Environment

Environmental Policies

Policies related to the environment	**Basic Environmental Policy**	**Basic Environmental Policy** 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. **1. Global Environmental Preservation through Business** 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. **2. Contribution to Creating an Environmentally Sound, Sustainable Economy and Society** 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. **3. Promotion of Resource and Energy Conservation Activities** 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. **4. Legal Compliance** 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. **5. Efforts for Continuous Improvement** 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. **6. Information Disclosure** We will strive to disclose information on this policy and our environmental initiatives to our various stakeholders and encourage their understanding and cooperation.
Management system	**Chief executive**	President & CEO, Representative Director
	Oversight organization	Environmental Management Committee
	Climate change-related oversight by the Board of Directors	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. 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. 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.

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.

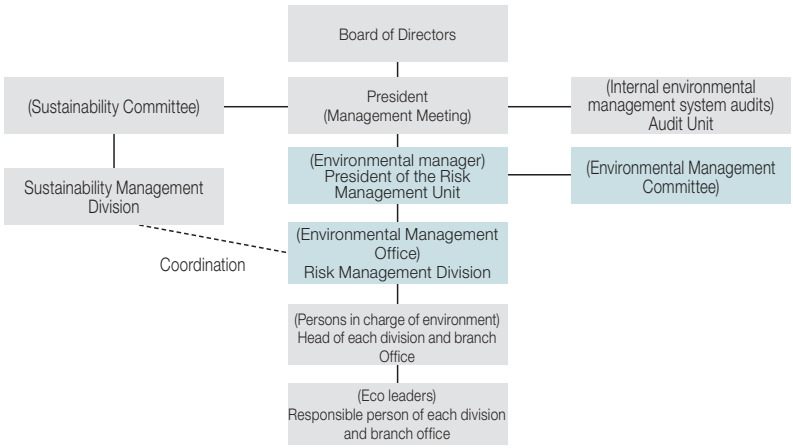
- Nippon CarSolutions Co., Ltd. (head office)
- Amada Lease Co., Ltd.
- Executive Personal Computers, Inc. (subsidiary of CSI Leasing, Inc., of the United States)

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.; ITEC Leasing Co., Ltd.; and IHI Finance Support Corporation

* Effective April 1, 2023, TC Business Service Corporation and TC Business Experts Corporation were absorbed by the Company.

Environmental Management System



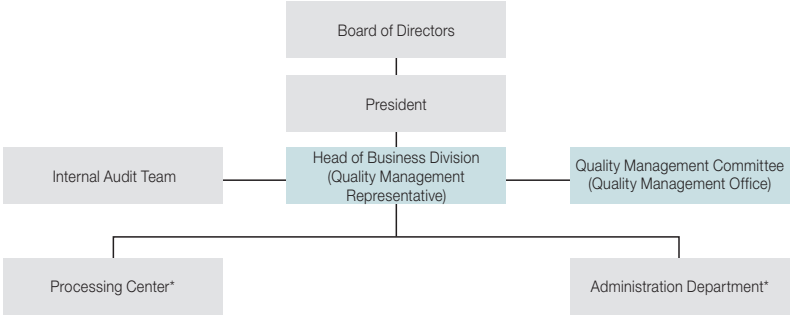
Acquisition of ISO 9001 certification

In August 2023, Tokyo Century subsidiary TRY Corporation acquired certification under ISO 9001, the international standard for quality management systems.

For information on the basic quality management policy of TRY Corporation, please refer to the following website (in Japanese only).
https://www.tokyocentury.co.jp/assets/pdf/company/try_quality.pdf

FS 787014 / ISO 9001

Quality Management System of TRY Corporation



* The ITAD Group of the Processing Center and the Digital Transformation Strategy Group of the Administration Department are not included within the scope of ISO 9001 certification.

Management system

Environmental audits

Internal environmental audits of organizations at companies applicable under the environmental management system are performed to confirm that their operations are conducted in accordance with the stipulations of the environmental management system. The fiscal 2022 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 society and has set proprietary targets for contributing to the accomplishment of association's long-term targets for fiscal 2030. Figures for fiscal 2022 cover the period from April to October 2022 in reflection of the switch to renewable energy for our head office building undertaken in November 2022.

