

Sustainability

Corporate Information

Company Profile

Company name	Tokyo Century Corporation
Business activities	Equipment leasing, mobility and fleet management, ^{*1} specialty financing, ^{*2} 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.; and Nippon Telegraph and Telephone Corporation
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 ^{*1}	Automobile leasing for corporate customers and individuals, car rental and car-sharing businesses, etc.
Specialty Financing ^{*2}	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 Segments	Number of Employees ^{*3} (As of March 31, 2023)	
Equipment Leasing	697	(132)
Mobility & Fleet Management ^{*1}	3,471	(3,205)
Specialty Financing ^{*2}	1,314	(1,351)
International Business	2,114	(17)
Others	52	(20)
Corporate (shared) / Administrative	230	(29)
Total	7,878	(4,754)

^{*1} The Mobility & Fleet Management segment was renamed the Automobility segment in April 2023.

^{*2} The Specialty Financing includes the Environmental Infrastructure segment, which was established in April 2023.

^{*3} 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 2020	Fiscal 2021	Fiscal 2022
Revenues	Millions of yen	1,200,184	1,277,976	1,324,962
Operating income	Millions of yen	77,154	82,675	91,221
Ordinary income	Millions of yen	78,105	90,519	106,194
Net income attributable to owners of parent	Millions of yen	49,145	50,290	4,765
Net income per share	Yen	402.57	411.56	38.95
Return on equity	%	8.7	8.1	0.7
Return on assets	%	1.4	1.6	1.8
Operating income to revenues	%	6.4	6.5	6.9

2. Consolidated Financial Position

Item	Unit	Fiscal 2020	Fiscal 2021	Fiscal 2022
Total assets	Millions of yen	5,602,897	5,663,787	6,082,114
Net assets	Millions of yen	688,345	795,580	888,985
Shareholders' equity ratio	%	10.2	11.9	12.5
Net assets per share	Yen	4,670.45	5,507.50	6,222.16

3. Consolidated Cash Flows

Item	Unit	Fiscal 2020	Fiscal 2021	Fiscal 2022
Net cash provided by (used in) operating activities	Millions of yen	51,331	227,383	△31,429
Net cash provided by (used in) investing activities	Millions of yen	△97,405	△16,075	△31,308
Net cash provided by (used in) financing activities	Millions of yen	18,946	△201,421	6,926
Cash and cash equivalents at end of year	Millions of yen	216,901	240,047	201,280

4. Segment Information (Fiscal 2022)

Millions of yen

Item	Equipment Leasing	Mobility & Fleet Management ^{*1}	Specialty Financing ^{*2}	International Business	Others	Adjustments in consolidated financial statements	Total in consolidated financial statements
Revenues	481,467	353,515	344,103	144,883	993	△1,870	1,324,962
Segment income (loss)	31,740	27,977	57,398	△948	4,669	△14,642	106,194
Segment assets	1,312,037	611,558	2,743,531	655,683	40,964	718,338	6,082,114
Return on assets ^{*3}	2.4%	4.6%	2.3%	—	—	—	2.1%

^{*1} The Mobility & Fleet Management segment was renamed the Automobility segment in April 2023.

^{*2} The Specialty Financing includes the Environmental Infrastructure segment, which was established in April 2023.

^{*3} 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.

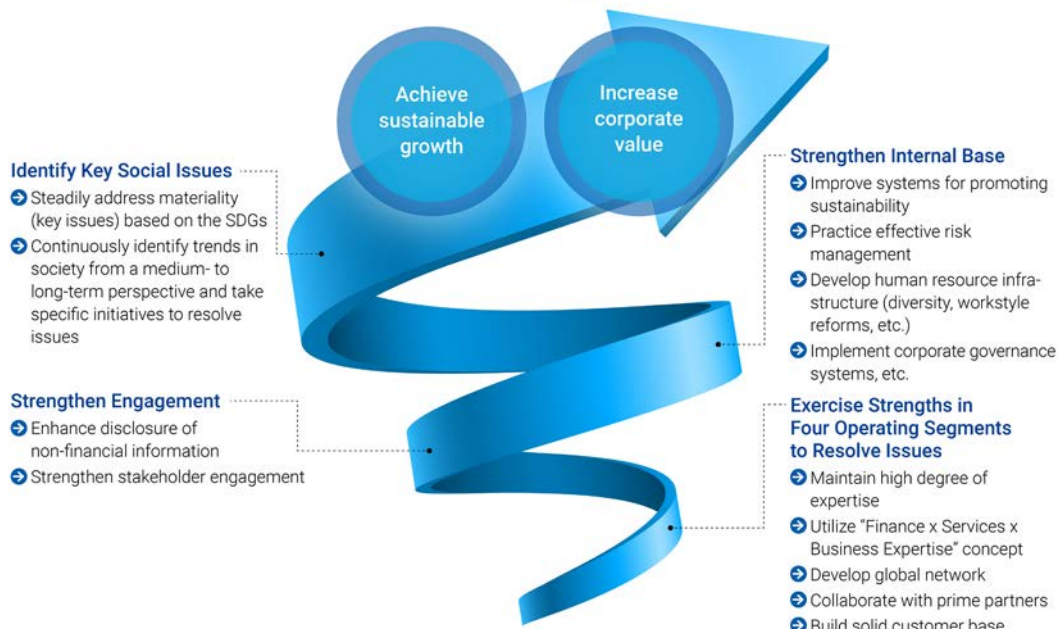
6. We will avoid contact with antisocial forces and criminal organizations.

