

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 Koji Fujiwara, 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 NTT, Inc.
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)*	
Equipment Leasing	717	(159)
Automobility	3,459	(3,455)
Specialty Financing	1,247	(1,215)
International Business	2,362	(16)
Environmental Infrastructure	90	(7)
Others	13	(2)
Corporate (shared) / Administrative	258	(44)
Total	8,146	(4,898)

* 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 2022	Fiscal 2023	Fiscal 2024
Revenues	Millions of yen	1,324,962	1,346,113	1,368,635
Operating income	Millions of yen	91,221	104,225	117,060
Ordinary income	Millions of yen	106,194	117,303	132,272
Net income attributable to owners of parent	Millions of yen	4,765	72,136	85,279
Net income per share*	Yen	9.74	147.32	174.51
Return on equity	%	0.7	8.8	9.0
Return on assets	%	1.8	1.9	2.0
Operating income to revenues	%	6.9	7.7	8.6

* 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, 2023.

2. Consolidated Financial Position

Item	Unit	Fiscal 2022	Fiscal 2023	Fiscal 2024
Total assets	Millions of yen	6,082,114	6,460,930	6,862,861
Net assets	Millions of yen	888,985	1,011,176	1,176,889
Shareholders' equity ratio	%	12.5	13.5	15.0
Net assets per share*	Yen	1,555.54	1,781.32	2,110.36

* 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, 2023.

3. Consolidated Cash Flows

Item	Unit	Fiscal 2022	Fiscal 2023	Fiscal 2024
Net cash provided by (used in) operating activities	Millions of yen	(31,429)	(176,742)	51,371
Net cash provided by (used in) investing activities	Millions of yen	(31,308)	(108,497)	(31,466)
Net cash provided by (used in) financing activities	Millions of yen	6,926	261,897	(43,381)
Cash and cash equivalents at end of year	Millions of yen	201,280	183,925	168,797

4. Segment Information (Fiscal 2024)

Item	Billions of yen							
	Equipment Leasing	Automobility	Specialty Financing	International Business	Environmental Infrastructure	Others	Adjustments in consolidated financial statements	Total in consolidated financial statements
Segment revenues	449.1	300.7	334.5	222.7	60.8	0.8	–	1,368.6
Segment income (loss)	22.8	17.7	32.9	16.3	0.1	1.7	(6.2)	85.3
Segment assets	1,275.0	500.8	2,972.9	977.2	285.2	48.8	803.0	6,862.9
Return on assets*	1.8%	3.6%	1.1%	1.8%	0.0%	–	–	1.4%

* 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.

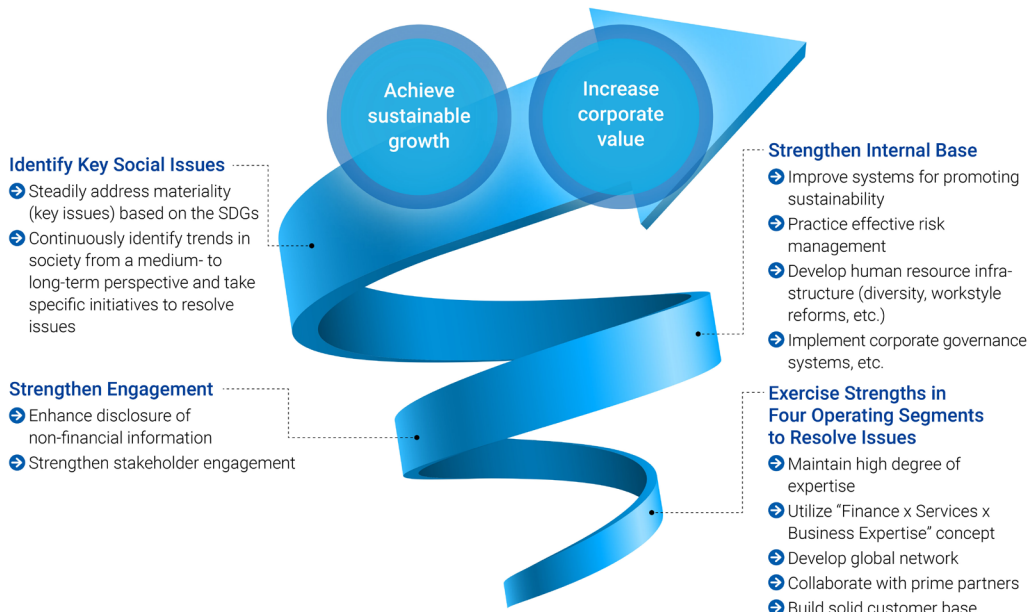
6. We will avoid contact with antisocial forces and criminal organizations.