Long-Term Targets Per head office floor space electricity use
Fiscal 2030: 70.00 kWh/m^2
(23% reduction compared with fiscal 2009)

Item	Unit	Fiscal 2020	Fiscal 2021	Fiscal 2022
Per head office floor space electricity use	kWh/㎡	59.75	64.84	67.69
Annual CO_2 emissions from per head office floor space electricity use	t-CO_2/㎡	0.029	0.030	0.017

Environmental education

- 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 2011, 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, being issued four times in fiscal 2022, 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 in 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

Biodiversity-Related Guidelines

See Basic Environmental Policy on page 25

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.

For more information, please refer to the following press release (in Japanese only).
https://www.tokyocentury.co.jp/jp/newsroom/news/pdf/58105ee0d259efdd95ea649543643920.pdf

Coastal Forest Restoration Project

Planting area: 103.05 ha; Aggregate number of trees planted: 370,198 (As of March 31, 2023)

- 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).

Mangrove Tree Planting

Scope: 5 countries; Planting area: 8,670.4 ha (As of March 31, 2023)

- 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.

Biodiversity initiatives

Kodomo no Mori Plan Scope: 5,468 schools in 37 countries and regions (As of March 31, 2023)

- 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

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.

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.

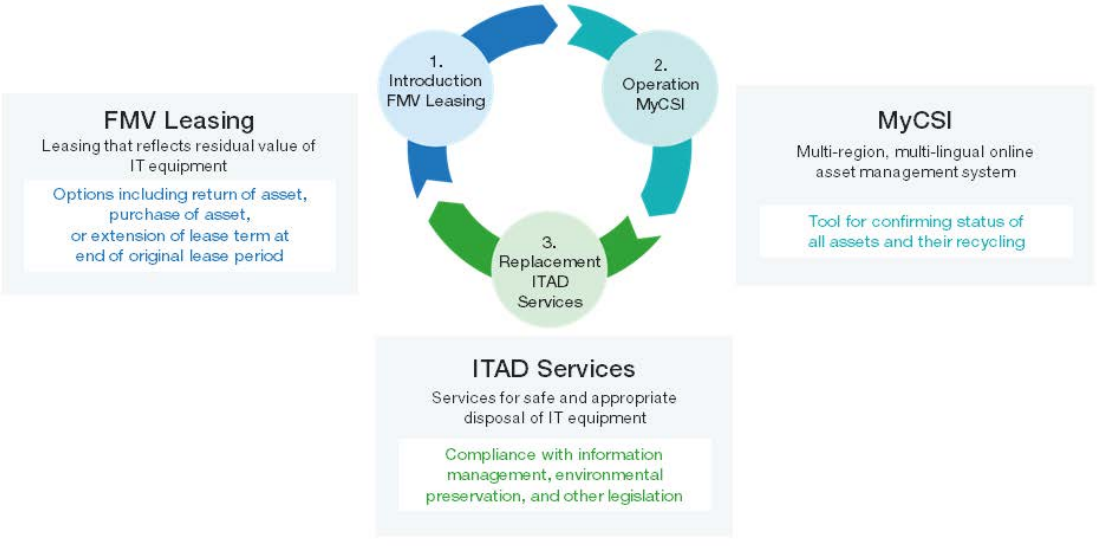
FMV Leasing and ITAD Services

Tokyo Century engages in fair market value (FMV) leasing, a highly flexible form of leasing that offers customers options such as returning an asset, purchasing an asset, or extending the lease term at the end of the original lease period based on FMV derived from the assessed residual value of the asset in question.

Meanwhile, our IT asset disposition (ITAD) services can be used to dispose of IT equipment in a safe and appropriate manner compliant with information management, environmental preservation, and other legislation.

Note: The above services are supplied by consolidated subsidiary CSI Leasing, Inc., and its wholly owned subsidiary EPC, Inc.