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



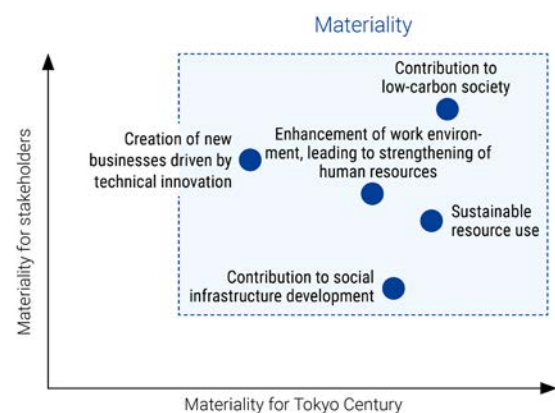
Process for Identifying Materiality (Key Issues)

For Tokyo Century, sustainability management constitutes a management strategy for both resolving social issues and achieving sustainable growth and improvements in corporate value by contributing to the creation of an environmentally sound, sustainable economy and society, as described in its Management Philosophy, through its business activities.

To guide its practice of sustainability management, Tokyo Century has defined materiality (key issues). In the process of defining these issues, the Company created a materiality map based on the United Nations Sustainable Development Goals (SDGs) that considers the degree of priority for its stakeholders (indicated on the vertical axis) as well as the degree of priority for the Company itself (indicated on the horizontal axis). Priority issues for the Company include the development of diverse businesses (such as aviation and solar power generation) that take advantage of its highly free operating environment and business characteristics grounded in the value of its assets.

The process of creating this map involved first assessing the importance of issues for stakeholders based on major environmental, social, and governance (ESG) evaluation and non-financial information disclosure standards as well as the 169 targets for the 17 SDGs. We then proceeded to identify the issues of importance for the Company by looking at the connection between the SDGs and our Management Philosophy and financial information. The important issues defined in these two categories formed the axes used when preparing our materiality map, and this map was used to identify the five materiality items described on page 11, based on meetings with relevant divisions and discussions by the Sustainability Committee and the Board of Directors.

In addition, protocols have been introduced regarding materiality notifications in agendas for meetings of the Transaction Evaluation Meeting, Management Meeting, and the Board of Directors. The Company has also created a sustainability contribution award program. These measures are meant to help improve awareness regarding materiality initiatives among employees. Moreover, we have defined key performance indicators (KPIs) along with a PDCA (plan-do-check-act) cycle for our materiality (key issues).



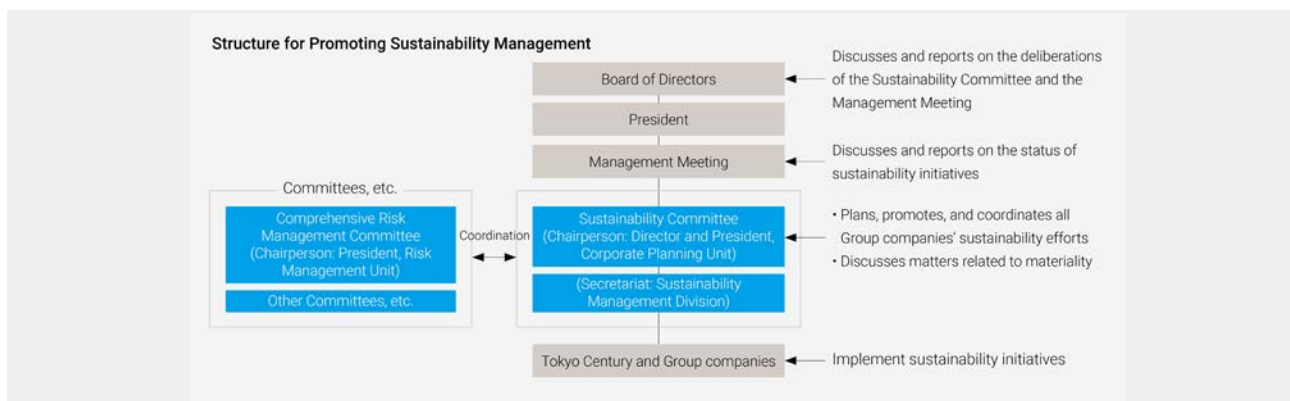
Sources including main ESG evaluation indices: Dow Jones Sustainability Index, FTSE4Good Index, MSCI Index, and SASB

* 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

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: Five business unit general managers (Equipment Leasing, Automobility, Specialty Financing, International Business, and Environmental Infrastructure) and observers (invited as necessary)
Auditors	Standing corporate auditors	
Meetings in Fiscal 2022		
Meetings held	3	
Major agenda items	<ul style="list-style-type: none">Information disclosure based on recommendations of TCFDTrial introduction of internal carbon pricing systemProgress of medium- to long-term sustainability management initiatives (road map)	<ul style="list-style-type: none">Carbon-neutrality policy and action planJoining of GX League (fiscal 2023)

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 25 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. In fiscal 2022, Tokyo Century established A&Tm Corporation as a joint venture together with Tokyo Gas Engineering Solutions Corporation and KYOCERA Communication Systems Co., Ltd., that provides asset and technical management services for solar power generation projects. The company is combining the technological strengths of joint business partners to provide services for improving the generation efficiency and profitability of solar power plants.