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 Through Business Activities



Process for Identifying Materiality (Key Issues)

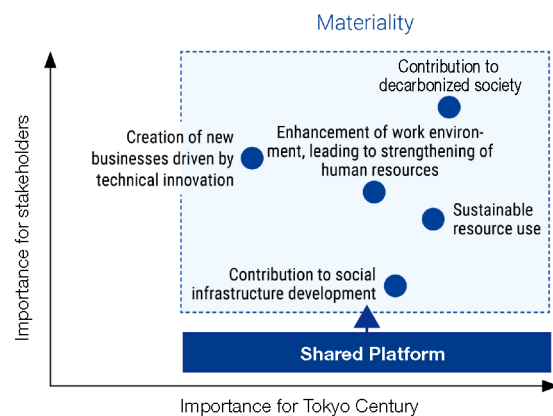
For Tokyo Century, sustainability management constitutes a management strategy for both resolving social issues and achieving sustainable growth and improvements in corporate value by contributing to the creation of an environmentally sound, sustainable economy and society, as described in its Management 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 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 12, 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, automobile leasing, 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, and aircraft life-cycle management	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	Implementation of telecommuting, employee awareness surveys, and 360° evaluation systems	8 DECENT WORK AND ECONOMIC GROWTH
Shared platforms	Utilize diverse partnerships to create new value		17 PARTNERSHIPS FOR THE GOALS

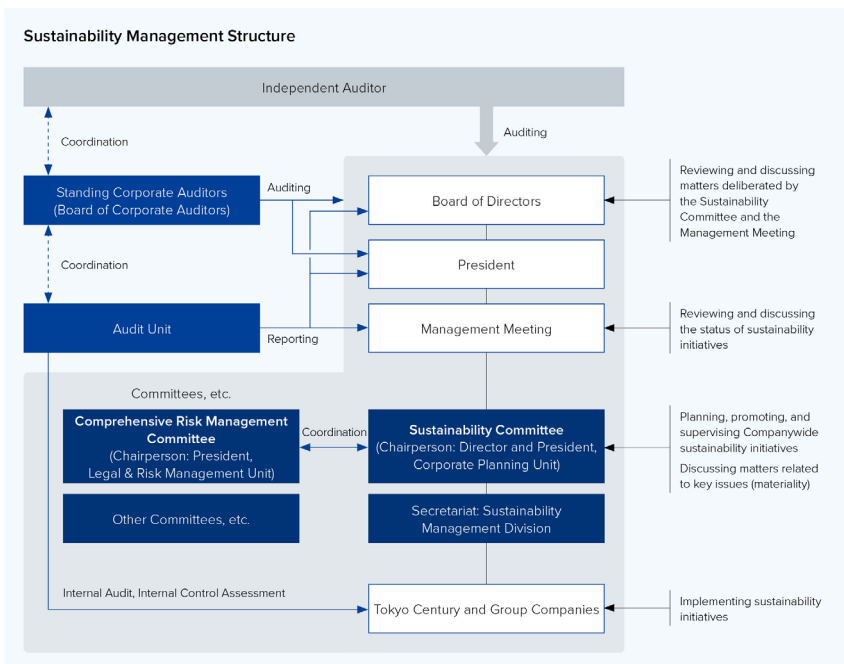
Structure for Promoting Sustainability Management

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 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.tokyocentury.co.jp/en/sustainability/our-sustainability/sustainability-management.html#anc_roleoftheSustainabilityCommittee