IT Life Cycle Management Services of CSI Leasing



Environmental Performance

Greenhouse gas emissions

Scope	Unit	Fiscal 2020	Fiscal 2021	Fiscal 2022
Scope 1 (direct emissions) Gr	t-CO_2	3,613	10,963	☑ 1,082,758[*1]
Scope 2 (location-based indirect emissions originated from energy use) Gr	t-CO_2	7,964	9,177	☑ 14,784[*1]
Scope 2 (market-based indirect emissions originated from energy use) Gr	t-CO_2	—	—	☑ 15,368[*1 *2]
Scope 3 (emissions from supply chain, etc., not included in Scope 1 or Scope 2)	t-CO_2	1,043,996	6,195,446	7,727,580
Total of Scope 1 and Scope 2 (location-based) and Scope 3	t-CO_2	1,055,573	6,215,586	8,825,123
Total of Scope 1 and Scope 2 (market-based) and Scope 3	t-CO_2	—	—	8,825,706[*2]
Scope 3 Emissions by Category				
Category 1 Purchased goods and services TC	t-CO_2	843,494	617,405	☑ 650,423
Category 2 Capital goods TC	t-CO_2	100	71	42
Category 3 Fuel- and energy-related activities (not included in Scope 1 or Scope 2)	t-CO_2	1,739	3,820	97,728[*3]
Category 4 Upstream transportation and distribution	t-CO_2	0	0	☑ 2,341[*4]
Category 5 Waste generated in operations TC	t-CO_2	1,247	593	309
Category 6 Business travel TC	t-CO_2	120	121	122
Category 7 Employee commuting TC	t-CO_2	221	222	225
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	5,452	19,104	39,086
Category 12 End-of-life treatment of sold products TC	t-CO_2	148	575	808
Category 13 Downstream leased assets	t-CO_2	181,292	5,544,166	☑ 6,923,346
Category 14 Franchises TC	t-CO_2	0	0	0
Category 15 Investments TC	t-CO_2	10,183	9,369	☑ 13,150[*5]

Other environmental performance data

			Unit	Fiscal 2020	Fiscal 2021	Fiscal 2022
Environmental contributions through office activities EMS	Electricity use and related CO_2 emissions	Environmental targets	kWh	1,550,000	1,650,000	1,600,000
		Use volume	kWh	1,578,546	1,539,011	1,593,216
		Emissions volume	t-CO_2	770	723	546
	Paper use	Environmental targets	Thousands of sheets	13,500	13,000	10,000
		Use volume	Thousands of sheets	9,262	8,278	9,457
	Gasoline use, CO_2 emissions, and fuel efficiency for business vehicles and rent-a-car fleet	Environmental targets	L	72,000	69,000	65,000
		Use volume	L	43,768	45,360	49,937
		Emissions volume	t-CO_2	102	105	116
		Fuel consumption volume	km/L	14.3	14.5	16.1
Environmental contributions through business activities	Renewable energy generation operations (CO_2 emissions reductions associated with solar power generation business of Kyocera TCL Solar LLC)	Environmental targets	MWh	355,000	400,000	410,000
		Annual generation volume	MWh	388,084	447,619	☑ 456,008
		CO_2 emissions reductions	t-CO_2	162,025	178,824	☑ 176,703
	Refurbishment operations (Annual number of secondhand computers sold) EMS	Environmental targets	Units	230,000	260,000	209,000
		Unit sales	Units	405,055	247,456	327,017

			Unit	Fiscal 2020	Fiscal 2021	Fiscal 2022
Other environmental performance data	Waste	Total waste emissions	t	2,670	1,350	1,693
		Valuable materials (material recycling volume)	t	985	526	1,127
		Industrial waste emissions	t	1,685	824	566
	Water resources	Water intake (only head office and Okachimachi Bldg.)	Thousands of m^3	22	18	17.7
		Water intake (per unit of production)	m^3	16.43	12.87	11.9
Compliance	Number of environmental law violations EMS		Cases	0	0	0

Environmental accounting

Environmental preservation costs TC

Item	Specific Expenses	Unit	Fiscal 2020	Fiscal 2021	Fiscal 2022
1. Costs within business area	Costs for transition to ecofriendly vehicles and network equipment upgrades	Millions of yen	33	147	107
2. Upstream and downstream costs	Waste disposal expenses	Millions of yen	98	50	27
3. Administrative costs	ISO 14001 certification maintenance and related costs	Millions of yen	28	35	41
	Secretariat, environmental, and CSR expenses	Millions of yen			
		Total	159	231	175