We are also working to reduce Scope 3 emissions. For example, consolidated subsidiary Aviation Capital Group LLC (ACG) 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 Automobility segment. Through an organizational change undertaken effective on April 1, 2023, the Group's domestic and overseas renewable energy and other environment and energy businesses were separated from the Specialty Financing segment to form the Environmental Infrastructure segment. The goal of this move is to strengthen and expand these businesses to better support business strategies for contributing to decarbonization.

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.* A scenario analysis on the automobility business (corporate and individual auto leasing) was performed in fiscal 2022, the results of which have been disclosed.

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

KPI	Metric	Unit	Target year	Target	Fiscal 2020	Fiscal 2021	Fiscal 2022
Reduction of electricity use (environmental contributions through office activities)	Electric use	kWh	Fiscal 2023	Less than 1,800,000 kWh	1,578,546	1,539,011	1,593,216
	CO ₂ emissions	t-CO ₂	Fiscal 2023	Less than 318 t-CO ₂	770	723	546
Reduction of gasoline use (environmental contributions through office activities)	Gasoline use	L	Fiscal 2023	Less than 60,000 L	43,768	45,360	49,937
	CO ₂ emissions	t-CO ₂	Fiscal 2023	Less than 139 t-CO ₂	102	105	116
	Fuel efficiency	km/L	Fiscal 2023	More than 14.0 km/L	14.3	14.5	16.1
Reduction of paper use (environmental contributions through office activities)	Paper use (A4 size equivalent)	Thousands of sheets	Fiscal 2023	Less than 11 million sheets	9,262	8,278	9,457
Reduction of head office electricity use (intensity target)	Per-area electricity use	kWh/m ²	Fiscal 2030	Less than 70.00 kWh/m ² (23% reduction in comparison with FY2009)	59.75	64.84	67.69
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	—	—	0.029	0.030	0.017
Reduction of CO ₂ emissions through solar power businesses of consolidated subsidiaries ^{*1}	Annual generation volume	MWh	Fiscal 2023	More than 508,600 MWh	414,047	482,795	536,591
	CO ₂ emissions (compared with standard thermal power generation)	t-CO ₂	Fiscal 2023	More than 198,100 t-CO ₂	172,864	192,877	207,929
Rate of electrified vehicle use (EVs, FCEVs, PHEVs, HVs)	Mobility and fleet management ^{*2}	%	—	—	18.4	19.3	20.6
Rate of fuel-efficient aircraft ^{*3} use	Ratio of fuel-efficient aircraft assets ^{*4}	%	—	—	40.4	45.7	51.8
Projected aggregate greenhouse gas emissions reductions from JCM Model Projects	Projected aggregate greenhouse gas emissions reductions	t-CO ₂	Fiscal 2025	56,000 t-CO ₂	34,547	35,457	38,343

*1 Fiscal 2023 targets are for Kyocera TCL Solar LLC and eight 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-coal 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-coal 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)

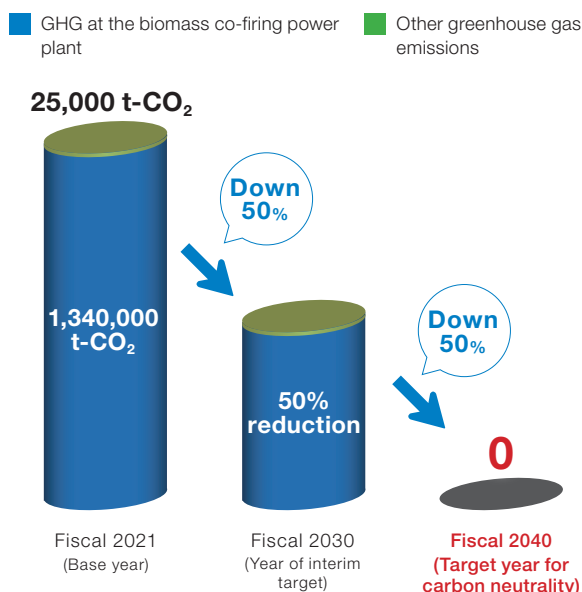
^{*2} Direct emissions from Company-owned and controlled resources (Scope 1) and indirect emissions from the consumption of purchased electricity, heat, and steam (Scope 2)

^{*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 Automobility 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. (currently GO Inc.), 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. Moreover, a business and capital alliance agreement was concluded with XMart Inc. in fiscal 2022. The company's XOrder software-as-a-service ordering platform uses the LINE messaging service to significantly improve the efficiency of order processing between restaurants and food product wholesalers, which was previously performed on a paper basis. This simple yet innovative solution has been garnering a great deal of attention. Meanwhile, SecondSight Inc., a joint venture company established with JFE Engineering Corporation, provides diagnosis solutions that combine cutting-edge technologies such as sensing technologies for replicating people's senses of sight, hearing, and smell as well as the muscular movements of human bodies. These are just some of the initiatives we are advancing to create 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), and we were recognized under this program once again in March 2023. Furthermore, Tokyo Century participated in the corporate kickoff-day panel discussion arranged by Plug and Play Japan in fiscal 2022. We used this opportunity to explain our open innovation initiatives for engaging in co-creation with start-up companies.

The Company is also focused on fostering a corporate culture in which employees feel empowered to boldly tackle new challenges without fear of failure. It was for this purpose that we introduced the TC Biz Challenge Project, a new business proposal initiative. In the first iteration of this project, an integrated aquaculture-agriculture cultivation facility project was selected from among the numerous proposals received for advancement to the verification testing phase. It was decided that this proposal would not be developed into a business, but we remain committed to tackling new challenges going forward.

