

Sustainability

Corporate Information

Company Profile

| | |
|----------------------------------------|----------------------------------------------------------------------------------------------------------------------|
| Company name | Tokyo Century Corporation |
| Business activities | Equipment Leasing, Automobility, Specialty Financing, International Business, Environmental Infrastructure |
| 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 |
| Automobility | Automobile leasing for corporate customers and individuals, car rental and car-sharing businesses, etc. |
| Specialty Financing | Leasing and finance (moneylending and investment) including ancillary services and other businesses focusing on product fields, such as shipping, aviation, real estate, 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 |
| Environmental Infrastructure | Electricity generation business and leasing and finance (money-lending and investment) including ancillary services and other businesses related to renewable energy, etc., in Japan and overseas |

| Operating Segments | Number of Employees (Consolidated) * (As of March 31, 2024) | |
|-------------------------------------|----------------------------------------------------------------|----------------|
| Equipment Leasing | 701 | (157) |
| Automobility | 3,401 | (3,351) |
| Specialty Financing | 1,256 | (1,301) |
| International Business | 2,188 | (17) |
| Environmental Infrastructure | 67 | (7) |
| Others | 14 | (3) |
| Corporate (shared) / Administrative | 249 | (34) |
| Total | 7,876 | (4,870) |

* 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 2021 | Fiscal 2022 | Fiscal 2023 |
|---------------------------------------------|-----------------|-------------|-------------|-------------|
| Revenues | Millions of yen | 1,277,976 | 1,324,962 | 1,346,113 |
| Operating income | Millions of yen | 82,675 | 91,221 | 104,225 |
| Ordinary income | Millions of yen | 90,519 | 106,194 | 117,303 |
| Net income attributable to owners of parent | Millions of yen | 50,290 | 4,765 | 72,136 |
| Net income per share* | Yen | 102.89 | 9.74 | 147.32 |
| Return on equity | % | 8.1 | 0.7 | 8.8 |
| Return on assets | % | 1.6 | 1.8 | 1.9 |
| Operating income to revenues | % | 6.5 | 6.9 | 7.7 |

* Effective January 1, 2024, the Company conducted a four-for-one stock split of its common shares. Figures for net income per share have been calculated based on the assumption that the stock split had been conducted with an effective date of April 1, 2022.

2. Consolidated Financial Position

| Item | Unit | Fiscal 2021 | Fiscal 2022 | Fiscal 2023 |
|----------------------------|-----------------|-------------|-------------|-------------|
| Total assets | Millions of yen | 5,663,787 | 6,082,114 | 6,460,930 |
| Net assets | Millions of yen | 795,580 | 888,985 | 1,011,176 |
| Shareholders' equity ratio | % | 11.9 | 12.5 | 13.5 |
| Net assets per share* | Yen | 1,376.88 | 1,555.54 | 1,781.32 |

* Effective January 1, 2024, the Company conducted a four-for-one stock split of its common shares. Figures for net assets per share have been calculated based on the assumption that the stock split had been conducted with an effective date of April 1, 2022.

3. Consolidated Cash Flows

| Item | Unit | Fiscal 2021 | Fiscal 2022 | Fiscal 2023 |
|-----------------------------------------------------|-----------------|-------------|-------------|-------------|
| Net cash provided by (used in) operating activities | Millions of yen | 227,383 | △31,429 | △176,742 |
| Net cash provided by (used in) investing activities | Millions of yen | △16,075 | △31,308 | △108,497 |
| Net cash provided by (used in) financing activities | Millions of yen | △201,421 | 6,926 | 261,897 |
| Cash and cash equivalents at end of year | Millions of yen | 240,047 | 201,280 | 183,925 |

4. Segment Information (Fiscal 2023)

| Millions of yen | | | | | | | | |
|-----------------------|-------------------|--------------|---------------------|------------------------|------------------------------|--------|--------------------------------------------------|--------------------------------------------|
| Item | Equipment Leasing | Automobility | Specialty Financing | International Business | Environmental Infrastructure | Others | Adjustments in consolidated financial statements | Total in consolidated financial statements |
| Segment revenues | 458,612 | 337,165 | 312,184 | 177,392 | 59,655 | 1,102 | — | 1,346,113 |
| Segment income (loss) | 24,154 | 16,655 | 29,977 | 10,950 | 1,892 | 1,082 | △12,576 | 72,136 |
| Segment assets | 1,273,522 | 479,003 | 2,825,264 | 822,699 | 273,921 | 46,023 | 740,496 | 6,460,930 |
| Return on assets* | 1.9% | 3.1% | 1.1% | 1.5% | 0.7% | — | — | 1.3% |

* ROA = Net income attributable to owners of parent / Segment assets (simple average of beginning and end-of-term balance sheet figures) × 100

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.