		Breakdown	Unit	Fiscal 2020	Fiscal 2021	Fiscal 2022
Green revenue	Sales of solar power generation businesses	10 solar power generation business companies (Total for Kyocera TCL Solar LLC and nine other companies)	Billions of yen	14.7	18.4	18.6
Green purchasing rate	Rate of green purchasing of office supplies	Ratio of purchase of Tokyo Century-recommenced items (Items compliant with Act on Promotion of Procurement of Eco-Friendly Goods and Services by the State and Other Entities	%	80.2	81.6	84.7
Greenhouse gas emissions through JCM Model Projects	Projected aggregate greenhouse gas emissions reductions when choosing JCM Model Projects	Projected aggregate greenhouse gas emissions reductions	t-CO_2	34,547	35,457	38,343
Aviation business fuel-efficiency initiatives	Ratio of fuel-efficient aircraft assets (Seven aircraft models with high fuel efficiency compared with conventional models)	Ratio of fuel-efficient aircraft assets (Ratio of fuel-efficient aircraft to all aircraft)	%	40.4	45.7	51.8
Introduction of eco-friendly vehicles	Rate of electrified vehicle use (EVs, FCEVs, PHEVs, HVs)	Three auto business companies (Nippon Car Solutions Co., Ltd.; Nippon Rent-A-Car Service, Inc.; and Orico Auto Leasing Co., Ltd.)	%	18.4	19.3	20.6

Changes to the Scope of Data Collection

The following changes to the scope of data collection were implemented in fiscal 2022 (see pages 3 and 4 for more information on the scope of data collection).

*1. The scope of data collection for Scope 1 and Scope 2 emissions comprises eight domestic companies, including Shunan Power Corporation and TC Hotels & Resorts Beppu Co., Ltd. (down three companies year on year due to mergers and reorganizations of subsidiaries), and 25 overseas companies, including 15 group companies of CSI Leasing, Inc. (excluding those in Japan and the United States), and five group companies of EPC Inc. (excluding those in the United States).

*2. Figures for Scope 2 (market-based) greenhouse gas emissions are after deduction of 152.4 t-CO_2 in emissions associated with purchase of non-fossil certificates.

*3. Shunan Power Corporation has been included in the scope of data collection following the start of commercial operation of its biomass–coal co-firing power plant.

*4. Ferry flying of unleased and repossessed aircraft of Aviation Capital Group LLC has been included in the scope of data collection.

*5. The Scope 1 and Scope 2 CO_2 emissions of cross-shareholding counterparties disclosed by CDP or in materials provided by the respective counterparties are included in the scope of data collection.

Climate-related risks and opportunities

Tokyo Century has identified climate change as one of the operational risks covered by its risk management system, and we manage this risk as a non-financial risk. Climate change presents significant risks to Tokyo Century's business while also creating substantial business opportunities. Various initiatives are being advanced based on this 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), the aviation business (aircraft leasing, April 2022), and the automobility business (corporate and individual auto leasing, April 2023). 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/sustainability/esg/environment/tcfd.html

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

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

Targets of measures	Concrete measures
Profitability improvement	**Increasing profitability by improving facility efficiency** ■ 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** ■ 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** ■ 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/assets/pdf/sustainability/sa_solarpower_e.pdf

Climate-related risks and opportunities

Scenario Analysis of Aviation Business (Aircraft Leasing, excerpt)

Risk Severity Assessment

Time frame	Risks	Opportunities
Medium term (2030)	➔ It is possible that government or aviation industry CO_2 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.	➔ 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)	➔ 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.	➔ 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

Issues	Major ongoing initiatives	Countermeasures for future consideration
Contraction of demand	➔ 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	➔ 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	➔ 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	➔ 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/assets/pdf/sustainability/sa_aircraft_e.pdf

Scenario Analysis of the Corporate and Individual Auto Leasing Business (excerpt)

Risk Severity Assessment

Items	Risks	Opportunities
National carbon emissions targets and policies	➔ Further shifting to EVs may result in lower prices for used gasoline and diesel vehicles.	➔ Regulations and subsidies could encourage replacement of older vehicles with newer vehicles and increase demand for new vehicle leases.
Changes in customer behavior	➔ Increased environmental awareness among customers may reduce demand for gasoline and diesel vehicles.	➔ Increased environmental awareness among customers could strengthen demand for EV leasing.
Products and services	➔ Widespread use of EVs, which have fewer parts than gasoline and diesel vehicles, may reduce maintenance revenues.	➔ The shift to EVs could generate new earnings opportunities, such as those related to recharging services and businesses for second-life EV batteries.