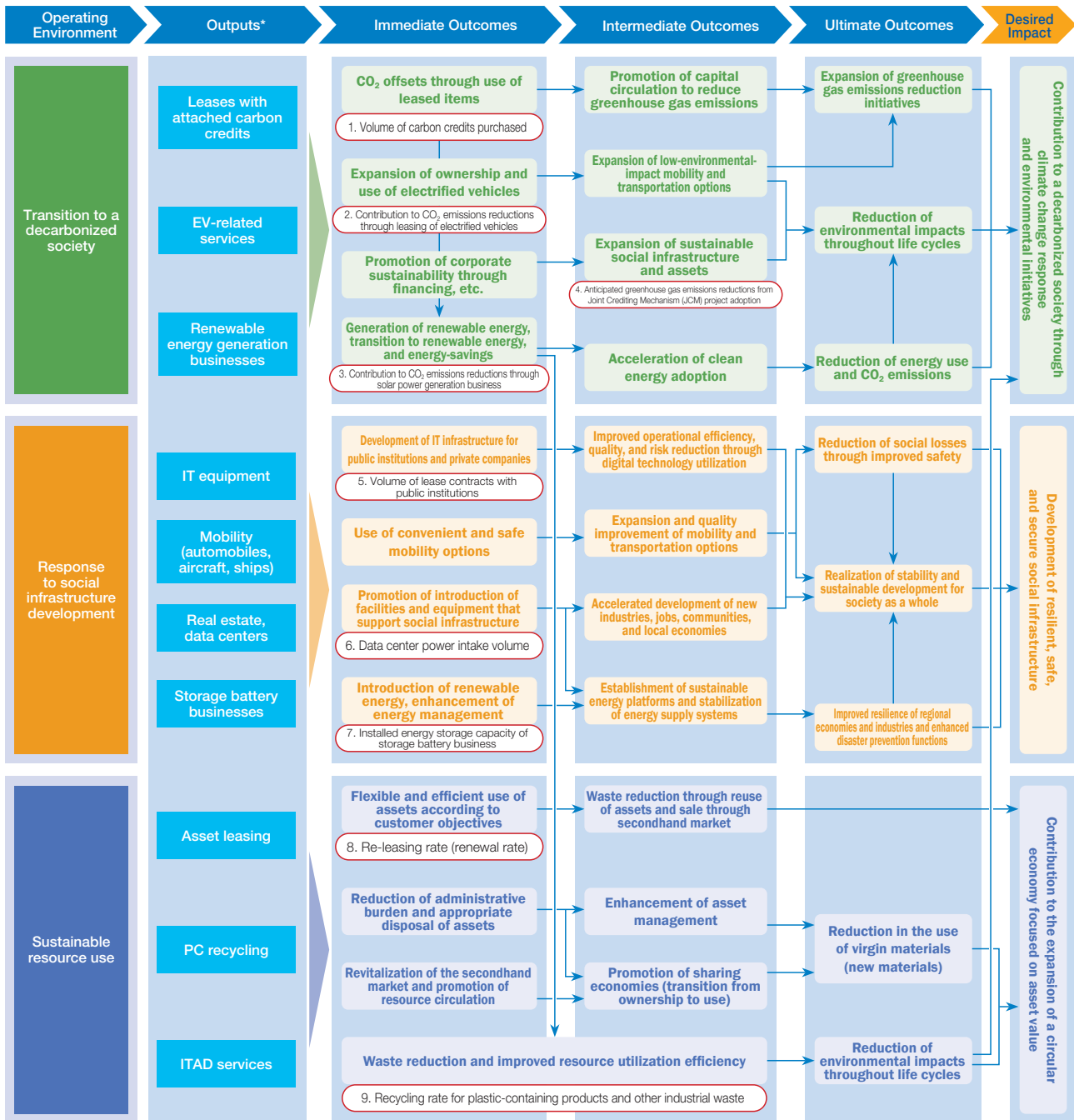
Contribution to Resolution of Social Issues (Creation of Positive Social Impact)

Tokyo Century's business activities are highly compatible with eco-friendly, circular businesses. By advancing such business activities, we are able to help resolve issues and practice sustainability management that supports both the sustainable growth of the Company and the enhancement of corporate value.

Based on this understanding, we have defined the social value (social impact) created by Tokyo Century in relation to three of our key issues (materiality), which themselves are informed by the United Nations SDGs, that are particularly relevant to our business: decarbonization, social infrastructure, and circular economies. We have also developed a logic model for guiding our efforts to create social value. These items have shaped the decision to choose indicators (impact KPIs) for measuring the social value we create.

Logic Model: Road Map for Creating Desired Social Impact

○ Impact KPIs



* Assets and services provided through Tokyo Century's business activities

Non-Financial Materiality KPIs







Tokyo Century has established non-financial 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.)

Tokyo Century has put forth the three key issues (materiality) of contribution to decarbonized society, contribution to social infrastructure development, and sustainable resource use. These issues have been judged to be closely connected to its business domain. In fiscal 2023, the Company defined transaction volume^{*1} (leases, financing, investments, etc.) as a uniform indicator for measuring progress toward addressing these materiality items.