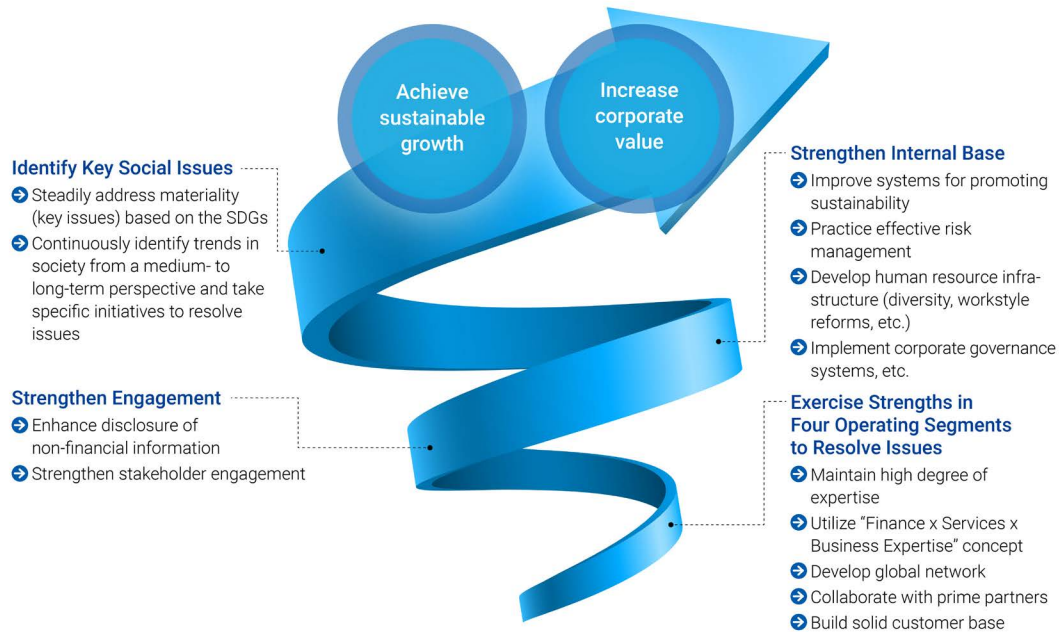
6. We will avoid contact with antisocial forces and criminal organizations.

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



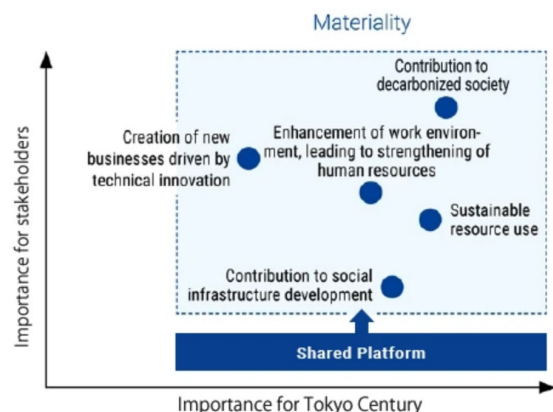
Process for Identifying Materiality (Key Issues)

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, the Management Meeting, 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).



* Major ESG evaluation and non-financial disclosure standards referenced in determining the degree of materiality of key issues for 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 |

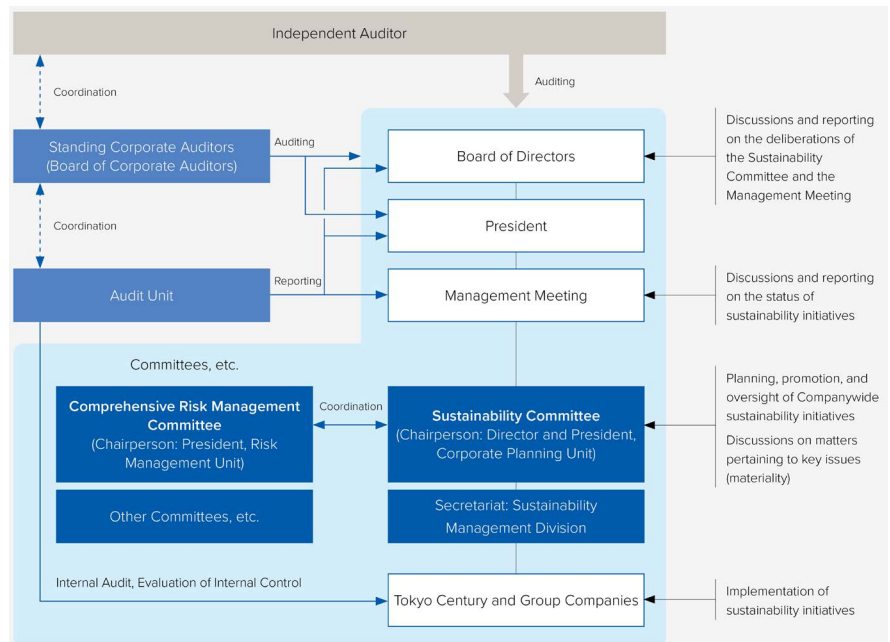
Structure for Promoting Sustainability Management

In its pursuit of sustainable growth through sustainability management, Tokyo Century has instituted a monitoring system to confirm progress of management strategies based on its defined five key issues (materiality) and to provide advice for improvements. Moreover, appropriate governance is practiced and a PDCA (plan-do-check-act) cycle is implemented to improve the effectiveness of sustainability management.

Role of the Sustainability Committee

Established in April 2018, the Sustainability Committee 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 latter. The Sustainability Committee is chaired by the director and president of the Corporate Planning Unit, and this committee promotes initiatives for addressing materiality items that position sustainability as an important management issue along with various other initiatives.

The Audit Unit has been established as an independent organization under the direct control of the president and is tasked with performing internal audits of Tokyo Century and Group companies that investigate matters including those pertaining to sustainability. Standing corporate auditors meet with the Audit Unit once a month, in principle, to exchange information, and important findings are then reported to external corporate auditors at meetings of the Board of Corporate Auditors.



For information on the members and meetings of the Sustainability Committee as well as major agenda items discussed at said meetings, please refer to the following website.

https://www.tokyoecentury.co.jp/en/sustainability/our-sustainability/sustainability-management.html#anc_roleoftheSustainabilityCommittee

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 26 and thereafter.)