KPI	Supplement
Certification under METI's DX Certification system*	Certification achieved in March 2021 and renewed in March 2023

* 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 May 2023. 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 from each industry. The Company has also been included in this program in each of the nine 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 Automobility 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. Moreover, GO and Nippon Car Solutions Co., Ltd., formed an agreement in September 2022 that entails introducing customers to DRIVE CHART, a next-generation AI drive-recording service of GO. DRIVE CHART, which is supplied to lessees and other business partners of Nippon Car Solutions, automatically detects dangerous situations highly likely to result in an accident based on drive recorder and other data. This service is used to analyze driving patterns to propose improvements to one's driving practices and thereby help reduce traffic accidents.

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. In these operations, Mitsubishi Estate Co., Ltd., and Tokyo Century have selected Dorchester Collection, the ultraluxury hotel brand, to operate the hotel on the upper floors of Torch Tower—which will be the tallest building in Japan once completed—in the TOKYO TORCH district facing the Nihombashi Exit of Tokyo Station, which we are developing together with relevant rights holders. The hotel is scheduled to open in 2028 and expected to become a key component of the TOKYO TORCH district, which is being developed with the goal of creating an urban tourism hub that acts as a gateway to Tokyo and Japan. Together with the office section previously acquired by Mitsubishi Estate and the Company, 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 develop 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.

In our first collaborative real estate project to be advanced together with NTT TC Leasing Co., Ltd.—a publicly certified wholesale market redevelopment project in Toyama City, Toyama Prefecture—the buildings, developed and owned by NTT TC Leasing and Tokyo Century, were leased to Toyama City in March 2022. Together with this partner, we seek to respond to demand for rebuilding aged public facilities across Japan, contribute to local infrastructure development, and advance initiatives with significant social meaning that help revitalize local communities.

KPI	Applicable companies ^{*1}	Unit	Fiscal 2020	Fiscal 2021	Fiscal 2022
Number of vehicles equipped with telematics services	NCS, NRS, OAL	Vehicles	67,757	74,180	82,051
Number of safe driving lessons conducted using telematics services ^{*2}	NCS	Lessons	459	923	1,132
		Participants	7,095	13,261	18,774
Ratio of rental cars equipped with safety features (automated brakes, etc.)	NRS	%	94.3	96.0	97.2

^{*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 and 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. The company is able to supply high-quality global-standard services through its IT equipment leasing and ITAD service operations in more than 50 countries across the globe. In fiscal 2022, CSI Leasing posted ordinary income approximately 4.7 times the level seen in fiscal 2015, when Tokyo Century commenced investment. Moreover, CSI Leasing acquired companies in Germany, Denmark, and Sweden in fiscal 2022 to establish local bases in these markets for propelling the development of its IT equipment life-cycle management service businesses.

In the aviation business, major U.S. aircraft leasing company ACG is engaged 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 automobility business contributes 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. In fiscal 2022, Tokyo Century concluded a business alliance agreement with Kansai Electric Power Company, Incorporated, in relation to a stationary storage battery business utilizing used batteries from EVs, such as electric forklifts and motorcycles. In this alliance, we are examining the possibility of combining used batteries to provide larger-than-ever stationary batteries as grid-scale storage batteries. Furthermore, we are assessing the feasibility of collecting used batteries from end-of-lease electric motorcycles and other EVs to be reused as stationary storage batteries.

KPI	Metric	Unit	Target year	Target	Fiscal 2020	Fiscal 2021	Fiscal 2022
Refurbishment business	Annual sales of secondhand computers	Computers	Fiscal 2025	More than 241,000 computers	405,055	247,456	327,017
ITAD data erasure services (CSI Leasing subsidiary Executive Personal Computers, Inc.)*	Number of units processed with ITAD services	Units	—	—	829,815	1,208,184	1,713,011
Promotion of car rental services (Nippon Rent-A-Car Service, Inc.)	Number of rental cars	Cars	—	—	33,098	31,157	33,201

* Executive Personal Computers, Inc., of the United States and seven other new companies were included in the scope of calculation from fiscal 2022.

Enhancement of Work Environment, Leading to Strengthening of Human Resources



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

We conduct employee awareness surveys to help focus our efforts to develop workplace environments in which all employees respect one another and are able to fully exercise their talents. The results of these surveys are analyzed to identify issues and shape future initiatives, and this information is incorporated into officer training and discussed on an ongoing basis by the Management Meeting and the Board of Directors, so that identified issues can be addressed as top management priorities. Various measures for improving employee engagement have been implemented based on these surveys. For example, we have introduced an hourly paid leave program and a teleworking system, along with the Career Challenge Program internal recruitment system, which is designed to provide employees with an opportunity to chart their own career courses. 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. In fiscal 2022, Tokyo Century launched TC-Mee+, an internal exchange forum aimed at enhancing communication among employees. In a TC-Mee+ forum featuring the president as a guest, a discussion was held about the type of company people want Tokyo Century to be a decade from now.

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, equity, and inclusion. Moreover, we act in accordance with the Basic Diversity Policy by recruiting, developing, and promoting diverse human resources regardless of their race, religion, gender, age, sexual orientation, disability, or nationality. At the same time, diversity, equity, and inclusion training and educational programs targeting officers and employees are implemented with the goal of fostering a workplace environment built on mutual respect in which everyone is able to fully exercise their skills. Our Tokyo Century NEWS owned media outlet, meanwhile, is used to communicate information to external shareholders through means such as the planning and broadcasting of webinars on the theme of diversity, equity, and inclusion. These efforts have led to Tokyo Century's receipt of the silver rating in the 2022 iteration of the PRIDE Index, which evaluates companies' efforts to create workplaces that are accommodating to members of the LGBTQ+ community and other sexual minorities.