Definition of Countermeasures

Issues	Major ongoing initiatives	Countermeasures for future consideration
Shift to EVs	➔ Promote the introduction of EVs to customers, such as by providing EVs to the NTT Group, which has declared its commitment to transition completely to EVs (participation in EV100 initiative) ➔ Propose BCP measures to use EVs as emergency power sources in the event of a natural disaster ➔ Accumulate know-how on EV leasing by starting to handle EV taxis, EV buses, and electric micro-mobility	➔ Strengthen the value chain to launch new EV-related services for corporate and individual customers ➔ Establish an appropriate maintenance system for EVs ➔ Expand the use of preferential interest rates for procuring EVs through the issuance of green bonds
Sale of assets	➔ Set residual values after considering fluctuations in the price of used gasoline and diesel vehicles and diversify prospective buyers	➔ Strengthen monitoring of changes in the used vehicle market for gasoline, diesel, and electric vehicles and set appropriate residual values

■ Scenario Analysis of the Corporate and Individual Auto Leasing Business
https://www.tokyocentury.co.jp/assets/pdf/sustainability/sa_autoleasing_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 2020*	Fiscal 2021*	Fiscal 2022*
Number of environmental impact assessment checks		36	48	64

* Figures for fiscal 2020 only include projects in Japan. Trial overseas projects are included in the figure for fiscal 2021. The full-fledged operation of overseas projects was commenced in fiscal 2022.

Companywide energy conservation initiatives

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

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.

Purchase of Energy from Renewable Sources

In January 2023, three buildings in the Akihabara area of Tokyo that house offices of the Company and of Group companies adopted energy from renewable sources for 100% of the electricity they use.

For more information, please refer to the following press release (in Japanese only).
https://ssl4.eir-parts.net/doc/8439/tdnet/2216908/00.pdf

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.

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.

Tokyo government's global warming response plan system

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

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

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

Tokyo Bureau of Environment

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

https://www.kankyo.metro.tokyo.lg.jp/climate/large_scale/tenant/tenant_karte.html

Environmental Market Opportunities

Sustainable financial products	**Financial services contributing to social sustainability**	**Energy conservation subsidy services**	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. **Major Subsidy Programs** • 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)	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. 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. For more information, please refer to the following press release (in Japanese only). https://ssl4.eir-parts.net/doc/8439/tdnet/2150317/00.pdf
		Leases with attached carbon credits	Tokyo Century has begun offering leases with attached carbon credits to support the decarbonization and corporate value improvement initiatives of customers. Leases with attached carbon credits entail providing carbon credit offset services through programs such as the J-Credit Scheme together with the auto and other leases offered by the Company and Group companies. These services make it possible for customers to offset the CO_2 emissions from the production equipment, IT equipment, vehicles, and other items they lease. For more information, please refer to the following press release (in Japanese only). https://ssl4.eir-parts.net/doc/8439/tdnet/2240405/00.pdf
		Forestry Fund	Tokyo Century has invested and participated in Eastwood Climate Smart Forestry Fund I, a forestry fund organized and operated by Eastwood Forests, LLC, a U.S.-based forest asset management company under the control of Sumitomo Forestry Co., Ltd. As a major investor in this fund, Tokyo Century acts as a member of a committee that makes decisions regarding important matters such as the purchase and sale of forest assets. Through our involvement in the management of this fund, we expect to acquire insight pertaining to forest management that can be used for the development of new forestry businesses. For more information, please refer to the following press release (in Japanese only). https://ssl4.eir-parts.net/doc/8439/tdnet/2310035/00.pdf

Financial products contributing to social sustainability

Fund procurement contributing to social sustainability

Green bonds, sustainability-linked loans, positive impact finance, and DBJ Employees' Health Management Rated Loan Program

Since 2018, Tokyo Century has been promoting fund procurement through green bonds, sustainability-linked loans, positive impact finance, and the DBJ Employees' Health Management Rated Loan Program. A total of ¥453.8 billion has been procured through these activities as of March 31, 2023.