Medium-Term Management Plan 2027 puts forth the focus areas of decarbonization, social infrastructure, and a circular economy. To measure progress toward addressing materiality items in a manner that coincides with these focus areas, Tokyo Century defined the new KPI of transaction volume^{*1} (leases, financing, investments, etc.) in fiscal 2023.

Prior KPIs only tracked transactions in certain businesses. The new KPI of transaction volume, however, covers transactions in all businesses and is thus able to better illustrate how Tokyo Century's business activities are tied to its contributions to society. Moreover, the new KPI also corresponds with the management indicators used to monitor the sales performance of Tokyo Century Group employees and thereby incentivizes them to advance business activities for addressing materiality items. At the moment, around 80% of Tokyo Century's overall transaction volume is applicable to the Company's materiality items. We have not yet formulated medium- to long-term targets for the new KPI, but we intend to examine the possibility of setting specific targets as necessary going forward.

Enhancement of Materiality Effectiveness Introduction of New KPI

Businesses Applicable under New KPI of Transaction Volume and Results Thereof

| Materiality (Key Issues) | Applicable Businesses | KPI: Transaction Volume | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| | | FY2022 | FY2023 |
| 1 Contribution to decarbonized society Contribute to widespread use of clean energy through climate change response and environmental efforts   | <ul style="list-style-type: none"> Renewable energy businesses (amount of investment in solar power and biomass power generation businesses, corporate power purchase agreements, and storage battery businesses) Introduction of electric vehicles in Automobility segment Introduction of fuel-efficient aircraft in aircraft leasing businesses Joint crediting mechanism (JCM) business, etc. | ¥296.2 billion | ¥344.7 billion |
| 3 Contribution to social infrastructure development Respond to advances in global mobility services and cooperate with local communities to contribute to social infrastructure development   | <ul style="list-style-type: none"> Mobility (auto leasing,^{*2} aircraft, shipping, etc.) Real estate (offices, logistics facilities, data centers, hotels, etc.) Transactions pertaining to public facilities (government agencies, schools, hospitals, etc.) and infrastructure (power distribution equipment, public broadcast equipment, etc.), etc. | ¥479.7 billion | ¥641.2 billion |
| 4 Sustainable resource use Contribute to development of a circular economy focused on the value of assets   | <ul style="list-style-type: none"> Lease transactions that do not apply to other materiality items Leasing by CSI Leasing, Inc. Secondhand vehicle sales, etc. | ¥396.5 billion | ¥473.0 billion |
| Total | | ¥1,172.4 billion | ¥1,458.9 billion |

^{*1} Calculated using amounts of lease and rental transactions, financing, investments, and sales based on internal sales management figures
 Scope: Tokyo Century Corporation and 15 major subsidiaries (FLCS Co., Ltd.; EPC Japan K.K.; Nippon Car Solutions Co., Ltd.; Nippon Rent-A-Car Service, Inc.; Kyocera TCL Solar LLC; Aviation Capital Group LLC; CSI Leasing, Inc.; Allegiant Partners Inc.; Tokyo Century (USA) Inc.; Tokyo Century Leasing (Singapore) Pte. Ltd.; Tokyo Century Capital (Malaysia) Sdn. Bhd.; TISCO Tokyo Leasing Co., Ltd.; HTC Leasing Co., Ltd.; TC Car Solutions (Thailand) Co., Ltd.; and BPI Century Tokyo Lease & Finance Corporation)

^{*2} Mobility business transactions pertaining to the introduction of electric vehicles are excluded from the transaction amount for "contribution to social infrastructure development" as these transactions are included in the transaction amount for "contribution to decarbonized society."



Contribution to Decarbonized Society

The Tokyo Century Group recognizes that addressing environmental issues is a key management concern and will thus 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 Group will act with due consideration for environmental issues, including the 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.

Our efforts to contribute to a decarbonized society include environmental activities in offices, the development of solar power and other renewable energy businesses, the promotion of the Financing Program for Joint Crediting Mechanism (JCM) Model Projects for reducing greenhouse gas emissions through collaboration with developing countries and for sharing emissions reduction benefits between involved countries, and other efforts for addressing climate change through our business activities.

We are also working to reduce Scope 3 emissions. For example, 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. In the Environmental Infrastructure segment, we own and operate multiple solar power plants through Kyocera TCL Solar LLC and other subsidiaries. In addition, Tokyo Century established A&Tm Corporation as a joint venture together with Tokyo Gas Engineering Solutions Corporation and KYOCERA Communication Systems Co., Ltd. This joint venture provides asset and technical management services for solar power generation projects. A&Tm is combining the technological strengths of joint business partners to provide services for improving the generation efficiency and profitability of solar power plants. In the past, as a leasing company, our renewable energy businesses focused on growing our asset portfolios. Today, we are refining our approach to include the development of value chains that provide additional value in the form of software and services to expand existing businesses while creating new businesses.