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 opportunities for enhancing skills from a variety of angles, we aim to develop human resources capable of supporting the growth of the Company and contributing to management in the future.

Furthermore, Tokyo Century recognizes the health of officers and employees as an important management priority and has thus established its Basic Policy on Health and Productivity Management to outline its intent to increase its focus on the promotion of the health of its 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. In addition, coordination in said regard is pursued with industrial physicians, occupational health nurses, health insurance associations, and external experts to incorporate various health-related themes into e-learning programs targeting all officers and employees in order to foster health awareness. In addition, we provide health apps and cafeteria plan benefit systems with the goal of helping employees improve their lifestyle habits. We also allow officers and employees aged 35 or above to undergo complete medical check-ups as part of their regular health examinations.

In recognition of this diligence, Tokyo Century was included in the 2023 Certified Health & Productivity Management Outstanding Organizations Recognition Program (large enterprise category) and received the highest rank in the DBJ Employees' Health Management Rated Loan Program of Development Bank of Japan Inc. in fiscal 2022.

KPI	Unit	Target year	Target	Target employees	Fiscal 2020	Fiscal 2021	Fiscal 2022
Annual paid leave acquisition rate	%	2027	Maintain rate of 70% or more	—	72.7	75.6	78.8
Childcare leave acquisition rate	%	2027	Maintain rate of childcare leave acquisition by male employees of 100%	Women	100.0	100.0	100.0
				Men	100.0	100.0	100.0
Ratio of employees with disabilities	%	2027	Maintain rate above legally mandated level	—	2.61	3.22	2.86
Ratio of women among new-graduate hires	%	2027	Maintain rate of 40% or more	—	30.8	52.9	42.1
Ratio of women in management positions	%	2030	30% or more	—	9.1	9.7	11.8
Ratio of women in assistant manager position or equivalent	%	—	—	—	50.7	48.1	49.6
Gender-based wage disparity ¹⁾	%	—	—	All employees	—	—	58.7

KPI	Unit	Target year	Target	Target employees	Fiscal 2020	Fiscal 2021	Fiscal 2022
Ratio of employees remaining at the Company for 10 years or more (by gender)	%	—	—	Women	48.6	42.9	61.5
				Men	53.7	58.3	65.4
Employee turnover rate	%	—	—	Women	0.7	0.9	0.9
				Men	3.7	4.5	3.6
Number of people leaving work for nursing care reasons	People	2027	Maintain a nursing care turnover rate of zero	—	0	0	0
Rate of employees undergoing regular health check-ups	%	2027	100% rate of employees undergoing regular health check-ups	—	100.0	100.0	100.0
Rate of employees undergoing stress checks	%	2027	100% rate of employees undergoing stress checks	—	94.3	98.6	100.0
Ratio of employees receiving specific health guidance	%	2027	80% or more	Officers and employees subject to specific health guidance over 40 years old	76.4	81.7	Under calculation
Training expenses ^{*2}	Thousands of yen	—	—	—	37,442	51,036	70,921
Training expenses per employee ^{*2}	Thousands of yen	—	—	—	40	55	74
Training hours per employee	Hours	—	—	—	13.7	22.5	46.5
Employees relocated through Career Challenge Program internal recruitment system ^{*3}	People	—	—	—	14	13	18
Employee engagement index	%	2027	Maintain and improve ratio of positive responses in employee engagement index	All employees (Excluding dispatched employees and individuals seconded from other companies)	—	—	63.0

Note: KPIs, targets, and numerical results contained in this chart are for Tokyo Century on a non-consolidated basis.

*1 Supplementary explanation regarding gender-based wage disparity

• There are no differences in the wage frameworks or systems between men and women.

• The Company sets different wage levels based on the career courses and qualifications of employees. There is a difference in the numbers of men and women in terms of the courses and qualifications, which creates a disparity in wage levels between genders.

*2 Figures for training expenses and training expenses per employee include venue rental expenses and transportation expenses.

*3 The Career Challenge Program internal recruitment system was introduced in fiscal 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



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

2014

2015

- 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



2016



Tokyo Century

- Changed corporate name to Tokyo Century

2017

- 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



2018

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



2019

- 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



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. (currently NX-TC Lease & Finance Co., Ltd.), and converted it into an equity-method affiliate



NX-TC Lease & Finance Co., Ltd.

Approach, Communication, and Other Activities Pertaining to Specific Stakeholder Groups