Fund procurement vehicle	Instances	Amount procured (billions of yen)
Green bonds	1	10.0
Sustainability-linked loans	7	233.7
Positive impact finance	3	200.1
DBJ Employees' Health Management Rated Loan Program	1	10.0
Total	12	453.8

Green Bonds

Green bonds are issued by companies for the purpose of procuring funds for green projects around the world, and conditions are defined stating that the funds procured through these bonds can only be used for green projects. Another characteristic of green bonds is the effective traceability management of the procured funds. Tokyo Century has issued green bonds, and the procured funds were allocated to the leasing of solar power generation equipment by consolidated subsidiary Kyocera TCL Solar LLC.

Sustainability-Linked Loans

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.

Positive Impact Finance

Positive impact finance is an approach toward financing based on the Principles for Positive Impact Finance established by the United Nations Environment Programme Finance Initiative as well as on the related guidelines. Under a positive impact finance approach, the positive and negative environmental, social, and economic impacts of projects are comprehensively analyzed and assessed to ensure that funds are used to provide ongoing support to activities that generate positive impacts. Tokyo Century practices positive impact finance by using the degree of contribution to the accomplishment of the United Nations Sustainable Development Goals as an evaluation indicator and conducting monitoring based on disclosed information.

DBJ Employees' Health Management Rated Loan Program

The DBJ Employees' Health Management Rated Loan Program is the world's first financing menu to incorporate health management ratings. Using a proprietary screening system created by Development Bank of Japan Inc., this program rates and selects companies that exhibit excellence in caring for employee health.

Third-Party Assessment Concerning Compliance

Tokyo Century receives third-party opinions regarding the compliance of its green bonds, sustainability-linked loans, and positive impact finance initiatives with the respective principles and guidelines as well as regarding the rationality of the indicators it has defined.

For sustainability-linked loans, for example, 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."

- Annual power generation volume and CO_2 emissions reductions associated with solar power generation business of Kyocera TCL Solar LLC
- Accomplishment of targets for aggregate greenhouse gas emissions reductions when choosing Joint Crediting Mechanism (JCM) Model Projects
- Maintenance of status as DX-certified operator under the DX Certification system organized by the Ministry of Economy, Trade and Industry
- Annual paid leave acquisition rate of 70% or more
- Rate of childcare acquisition by male employees of 100%

For more information, please refer to the following press release (in Japanese only).
https://www.tokyocentury.co.jp/jp/ir/

Sustainable financial products	**Projects for realizing a decarbonized society**	**JCM system** *Joint Crediting Mechanism	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. Over the period from fiscal 2017 to fiscal 2022, Tokyo Century has engaged in 12 projects in four countries (Indonesia, the Philippines, Thailand, and Myanmar) that have been selected for the JCM system. In fiscal 2022, we took part in two such projects, one pertaining to a 1.6 MW solar power generation system for use by plastic container and cosmetics manufacturers in Thailand and another related to an 0.8 MW solar power generation system for aluminum product, packaging material, and automotive parts manufacturers in the Philippines. The two of the projects undertaken in fiscal 2022 were recognized under the new JCM Eco Lease Scheme, which Tokyo Century was involved in designing. For more information, please refer to the following website. https://www.tokyocentury.co.jp/en/sustainability/materiality/decarbonized-society.html

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

Environment-related awards	**Receipt of special award in Chiyoda Ward Global Warming Awareness Program**	In recognition of its efforts to contribute to energy and resource conservation, environmental education, and communities through its business, Tokyo Century was presented with a special award in the fiscal 2022 Chiyoda Ward Global Warming Awareness Program. This is our second time being recognized under this program as an award of excellence was received in the 2016 program. The Chiyoda Ward Global Warming Awareness Program is designed to encourage and recognize excellence in the efforts of business operators located in Chiyoda Ward to address climate change. In this program, awards are presented for superior examples of environmental, educational, community outreach, and other climate change response initiatives and plans at applicable business sites. Our receipt of this honor is in part a reflection of the high evaluation of our efforts to respond to climate change. These efforts include contributing to the popularization and spread of clean energy through the development of solar power generation businesses together with partners and through the adoption of corporate power purchase agreements that entail the supply of renewable energy to customers. Other praised efforts were our environmental education and awareness-raising activities, which include coordination with organizations to which we donate to arrange global warming prevention seminars as well as solar car workshops for elementary school students at the Yabasekihanto megasolar power plant owned by a Group company in Shiga Prefecture.