| KPI | Metric | Unit | Target year | Target | Fiscal 2021 | Fiscal 2022 | Fiscal 2023 |
|------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|-----------------------------------|-------------|-----------------------------------------------------------------------------|-------------|-------------|-------------|
| Reduction of electricity use (environmental contributions through office activities) | Electric use | kWh | Fiscal 2024 | Less than 1,769,000 kWh | 1,539,011 | 1,593,216 | 1,612,032 |
| | CO ₂ emissions | t-CO ₂ | Fiscal 2024 | Less than 310 t-CO ₂ | 723 | 546 | 246 |
| Reduction of gasoline use (environmental contributions through office activities) | Gasoline use | L | Fiscal 2024 | Less than 55,000 L | 45,360 | 49,937 | 48,789 |
| | CO ₂ emissions | t-CO ₂ | Fiscal 2024 | Less than 126 t-CO ₂ | 105 | 116 | 112 |
| | Fuel efficiency | km/L | Fiscal 2024 | More than 14.5 km/L | 14.5 | 16.1 | 17.3 |
| Reduction of paper use (environmental contributions through office activities) | Paper use (A4 size equivalent) | Thousands of sheets | Fiscal 2024 | Less than 9.8 million sheets | 8,278 | 9,457 | 8,703 |
| Reduction of head office electricity use (intensity target) | Per-area electricity use | kWh/m ² | Fiscal 2030 | Less than 56.9 kWh/m ² (38% reduction in comparison with FY2009) | 64.84 | 67.69 | 66.94 |
| 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 | — | — | 0.030 | 0.017 | 0.000 |
| Reduction of CO ₂ emissions through solar power businesses of consolidated subsidiaries ^{*1} | Annual generation volume | MWh | Fiscal 2024 | More than 549,700 MWz | 482,795 | 536,591 | 560,575 |
| | Reductions of CO ₂ emissions (compared with standard thermal power generation) | t-CO ₂ | Fiscal 2024 | More than 215,757 t-CO ₂ | 192,877 | 207,929 | 218,344 |
| Rate of electrified vehicle use (EVs, FCEVs, PHEVs, HVs) | Automobility ^{*2} | % | — | — | 16.8 | 18.4 | 20.3 |
| Rate of fuel-efficient aircraft ^{*3} use | Ratio of fuel-efficient aircraft assets ^{*4} | % | — | — | 45.7 | 51.8 | 57.6 |
| 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 | 35,457 | 38,343 | 43,034 |

*1 Fiscal 2024 targets are for Kyocera TCL Solar LLC and nine other solar power business companies.

*2 Automobility: Nippon Car Solutions Co., Ltd., and Nippon Rent-A-Car Service, Inc.

*3 Fuel-efficient aircraft: A220, A320neo, A321neo, A350, 737MAX, 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. 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)

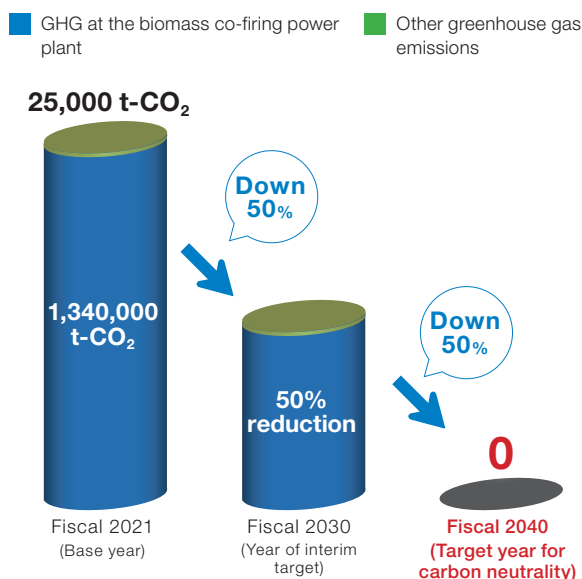
^{*2} Direct emissions from Company-owned and controlled resources (Scope 1) and indirect emissions from the consumption of purchased electricity, heat, and steam (Scope 2)

^{*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. \(in Japanese only\)](#)

^{*}For more information on Shunan Power Corporation, please refer to the following website (in Japanese only). <https://shunanpower.co.jp/>



Creation of New Businesses Driven by Technical Innovation

Tokyo Century has positioned digital transformation as a means of strengthening its management base to realize innovation in its corporate culture and business model. The Company 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 [digital] technologies. Moreover, we have set up the DX Strategy Division to guide the ongoing promotion of digital transformation.

Tokyo Century has defined four policies for its digital transformation strategies aimed at achieving its management vision and ensuring its initiatives are advanced in the desired direction: 1. Innovate corporate culture, organization, and processes (implement initiatives for evolving into a cutting-edge digital transformation company); 2. Improve productivity through innovation (fully deploy digital tools to improve operations and productivity); 3. Transform existing businesses (implement key measures to transform existing businesses to overcome Japan's "2025 Digital Cliff" associated with legacy systems); and 4. Create new businesses (focus on co-creation of new businesses with corporate partners).

As examples of our efforts with regard to 4. Create new businesses, we are advancing subscription business initiatives through means such as investment in and a business alliance with Bplats, Inc., a provider of comprehensive subscription service business platforms. We have also established IBeeT Corporation, a joint venture with ITOCHU Corporation, to supply household electricity storage systems, which are decentralized power sources that contribute to decarbonization. Meanwhile, 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 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, among other ventures, through a business alliance with major map solutions provider ZENRIN CO., LTD. Other initiatives include a business alliance with XMart Inc., provider of the XOrder software-as-a-service ordering platform for improving the efficiency of order processing between restaurants and food product wholesalers. These and other initiatives for creating new, next-generation businesses are being advanced on a Companywide basis.

In March 2021, Tokyo Century became the first leasing-based financial services provider to be recognized as a DX-certified operator advancing superior initiatives under the DX Certification system organized by the Ministry of Economy, Trade and Industry (METI), and we have since renewed our certification. Moreover, in May 2024 the Company was included among the Noteworthy DX Companies 2024 in the Digital Transformation Stock Selection 2024 program organized jointly by METI, the Tokyo Stock Exchange, and the Information-technology Promotion Agency, Japan.