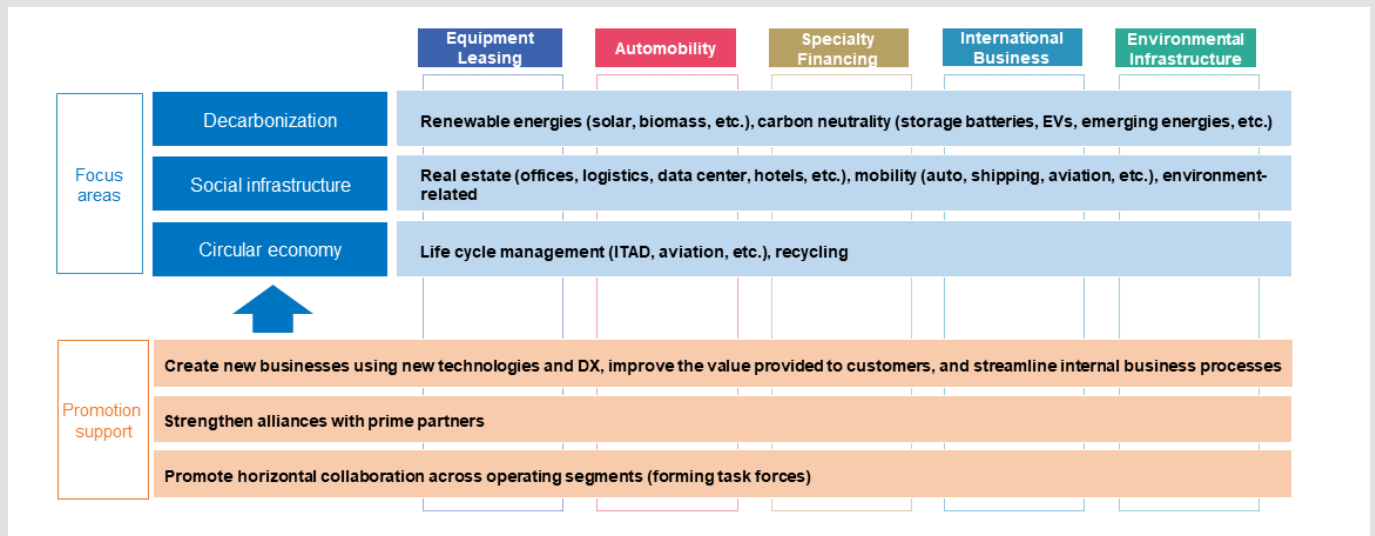
	Approach Pertaining to Specific Stakeholder Groups	Communication and Other Activities
Customers and business partners	<p>The Tokyo Century Group believes that resolving social and ethical issues through its business activities will help it achieve sustainability and lead to further growth. We will fulfill our responsibilities to customers in accordance with the Group's Management Policy, which stipulates that "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." To this end, we will further improve our management system to provide the best possible products and services that satisfy our customers.</p> <p>With Tokyo Century and its partners both acting as proponents behind the development of businesses, we intend to advance a wide variety of businesses by spreading beyond conventional leasing to enter new business areas that will serve as growth drivers.</p> <p>By integrating the respective strengths and expertise of Tokyo Century and its partners, we will contribute to the creation of an environmentally sound, sustainable economy and society and strive to enhance our corporate value and achieve sustainable growth over the medium to long term.</p>	<ul style="list-style-type: none"> ● Strengthening of partnerships (promotion of co-creative projects in various operating segments that address partner needs) ● Co-creation of value through open innovation (investment in start-up companies with proprietary technologies in digital and mobility areas) ● Tracking of customer and business partner issues through Knowledge Lab program for sharing knowledge related to financial service planning and other initiatives ● Improvement of management system to provide the best possible products and services that satisfy our customers (implementation of internal management and sales management for solicitation and sale of financial products and response to complaints) ● Implementation of training and educational programs (e-learning and other programs for officers and employees on responsible business activities and compliance)
Shareholders, investors, and financial institutions	<p>Tokyo Century releases appropriate and unbiased information in a timely manner to stakeholders such as shareholders and investors and has established a system to ensure the transparency of Company activities from a fair disclosure perspective.</p> <p>Tokyo Century advances its investor relations (IR) activities with a focus on generating a cycle of proactive dialogue with shareholders and other investors and communicating the input and requests solicited thereby to management and employees. The input gained during the course of IR activities is used to improve information disclosure and respond to management issues in order to build trust with shareholders and other investors and ensure that capital markets accurately appraise the Company, which in turn is anticipated to contribute to higher corporate value over the medium to long term.</p>	<ul style="list-style-type: none"> ● Shareholders' Meeting ● Annual securities reports and consolidated financial results ● Earnings calls (four times a year) ● IR meetings with analysts and institutional investors (approx. 200 times a year) ● Company briefings for private investors (approx. two times a year) ● Business strategy briefings ● Overseas roadshows (approx. two times a year) ● Information disclosure via integrated reports, sustainability data books, and corporate website ● Fund procurement through sustainability-linked loans
National and other government agencies, local communities, and NPOs	<p>Based on the recognition that thorough adherence to compliance is essential to the continued existence of a company, the Tokyo Century Group strives to establish systems of management that will be trusted by society at large and based on which all officers, managers, and employees act in keeping with a just and high sense of ethics.</p> <p>As stated in "4. Legal Compliance" of our Basic Environmental Policy, 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>	<ul style="list-style-type: none"> ● Prevention of 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.) ● Human rights initiatives (human rights due diligence, information disclosure, grievance mechanisms, etc.) ● Adherence with Basic Environmental Policy (legal compliance, etc.) ● Support provided by Kyocera TCL Solar, a joint venture with Kyocera Corporation for COOL CHOICE global warming prevention awareness poster contest organized by Ohmi Environment Conservation Foundation (Shiga Prefecture global warming prevention organization) ● Endorsement of TCFD recommendations and participation in United Nations Global Compact and other initiatives ● Contribution to reductions in greenhouse gas emissions via participation in JCM Model Projects

