.



| | Category | Fiscal 2019 | Fiscal 2020 | Fiscal 2021 |
|-----------|----------------|-------------|-------------|-------------|
| CDP score | Climate change | B- | B- | B |
| | Water security | C | C | C |

Platinum Kurumin Certification

In 2017, Tokyo Century was accredited with Platinum Kurumin certification by the Ministry of Health, Labour and Welfare as a company pursuing high quality initiatives for supporting childrearing.



Semi-Nadeshiko Brand

For four consecutive years since 2019, Tokyo Century has been selected as a Semi-Nadeshiko Brand company in the program jointly arranged by METI and the Tokyo Stock Exchange to recognize companies that excel in empowering women.



Participation in External Initiatives

| | | |
|---|---|--|
| <p>Signing of the United Nations Global Compact</p> | <p>Tokyo Century became a signatory to the United Nations Global Compact in May 2018. 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>WE SUPPORT</p>  |
| <p>Joining of the Unstereotype Alliance</p> | <p>The Unstereotype Alliance is a global initiative led by UN Women, the United Nations entity dedicated to gender equality and the empowerment of women, to promote gender equality through media and corporate public relations activities including advertising, and to end harmful stereotypes from the perspective of respect for human rights.</p> <p>Tokyo Century has been a member of the Japan branch of the Unstereotype Alliance since fiscal 2020.</p> |  |
| <p>Endorsement of TCFD recommendations</p> | <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. https://www.fsb-tcfd.org</p> |  |
| <p>Membership in the TCFD Consortium</p> | <p>An initiative advanced by corporations and financial institutions that endorse the TCFD recommendations, the TCFD Consortium was established to provide a forum for discussions on effective climate-related financial disclosure methods and initiatives to utilize disclosed information in making appropriate investment decisions by financial institutions.</p> |  |
| <p>Signing of Principles for Financial Action for the 21st Century</p> | <p>In May 2016, Tokyo Century signed the Principles for Financial Action toward the Formation of a Sustainable Society (Principles for Financial Action for the 21st Century), an initiative encouraging financial institutions to incorporate seven ESG principles into their financial activities.</p> <p>We take the environment and society into account in our activities based on these principles for contributing to the realization of a sustainable society.</p> |  |
| <p>Support for Fun to Share initiative</p> | <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 decarbonized society.</p> <p>The slogan of the Fun to Share initiative translates as, "Let's share the latest insights on global warming response measures to create a decarbonized society."</p> |  |

GRI Standards Index

Universal Standards

| Disclosure Number | Disclosure Name | Relevant Page of Sustainability Data Book 2021 | Relevant Section of Website (As of October 31, 2022) |
|---------------------------|---|---|---|
| 1. Organizational profile | | | |
| 102-1 | Name of the organization | Company Profile (page 6) | Corporate Information |
| 102-2 | Activities, brands, products, and services | Operating Segments (page 6) | Our Services |
| 102-3 | Location of headquarters | Company Profile (page 6) | Corporate Information |
| 102-4 | Location of operations | — | List of Offices (in Japanese only) |
| | | | Overseas Network |
| 102-5 | Ownership and legal form | Company Profile (page 6) | Corporate Information |
| 102-6 | Markets served | Operating Segments (page 6) | Our Services |
| | | | Four Operating Segments |
| 102-7 | Scale of the organization | Operating Segments (page 6) | Corporate Information |
| | | Financial Information (page 7) | Corporate Profile |
| 102-8 | Information on employees and other workers | Human Resource Data (pages 38–39) | Together with Our Employees |
| 102-11 | Precautionary Principle or approach | Risk Management (pages 46–47) | Risk Management |
| 102-12 | External initiatives | Participation in External Initiatives (page 60) | Commitment and External Evaluation |
| 2. Strategy | | | |
| 102-14 | Statement from senior decision-maker | — | Message from the President & CEO |
| 102-15 | Key impacts, risks, and opportunities | Tokyo Century's Materiality (Key Issues) Linked to the SDGs (page 11) | Tokyo Century's Sustainability Management |
| | | Climate Change Response Strategy (pages 25–26) | Response to Climate Change and TCFD Endorsement |
| 3. Ethics and integrity | | | |
| 102-16 | Values, principles, standards, and norms of behavior | Sustainability Philosophy and Policies (pages 8–9) | Tokyo Century's Sustainability Management |
| 102-17 | Mechanisms for advice and concerns about ethics | Internal reporting system (page 51) | Compliance—Internal Reporting System |
| 4. Governance | | | |
| 102-18 | Governance structure | Management Structure (pages 42–43) | Governance System |
| 102-19 | Delegating authority | Structure for Promoting Sustainability Management (page 11) | Tokyo Century's Sustainability Management |
| 102-20 | Executive-level responsibility for economic, environmental, and social topics | Risk Management (pages 46–47) | Tokyo Century's Sustainability Management |
| 102-22 | Composition of the highest governance body and its committees | Management Structure (pages 42–43) | Governance System |
| | | | Corporate Governance Report (page 7) |