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, as part of our commitment to taking on new challenges going forward.

| KPI | Supplement |
|-----------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Certification under METI's DX Certification system* | Certification under METI's DX Certification system achieved in March 2021 and renewed in March 2023; inclusion among Noteworthy DX Companies 2024 in May 2024 |

* 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, METI 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 and revised in September 2022.

Tokyo Century was included among the Noteworthy DX Companies 2024 announced in May 2024. This selection features companies not selected for the DX Stocks 2024 category that have been making noteworthy efforts, in particular those for contributing to improvements in corporate value.

Contribution to Social Infrastructure Development



In the Automobility segment, 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. 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. These characteristics of our business constitute one of the reasons we have defined “contribution to social infrastructure development” among our key issues (materiality).

Other initiatives in the Automobility segment include 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 such 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. Later, in July 2023, Nippon Car Solutions began supplying the Offseg AI-powered driving safety telematics service developed by DENSO TEN Limited in July 2023. By enhancing Nippon Car Solutions’ Drive Doctor and other telematics service offerings, we expect to be able to provide customers with optimal solutions and thereby contribute to reductions in traffic accidents.

At the same time, we are working to develop social infrastructure that promotes tourism and contributes to regional revitalization. As part of these efforts, we opened ANA InterContinental Beppu Resort & Spa in Beppu City, Oita Prefecture, in August 2019 and then Hotel Indigo Karuizawa in the town of Karuizawa, Nagano Prefecture, in February 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 scheduled to open in fiscal 2028 in Torch Tower, located in the TOKYO TORCH district facing the Nihombashi Exit of Tokyo Station, which we are developing together with relevant rights holders. In addition, we are participating in the Tokyo Cross Park Vision next-generation smart city project calling for the development of Tokyo’s Uchisaiwaicho 1-chome District.

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

In a publicly certified wholesale market redevelopment project in Toyama City, Toyama Prefecture, which is being advanced as a collaborative real estate project together with NTT TC Leasing Co., Ltd., we have begun leasing buildings developed and owned by NTT TC Leasing and Tokyo Century. Together, 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* | Unit | Fiscal 2021 | Fiscal 2022 | Fiscal 2023 |
|-----------------------------------------------------------------------------|-----------------------|--------------|-------------|-------------|-------------|
| Number of vehicles equipped with telematics services | NCS, NRS | Vehicles | 74,180 | 82,051 | 88,359 |
| Number of safe driving lessons conducted using telematics services | NCS | Lessons | 923 | 1,132 | 1,049 |
| | | Participants | 13,261 | 18,774 | 14,149 |
| Ratio of rental cars equipped with safety features (automated brakes, etc.) | NRS | % | 96.0 | 97.2 | 97.4 |

* NCS: Nippon Car Solutions Co., Ltd.; NRS: Nippon Rent-A-Car Service

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 focusing on the value of assets and their effective utilization is 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. CSI Leasing has been acquiring companies in various countries and taking other steps to establish local bases in markets around the world for propelling the development of its IT equipment life-cycle management service businesses.

In the aviation business, major U.S. aircraft leasing company Aviation Capital Group LLC (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.

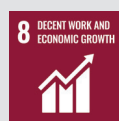
Tokyo Century's automobility business contributes to sustainable resource use through a value chain that encompasses maintenance factories. In this area, Nippon Rent-A-Car Service, Inc., offers car rental services that deliver improved customer convenience and which contribute to sharing economies, as 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 MIRALABO, which possesses electric vehicle (EV) battery diagnosis and evaluation and reuse technologies. We have also concluded a business alliance agreement with Kansai Electric Power Company, Incorporated, in relation to a stationary storage battery business utilizing used batteries from EVs, and verification tests are currently underway as part of this alliance. Going forward, we will continue to work with these partners to bolster and supply environment-friendly mobility services related to the reuse and recycling of EV batteries.

Tokyo Century is also taking steps to comply with Japan's Plastic Resource Circulation Act. Specifically, we have set and announced targets for the recycling rate of industrial waste from plastic products and for the reduction of plastic office supplies and other plastic products. As one facet of our efforts to contribute to the creation of an environmentally sound, sustainable economy and society, as called for by our Management Philosophy, we have put forth a target of reducing purchases of plastic clear files by 50% (compared with fiscal 2022) by March 31, 2026. We have been transitioning from plastic clear files to paper files for providing documents to business partners, and those plastic clear files purchased for internal use are being reused on a Companywide basis in fiscal 2021. Moreover, a framework for sorting and reusing plastic clear files based on their condition was implemented at certain head office divisions in fiscal 2023. By expanding the scope of these initiatives, we look to achieve a 100% recycling rate of plastic clear files by March 31, 2025.

| KPI | Metric | Unit | Target year | Target | Fiscal 2021 | Fiscal 2022 | Fiscal 2023 |
|-----------------------------------------------------------------------------------------|--------------------------------------------------|-----------|-------------|--------------------------------------------------------------------------------------------------|-------------|-------------|------------------|
| Refurbishment business | Annual sales of secondhand computers | Computers | Fiscal 2026 | More than 301,000 computers | 247,456 | 327,017 | 350,813 |
| ITAD data erasure services (CSI Leasing subsidiary Executive Personal Computers, Inc.)* | Number of units processed with ITAD services | Units | Fiscal 2025 | 2,000,000 units | 1,208,184 | 1,713,011 | 1,694,606 |
| Promotion of car rental services (Nippon Rent-A-Car Service, Inc.) | Number of rental cars | Cars | — | — | 31,157 | 33,201 | 35,158 |
| Recycling rate of industrial waste from plastic products | Amount of industrial waste from plastic products | % | Fiscal 2026 | Maintain an average recycling rate of at least 90% for five fiscal years starting in fiscal 2022 | — | 93.3 | Under tabulation |
| Rate of reduction of use of plastic office supplies | Amount of purchases of plastic clear files | % | Fiscal 2025 | Reduce purchases of plastic clear files by 50% (compared with fiscal 2022) | — | 100% | 105.4% |

* Executive Personal Computers, Inc., of the United States and nine other companies were included in the scope of calculation in fiscal 2023.