Prior KPIs only tracked transactions in certain businesses. Transaction volume, however, covers transactions in all businesses and can thus better illustrate how Tokyo Century's business activities are tied to its contributions to society. Moreover, transaction volume also corresponds with employee sales management indicators and thereby incentivizes employees to advance business activities that address materiality items. At the moment, around 70% 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 transaction volume, but we intend to examine the possibility of setting specific targets as necessary going forward.

Uniform Transaction Volume Indicator for Measuring Progress Toward Addressing Materiality Items

Companies to Which Transaction Volume Is Applicable and Results in Past Three Fiscal Years

Materiality (key Issues)	Applicable Businesses	KPI: Transaction Volume		
		Fiscal 2022	Fiscal 2023	Fiscal 2024
<p>■ Contribution to decarbonized society</p> <p>Contribute to widespread use of clean energy through climate change response and environmental efforts</p>  	<ul style="list-style-type: none"> • Introduction of fuel-efficient aircraft in aircraft leasing businesses • Introduction of electric vehicles in Automobility segment • Renewable energy businesses (amount of investment in solar power and biomass power generation businesses, corporate power purchase agreements, and storage battery businesses) • JCM business, etc. 	¥296.2 billion	¥344.7 billion	¥324.0 billion
<p>■ Contribution to social infrastructure development</p> <p>Respond to advances in global mobility services and cooperate with local communities to contribute to social infrastructure development</p>  	<ul style="list-style-type: none"> • Mobility (auto leasing,² aircraft, shipping, etc.) • Transactions pertaining to public facilities (government agencies, schools, hospitals, etc.) and infrastructure (power distribution equipment, public broadcast equipment, etc.) • Real estate (offices, logistics facilities, data centers, hotels, etc.) 	¥479.7 billion	¥641.2 billion	¥568.4 billion
<p>■ Sustainable resource use</p> <p>Contribute to development of a circular economy focused on the value of assets</p>  	<ul style="list-style-type: none"> • Leasing by CSI Leasing, Inc. • Lease transactions that do not apply to other materiality items • Secondhand vehicle sales, etc. 	¥396.5 billion	¥473.0 billion	¥482.0 billion
Total		¥1,172.4 billion	¥1,458.9 billion	¥1,374.4 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 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.

KPI	Applicable companies	Unit	Target year	Target	Fiscal 2022	Fiscal 2023	Fiscal 2024
Output KPIs							
Transaction volume (leases, financing, investments, etc.)	Tokyo Century Corporation and 15 major subsidiaries	Billions of yen	—	—	296.2	344.7	324.0
Rate of electrified vehicle use (EVs, FCEVs, PHEVs, HVs)	NCS, NRS ^{*1}	%	—	—	18.4	20.3	22.4
Ratio of aviation business assets represented by fuel-efficient aircraft ^{*3}	ACG ^{*2}	%	Fiscal 2025	72.0%	56.0	61.9	66.3
Generation capacity of renewable energy facilities (solar power, biomass, etc.; figures as of March 31 of each fiscal year)	38 projects with involvement by Tokyo Century Group	MW	—	—	750	888	1,079
Scope 1 and Scope 2 greenhouse gas emissions (reductions in greenhouse gas emissions)	97 Tokyo Century Group companies	t-CO ₂	Fiscal 2030	50% reduction compared with FY2021	1,098,126 (19.5% reduction)	937,784 (31.3% reduction)	1,347,617 (1.3% reduction)
			Fiscal 2040	Carbon neutrality			
CDP (climate change) score	97 Tokyo Century Group companies	—	Fiscal 2025	Leadership level score (A- or A)	B	B	B
(Environmental contributions through office activities)							
Reduction of electricity use and CO ₂ emissions	Companies applicable under environmental management system ^{*4}	kWh	Fiscal 2025	Less than 1,745,200 kWh	1,593,216	1,612,032	1,658,656
		t-CO ₂	Fiscal 2025	Less than 300 t-CO ₂	546	216	285
Reduction of per-area head office electricity use and CO ₂ emissions (intensity target)	Tokyo Century Corporation	kWh/m ²	Fiscal 2030	Less than 56.9 kWh/m ² (38% reduction in comparison with FY2009)	67.69	66.94	61.91
		t-CO ₂ /m ²	—	—	0.017	0	0
Reduction of gasoline use (gasoline use, CO ₂ emissions, and fuel expenses)	Companies applicable under environmental management system ^{*4}	L	Fiscal 2025	Less than 52,000 L	49,937	48,789	46,768
		t-CO ₂	Fiscal 2025	Less than 119 t-CO ₂	116	112	107
		km/L	Fiscal 2025	More than 15.5 km/L	16.1	17.3	18.0
Reduction of paper use (A4-size equivalent)	Companies applicable under environmental management system ^{*4}	Thousands of sheets	Fiscal 2025	Less than 9.5 million sheets	9,457	8,703	8,057