| Disclosure Number | Disclosure Name | Relevant Page of Sustainability Data Book 2021 | Relevant Section of Website (As of October 31, 2022) |
|------------------------------|--|---|--|
| 4. Governance | | | |
| 102-23 | Chair of the highest governance body | Board of Directors (page 42) | Corporate Governance Report (page 7) |
| 102-25 | Conflicts of interest | — | Corporate Governance Report (page 2) |
| 102-26 | Role of highest governance body in setting purpose, values, and strategy | Board of Directors (page 42) | Corporate Governance Report (page 17) |
| 102-27 | Collective knowledge of highest governance body | — | Corporate Governance Report (page 5) |
| 102-28 | Evaluating the highest governance body's performance | Evaluation of Board of Directors' effectiveness (page 45) | Corporate Governance Report (page 5) |
| 102-29 | Identifying and managing economic, environmental, and social impacts | Promotion of Sustainability Management (page 10) | Tokyo Century's Sustainability Management |
| 102-30 | Effectiveness of risk management processes | Risk Management (pages 46–47) | Risk Management |
| 102-31 | Review of economic, environmental, and social topics | Risk Management (pages 46–47) | Risk Management |
| 102-32 | Highest governance body's role in sustainability reporting | Structure for Promoting Sustainability Management (page 11) | Tokyo Century's Sustainability Management |
| 102-33 | Communicating critical concerns | Internal reporting system (page 51) | Compliance—Internal Reporting System |
| 102-34 | Nature and total number of critical concerns | Internal reporting system (page 51) | Compliance—Internal Reporting System |
| 102-35 | Remuneration policies | Policies and method for determining officer compensation (page 44) | Corporate Governance Report (page 15) |
| 102-36 | Process for determining remuneration | Policies and method for determining officer compensation (page 44) | Corporate Governance Report (page 15) |
| 5. Reporting practice | | | |
| 102-45 | Entities included in the consolidated financial statements | — | Annual securities reports (page 7, in Japanese only) |
| 102-46 | Defining report content and topic boundaries | Scope of Reporting (page 1) | Integrated Report 2022 (page 6) |
| 102-47 | List of material topics | Tokyo Century's Materiality (Key Issues) Linked to the SDGs (page 11) | Tokyo Century's Sustainability Management |
| 102-50 | Reporting period | Scope of Reporting (page 1) | Integrated Report 2022 (page 6) |
| 102-51 | Date of most recent report | <i>Sustainability Data Book 2021</i> : September 10, 2021 | Integrated Report 2022: August 30, 2021 |
| 102-52 | Reporting cycle | <i>Sustainability data book</i> : Once a year | Integrated report: Once a year |
| 102-53 | Contact point for questions regarding the report | <i>Sustainability data book</i> : Sustainability Management Division | Integrated report: Investor Relations Division |
| 102-54 | Claims of reporting in accordance with the GRI Standards | GRI Standards Index (pages 61–65) | — |
| 102-55 | GRI content index | GRI Standards Index (pages 61–65) | — |
| 102-56 | External assurance | Independent Practitioner's Assurance Report (page 2) | — |

Universal Standards

| Disclosure Number | Disclosure Name | Relevant Page of Sustainability Data Book 2021 | Relevant Section of Website (As of October 31, 2022) |
|----------------------------|--|--|---|
| Management Approach | | | |
| 103-1 | Explanation of the material topic and its Boundary | Promotion of Sustainability Management (page 10) | Tokyo Century's Sustainability Management |
| | | Structure for Promoting Sustainability Management (page 11) | |
| 103-2 | The management approach and its components | Structure for Promoting Sustainability Management (page 11) | Risk Management |
| | | Risk Management (pages 46–47) | Environmental Management System Organization |
| | | Basic Environmental Policy, Management system (pages 20–21) | Basic Environmental Policy |
| | | Basic Policy on Health and Productivity Management (page 36) | Basic Policy on Health and Productivity Management |
| | | Tokyo Century Group Human Rights Policy (page 29) | Tokyo Century Group Human Rights Policy |
| 103-3 | Evaluation of the management approach | Non-Financial Materiality KPIs (pages 12–17) | Environmental Performance Report |
| | | Environmental Performance (pages 23–24) | Promoting the Active Participation of Diverse Human Resources |
| | | Human Resource Data (pages 38–39) | — |