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 engagement 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 via this process. 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. Tokyo Century has also launched TC-Mee+, an internal exchange forum aimed at enhancing communication among employees.

Moreover, the Diversity Promotion Office and the Career Design Office have been established within the Personnel Division to guide us in 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.

Defining 2023 as the first year of its full-fledged launch of well-being initiatives, Tokyo Century began broadcasting interviews with officers and employees and webinars on the themes of diversity, equity, and inclusion and diversity through its Tokyo Century NEWS owned media outlet as part of its proactive efforts to communicate information to external stakeholders.

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 recognition of this diligence, Tokyo Century has been included in gender diversity-related indexes, such as the MSCI Japan Empowering Women (WIN) Select Index and Morningstar Japan ex-REIT Gender Diversity Tilt Index. The Company has been selected for inclusion in the 2024 Certified Health & Productivity Management Outstanding Organizations Recognition Program and was awarded a silver rating in the 2023 PRIDE INDEX.

| KPI | Unit | Target year | Target | Target employees | Fiscal 2021 | Fiscal 2022 | Fiscal 2023 |
|------------------------------------------------------------|------|-------------|------------------------------------------------------------------------|------------------|-------------|-------------|-------------|
| Annual paid leave acquisition rate | % | 2027 | Maintain rate of 70% or more | — | 75.6 | 78.8 | 81.1 |
| 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 | — | 3.22 | 2.86 | 3.40 |
| Ratio of women among new-graduate hires | % | 2027 | Maintain rate of 40% or more | — | 52.9 | 42.1 | 53.2 |
| Ratio of female managers among all managers | % | 2030 | 30% or more | — | 9.7 | 11.8 | 12.0 |
| Ratio of women in assistant manager position or equivalent | % | — | — | — | 48.1 | 49.6 | 51.8 |
| Gender-based wage disparity*1 | % | — | — | All employees | — | 58.7 | 58.1 |

| KPI | Unit | Target year | Target | Target employees | Fiscal 2021 | Fiscal 2022 | Fiscal 2023 |
|----------------------------------------------------------------------------------|------------------|-------------|-------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|-------------|-------------|--------------------|
| Ratio of continuous employment after ten year by gender | % | – | – | Women | 42.9 | 61.5 | 66.7 |
| | | | | Men | 58.3 | 65.4 | 56.0 |
| Employee turnover rate | % | – | – | Women | 0.9 | 0.9 | 1.0 |
| | | | | Men | 4.5 | 3.6 | 4.0 |
| 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 | – | 98.6 | 100.0 | 100.0 |
| Ratio of employees receiving specific health guidance | % | 2027 | Ratio of employees receiving specific health guidance 80% or more | Officers and employees subject to specific health guidance over 40 years old | 81.7 | 80.4 | Under tabulation |
| Training expenses ^{*2} | Millions of yen | – | – | – | 51.0 | 70.9 | 113.2 |
| Training expenses per employee ^{*2} | Thousands of yen | – | – | – | 55 | 74 | 109 |
| Training hours per employee | Hours | – | – | – | 22.5 | 46.5 | 49.1 |
| Employees relocated through Career Challenge Program internal recruitment system | People | – | – | – | 13 | 18 | 19 |
| Employee engagement index | Deviation value | 2027 | Maintain and improve ratio of positive responses in employee engagement index | All employees (Excluding dispatched employees and individuals seconded from other companies) | *3 | – | 53.2 ^{*3} |

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 engagement index has been measured using the Motivation Cloud service provided by Link and Motivation Inc. since fiscal 2023 and is represented as a deviation value from a nationwide average of 50. In fiscal 2021, a 63% rate of positive responses was received based on measurements in a survey conducted by a different company.



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

- 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

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


CSI LEASING

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

- 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

- 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

- 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.