	Approach Pertaining to Specific Stakeholder Groups	Communication and Other Activities
National and other government agencies, local communities, and NPOs	<p>The Tokyo Century Group contributes to the public good and donates money to non-profit organizations and groups as part of its social contribution activities. The Group also actively strives to engage in communication with local communities, including by conducting clean-up activities in the vicinity of Group offices and holding industry seminars at universities.</p> <p>Promoting tourism and contributing to regional economic development are important themes of the growth strategies of the Japanese government, and Tokyo Century has an important role to play in the advancement of these strategies. To help advance the development of Japan's tourism industry and regional economies, Tokyo Century is proactively assessing opportunities to engage in projects for promoting tourism and contributing to regional economic development, such as the hotel businesses we are developing together with partner companies.</p>	<ul style="list-style-type: none"> ● Clean-up and other community outreach activities ● Tree planting and other biodiversity initiatives ● Employment of people with disabilities through TC Work Happiness Farm ● Free-of-charge provision of rental cars for disaster relief purposes ● Donations to environmental, welfare, education, disaster relief, and other priority fields ● Collaboration with certified NPOs (Japan Rescue Association, Second Harvest Japan, etc.) ● Support for education of the next generation through career design seminars and pro bono activities ● Support for sports ● Support for the arts ● Regional revitalization through the hotel business (ANA InterContinental Beppu Resort & Spa, Hotel Indigo Karuizawa) ● Promotion of mobility-as-a-service (MaaS) tourism service verification test in Nagasaki City through coordination between ZENRIN and Nippon Rent-A-Car
Employees	<p>Aiming to be an organization filled with vitality and dynamism, the Tokyo Century Group maintains a workplace environment that enables each and every employee to demonstrate their abilities to the fullest.</p> <p>Tokyo Century aspires to develop a workplace environment in which every employee is respected and able to fully exercise their talents, and we are actively working to heighten employee engagement. Moreover, the input gained from employee awareness surveys is used in discussions by the Management Meeting and the Board of Directors for analyzing issues and planning future initiatives. Responding to such input is positioned as an important management priority.</p> <p>By entrenching a cycle of appropriately incorporating employee input into management, we will endeavor to bolster employee engagement by building trust with employees and improving our workplace environment.</p>	<ul style="list-style-type: none"> ● Regular health check-ups and stress checks for employees ● Employee awareness surveys ● 360° evaluations ● Internal reporting system ● Career Challenge Program ● TC Biz Challenge Project ● TC-Mee+ employee exchange forum ● Career consultation through Career Design Office ● Training and skills development support for career building ● Work-life balance systems for supporting childbirth, childcare, and nursing care ● Conclusion of Agreement on Overtime Work and Working on Holidays (so-called "36 Agreement") with labor union ● Employee shareholding association ● Family Day events and Working Mothers' and Fathers' Community

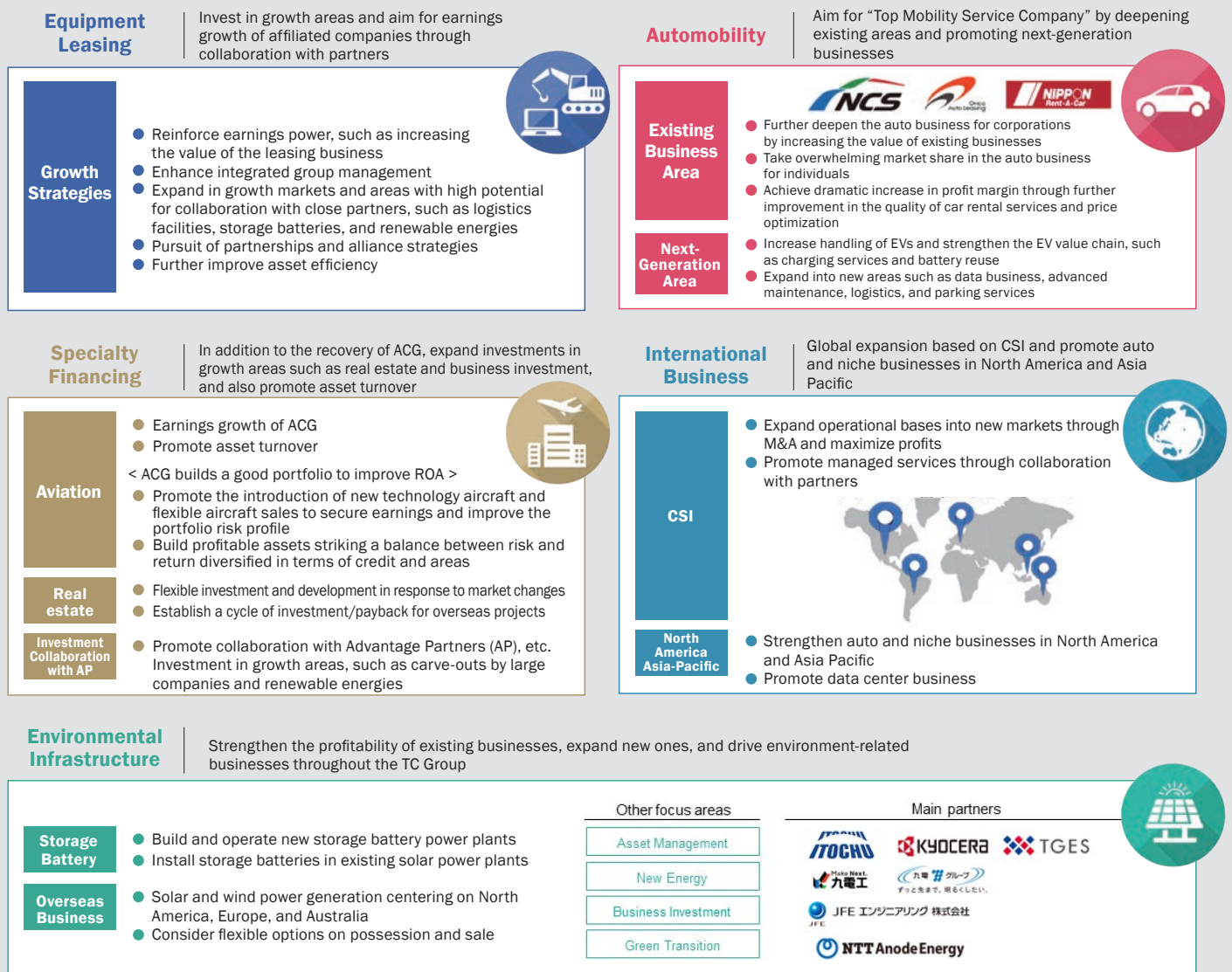
Focus Areas and Approaches for Business Strategies