Economy

| Disclosure Number | Disclosure Name | Relevant Page of Sustainability Data Book 2021 | Relevant Section of Website (As of October 31, 2022) |
|----------------------------------|---|---|--|
| Economic Performance | | | |
| 201-1 | Direct economic value generated and distributed | — | Annual securities report—Consolidated Statement of Income (page 72, in Japanese only) |
| 201-2 | Financial implications and other risks and opportunities due to climate change | Climate Change Response Strategy (pages 25–26) | Response to Climate Change and TCFD Endorsement |
| 201-3 | Defined benefit plan obligations and other retirement plans | — | Annual securities report—Provision of Retirement Benefits (page 141, in Japanese only) |
| Indirect Economic Impacts | | | |
| 203-1 | Infrastructure investments and services supported | Contribution to Social Infrastructure Development (page 15) | Together with Customers and Clients -Project Cases- |
| | | | Initiatives for Regional Revitalization through the Hotel Business |
| 203-2 | Significant indirect economic impacts | Social Contribution Activities (page 37) | Together with Local Communities |
| Anti-corruption | | | |
| 205-2 | Communication and training about anti-corruption policies and procedures | Anti-Corruption (page 53) | Initiatives for Preventing Corruption |
| 205-3 | Confirmed incidents of corruption and actions taken | Anti-Corruption (page 53) | Initiatives for Preventing Corruption |
| Anti-competitive Behavior | | | |
| 206-1 | Legal actions for anti-competitive behavior, anti-trust, and monopoly practices | — | Compliance Structure of Tokyo Century Group |

| Disclosure Number | Disclosure Name | Relevant Page of Sustainability Data Book 2021 | Relevant Section of Website (As of October 31, 2022) |
|---------------------------------|--|---|---|
| Materials | | | |
| 301-1 | Materials used by weight or volume | Other environmental performance data (page 23) | Environmental Performance Report |
| 301-2 | Recycled input materials used | Other environmental performance data (page 23) | Environmental Performance Report |
| 301-3 | Reclaimed products and their packaging materials | Other environmental performance data (page 23) | Environmental Performance Report |
| Energy | | | |
| 302-1 | Energy consumption within the organization | Other environmental performance data (page 23) | Environmental Performance Report |
| 302-4 | Reduction of energy consumption | Reduction of environmental impacts (pages 26–27) | Environmental Performance Report |
| Water and Effluents | | | |
| 303-3 | Water withdrawal | Other environmental performance data (page 23) | — |
| Biodiversity | | | |
| 304-3 | Habitats protected or restored | Biodiversity initiatives (page 22) | Participation in Woodland Preservation Activities in Shisui Town, Chiba Prefecture (in Japanese only) |
| Emissions | | | |
| 305-1 | Direct (Scope 1) GHG emissions | Greenhouse gas emissions (page 23) | Environmental Performance Report |
| 305-2 | Energy indirect (Scope 2) GHG emissions | Greenhouse gas emissions (page 23) | Environmental Performance Report |
| 305-3 | Other indirect (Scope 3) GHG emissions | Greenhouse gas emissions (page 23) | Environmental Performance Report |
| 305-4 | GHG emissions intensity | Long-term quantitative greenhouse gas emissions reduction targets (intensity targets) (page 21) | Environmental Performance Report |
| 305-5 | Reduction of GHG emissions | Carbon-Neutrality Policy (page 13) Long-term quantitative greenhouse gas emissions reduction targets (intensity targets) (page 21) | Environmental Performance Report |
| Waste | | | |
| 306-3 | Waste generated | Compliance (page 24) | — |
| Environmental Compliance | | | |
| 307-1 | Non-compliance with environmental laws and regulations | Compliance (page 24) | — |

| Disclosure Number | Disclosure Name | Relevant Page of Sustainability Data Book 2021 | Relevant Section of Website (As of October 31, 2022) |
|--|--|---|---|
| Employment | | | |
| 401-1 | New employee hires and employee turnover | Human Resource Data (pages 38–39) | Employee Data |
| 401-3 | Parental leave | Rate of childcare leave acquisition by gender (page 39) | Promoting the Active Participation of Diverse Human Resources |
| Occupational Health and Safety | | | |
| 403-6 | Promotion of worker health | Workstyle reforms (page 35) | Employee Health and Safety, Reduction of Long Working Hours and Work-Life Balance |
| Training and Education | | | |
| 404-2 | Programs for upgrading employee skills and transition assistance programs | Human Resource Utilization (page 33) | Support for Career and Ability Development |
| Diversity and Equal Opportunity | | | |
| 405-1 | Diversity of governance bodies and employees | Diversity (pages 31–32) | Promoting the Active Participation of Diverse Human Resources |
| Local Communities | | | |
| 413-1 | Operations with local community engagement, impact assessments, and development programs | Social Contribution Activities (page 37) | Together with Local Communities |
| Marketing and Labeling | | | |
| 417-1 | Requirements for product and service information and labeling | Customers (page 41) | Responsibilities to Customers |
| Customer Privacy | | | |
| 418-1 | Substantiated complaints concerning breaches of customer privacy and losses of customer data | — | Compliance Structure of Tokyo Century Group |
| Socioeconomic Compliance | | | |
| 419-1 | Non-compliance with laws and regulations in the social and economic area | — | Compliance Structure of Tokyo Century Group |