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

2009

2010

2011

2012

2013

2014

2015

2016

2017

2018

2019

2020

2021

2022

2023

- 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


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

Tokyo Century

- Changed corporate name to Tokyo Century

- 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

- 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

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

FFGリース

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

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

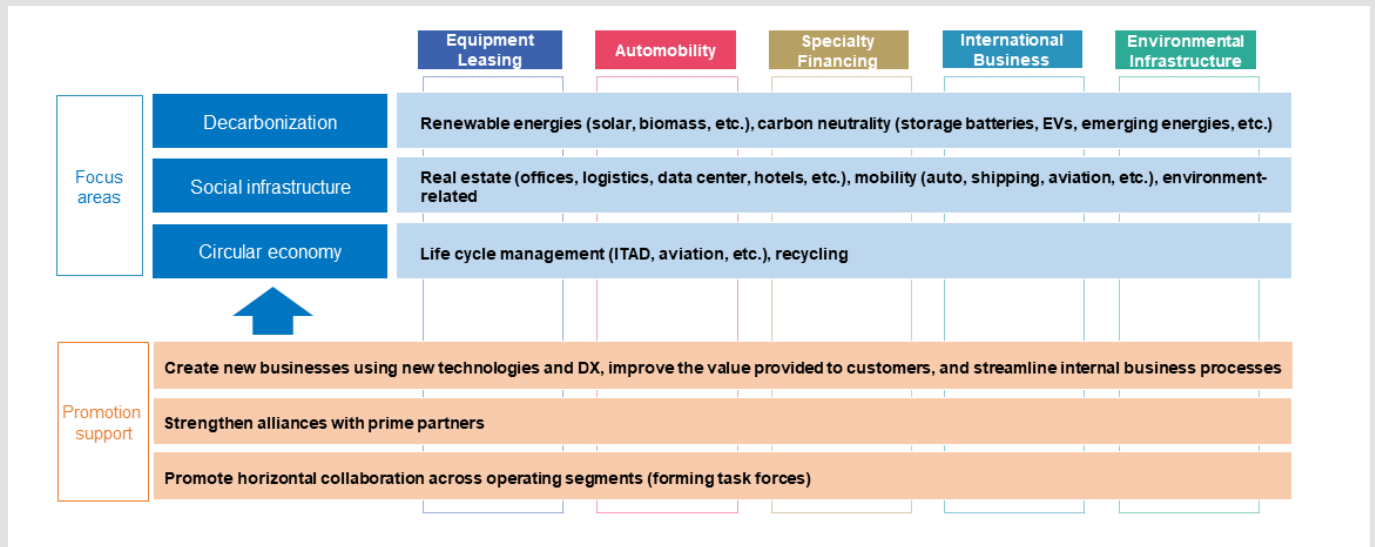
| | Approach Pertaining to Specific Stakeholder Groups | Communication and Other Activities |
|---------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 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. 260 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 ● Establishment of Tokyo Century Group Environmental and Social Management Policy for Financing and Investment Activity (new policy implemented based on requests from shareholders and other investors) |
| 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 through solar power generation business company for COOL CHOICE global warming prevention awareness poster contest organized by Ohmi Environment Conservation Foundation ● Endorsement of TCFD recommendations and participation in United Nations Global Compact, GX League, 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 ● One-on-one meetings (periodic meetings for providing feedback pertaining to human resource evaluations, etc.) ● 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

Equipment Leasing

Invest in growth areas and aim for earnings growth of affiliated companies through collaboration with partners

Growth Strategies

- Reinforce earnings power, such as increasing the value of the leasing business
- Enhance integrated group management
- Expand in growth markets and areas with high potential for collaboration with close partners, such as logistics facilities, storage batteries, and renewable energies
- Pursuit of partnerships and alliance strategies
- Further improve asset efficiency

Automobility

Aim for "Top Mobility Service Company" by deepening existing areas and promoting next-generation businesses

Existing Business Area

- Further deepen the auto business for corporations by increasing the value of existing businesses
- Take overwhelming market share in the auto business for individuals
- Achieve dramatic increase in profit margin through further improvement in the quality of car rental services and price optimization

Next-Generation Area

- Increase handling of EVs and strengthen the EV value chain, such as charging services and battery reuse
- Expand into new areas such as data business, advanced maintenance, logistics, and parking services

Specialty Financing

In addition to the recovery of ACG, expand investments in growth areas such as real estate and business investment, and also promote asset turnover

Aviation

- Earnings growth of ACG
 - Promote asset turnover
- < ACG builds a good portfolio to improve ROA >
- Promote the introduction of new technology aircraft and flexible aircraft sales to secure earnings and improve the portfolio risk profile
 - Build profitable assets striking a balance between risk and return diversified in terms of credit and areas

Real estate

- Flexible investment and development in response to market changes
- Establish a cycle of investment/payback for overseas projects

Investment Collaboration with AP

- Promote collaboration with Advantage Partners (AP), etc. Investment in growth areas, such as carve-outs by large companies and renewable energies

International Business

Global expansion based on CSI and promote auto and niche businesses in North America and Asia Pacific

CSI

- Expand operational bases into new markets through M&A and maximize profits
- Promote managed services through collaboration with partners

North America Asia-Pacific

- Strengthen auto and niche businesses in North America and Asia Pacific
- Promote data center business

Environmental Infrastructure

Strengthen the profitability of existing businesses, expand new ones, and drive environment-related businesses throughout the TC Group

Storage Battery

- Build and operate new storage battery power plants
- Install storage batteries in existing solar power plants

Overseas Business

- Solar and wind power generation centering on North America, Europe, and Australia
- Consider flexible options on possession and sale