Focus areas: Decarbonization, social infrastructure, and circular economy

Approach: Strengthen connections across operating segments without being bound by organizational boundaries



Major Growth Strategies of Five Operating Segments



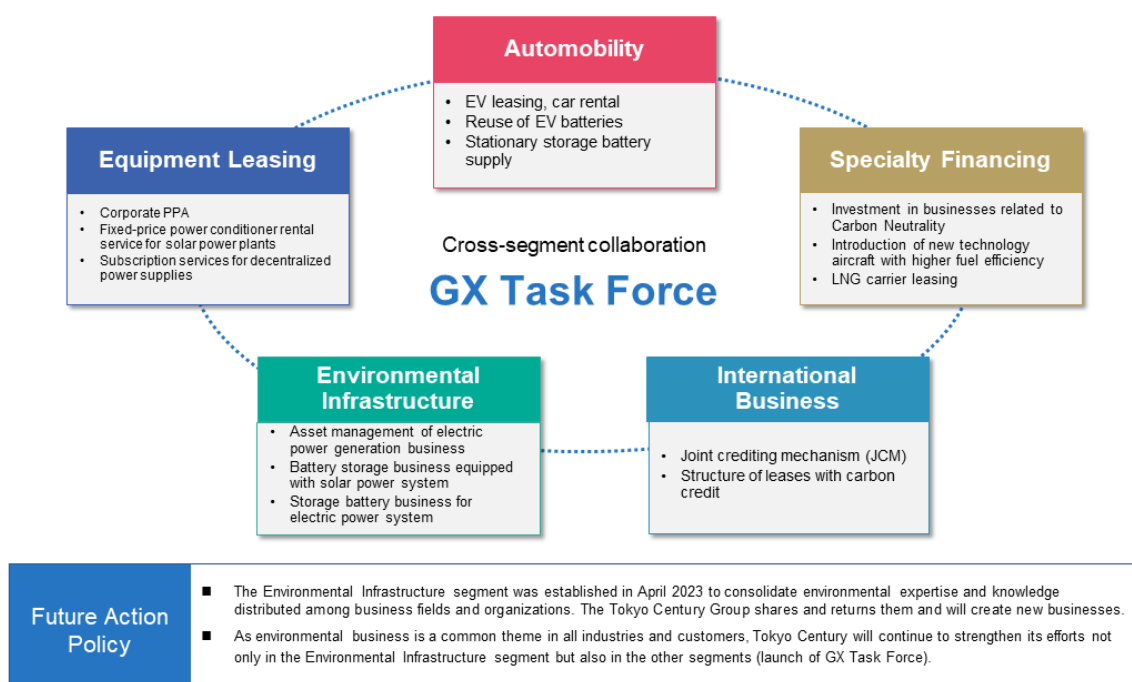
Human Resource and Organizational Strategies Underpinning Business Strategies



Task Forces for Supporting Business Strategies

GX Task Force

- Create carbon-neutral-related businesses in each operating segment and promote cross-organizational collaboration



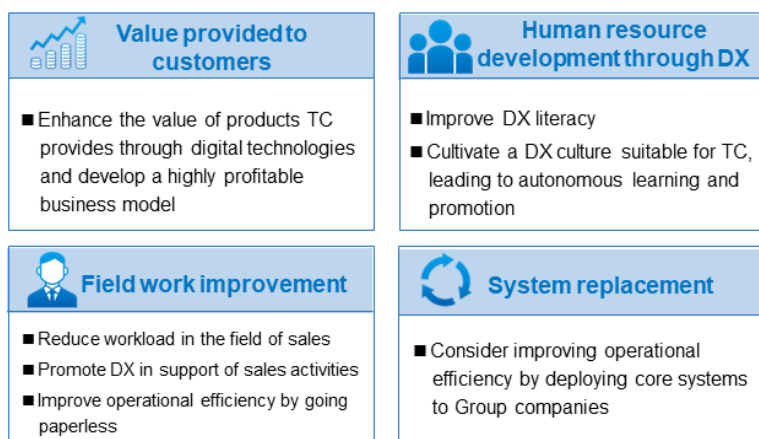
GX Task Force

- Development of a business base adaptable to the environmental changes that the Company, partner companies and customers will face in the future through effective use of digital technologies
- Launch of a DX Task Force to progress to achieve the target beyond the bounds of the operating segments

DX Task Force

Established a "DX Task Force" and set common Companywide themes.

By sharing objectives, measures and goal images across our operating segments, we will move ahead with our initiatives to achieve the target.



Realization
of change

Improvement
of value
provided to
customers

Increase of
productivity
of internal
business
processes