Other focus areas

Asset Management

New Energy

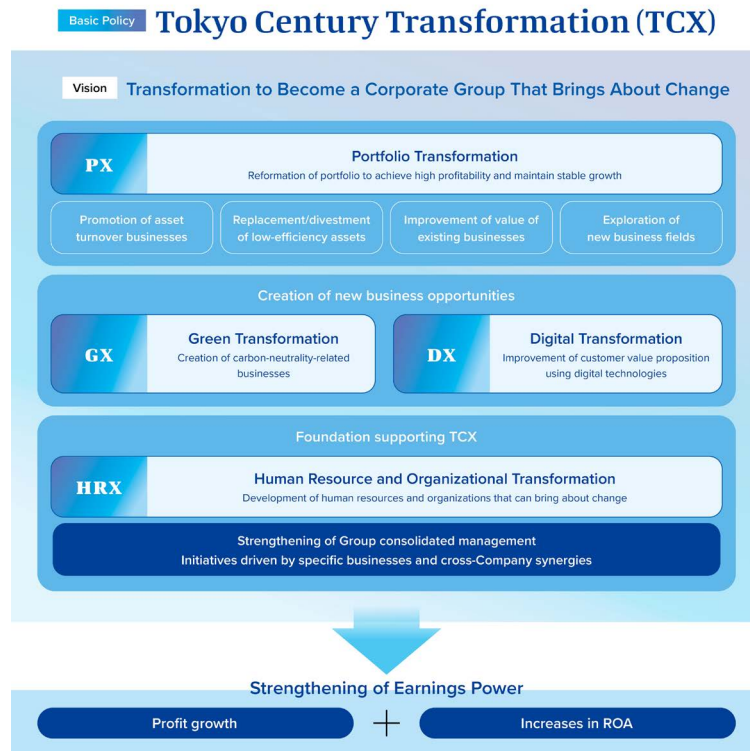
Business Investment

Green Transition

Main partners

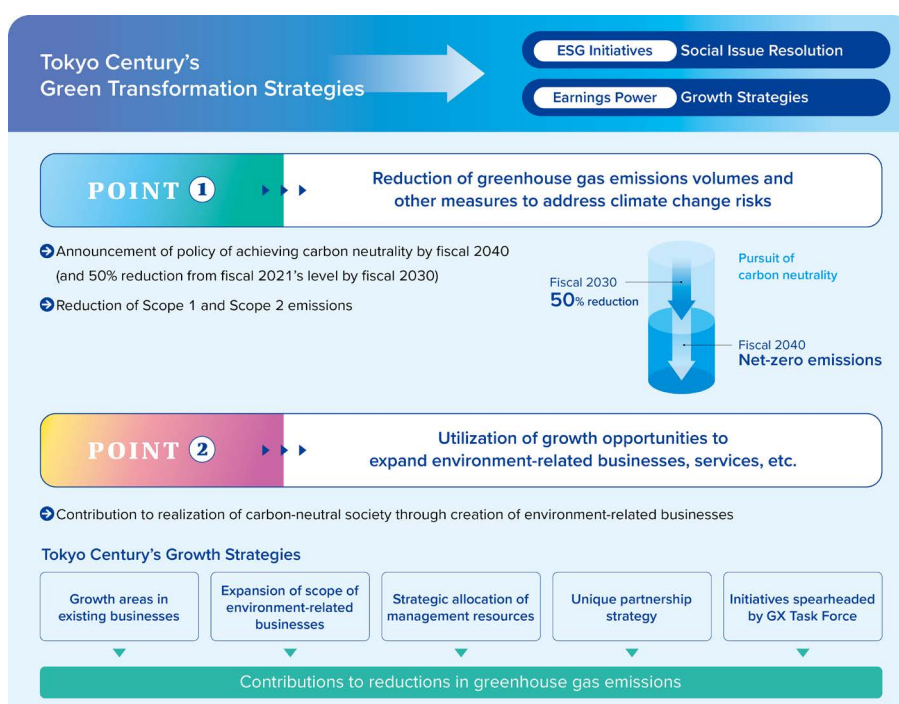


Overview of Tokyo Century Transformation



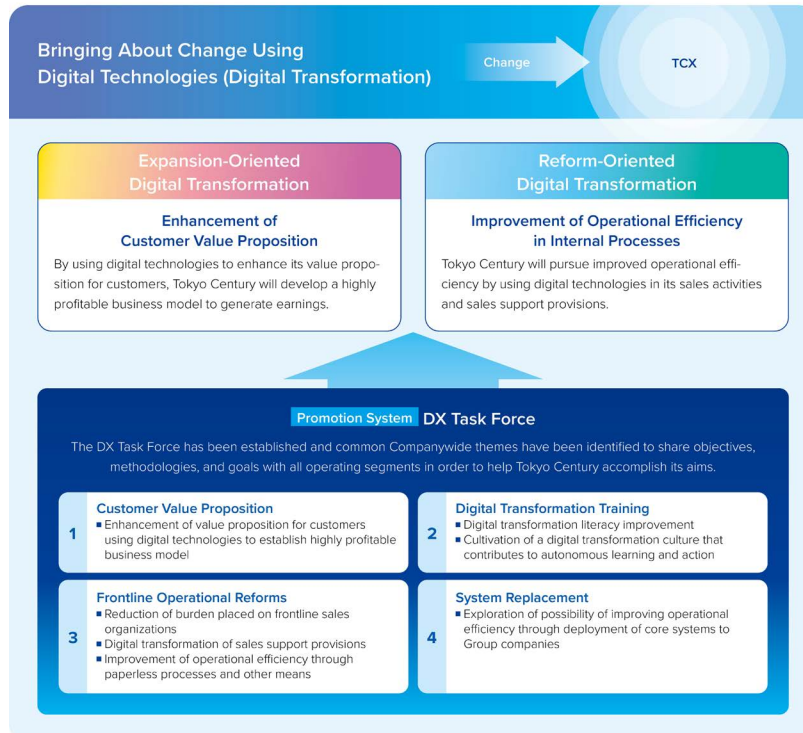
GX: Promotion of Carbon-Neutrality-Related Businesses

Green transformation is one type of transformation advocated under the TCX concept. In pursuing green transformation, the Tokyo Century Group seeks to achieve carbon neutrality and to create environment-related businesses that cater to society's carbon-neutrality needs.



DX: Improvement of Customer Value Proposition Using Digital Technologies

Digital transformation is crucial for building the foundation necessary for implementing the TCX basic policy of Medium-Term Management Plan 2027. Tokyo Century has established the Companywide DX Task Force to promote initiatives for bringing about change using digital technologies, and initiatives toward this end are currently underway.



HRX: Human Resource and Organizational Strategies

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