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

*2 ACG: Aviation Capital Group LLC

*3 Fuel-efficient aircraft: A220, A320neo, A321neo, A350, 737MAX, and 787

Ratio of fuel-efficient aircraft assets: Ratio of fuel-efficient aircraft to all aircraft owned by ACG

*4 Tokyo Century Corporation; EPC Japan K.K.; TC Agency Corporation; S.D.L. Co., Ltd.; FLCS Co., Ltd.; ITEC Leasing Co., Ltd.; and IHI Finance Support Corporation

KPI	Applicable companies	Unit	Target year	Target	Fiscal 2022	Fiscal 2023	Fiscal 2024
Impact KPI							
Volume of carbon credits purchased	Tokyo Century Corporation and TCCS ^{*5}	t-CO ₂	—	—	—	89,162	581
Contribution to CO ₂ emissions reductions through shift to electrified vehicle (EV and hybrid) leases	NCS	Thousand t-CO ₂	—	—	—	115	122
Contribution to CO ₂ emissions reductions through solar power generation business (annual generation volume, CO ₂ emissions reductions in comparison with conventional thermal power generation)	Kyocera TCL Solar LLC and nine other solar power business companies ^{*6}	MWh	Fiscal 2025	557,500 MWh or more	536,591	560,575	589,967
		t-CO ₂	Fiscal 2025	210,456 t-CO ₂ or more	207,929	218,344	231,562
Anticipated greenhouse gas emissions reductions from JCM project adoption (aggregate)	Tokyo Century Corporation	t-CO ₂	Fiscal 2025	56,000 t-CO ₂	38,343	43,034	48,176

*5 TCCS: TC Car Solutions (Thailand) Co., Ltd.

*6 Fiscal 2025 targets are for Kyocera TCL Solar LLC and 12 other solar power business companies.



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).

KPI (Target)	Fiscal 2024 achievements
Certification under METI's DX Certification system ^{*1}	<ul style="list-style-type: none"> Inclusion among Noteworthy DX Companies^{*2} in May 2024 Renewal of certification under DX Certification System in March 2025
Digital transformation strategies	Fiscal 2024 initiatives
Innovate corporate culture, organization, and processes <ul style="list-style-type: none"> Implement the budget, education, and evaluation systems for disseminating and promoting digital transformation strategies 	<ul style="list-style-type: none"> Promotion of cross-organizational co-creation centered on DX Task Force Development of Companywide digital transformation promotion system through digital transformation literacy training for all employees (99.6% completion rate) and programs for digital transformation staff
Improve productivity through innovation <ul style="list-style-type: none"> Apply robotic process automation and other innovations to improve productivity and expand teleworking 	<ul style="list-style-type: none"> Promotion of digitalization of document management processes and of other Companywide projects to achieve comprehensive digital transformation in fiscal 2025 Commencement of transition to paperless expense management processes and file server consolidation (completed in fiscal 2025)
Transform existing businesses <ul style="list-style-type: none"> Formulate measures for addressing issues toward completely reforming existing IT systems Apply AI and big data to introduce innovation into business processes 	<ul style="list-style-type: none"> Stable operation of core internal lease management systems Utilization of proven cloud systems (SaaS) and revision of business processes for operating segment systems to facilitate AI and data utilization
Create new businesses <ul style="list-style-type: none"> Co-create new businesses by capitalizing on digital infrastructure 	<ul style="list-style-type: none"> Reassessment of strategic themes for improving operating segment value propositions and enhancement of coordination with partner companies Promotion of new business ideation in operating segments

^{*1} 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, companies are expected to comply with basic items related to management and business model formulation, strategic development of and revisions to digital transformation processes, growth indicator definition, and stakeholder engagement as defined in Digital Governance Code 3.0, which was put forth by METI in June 2024. Tokyo Century has already taken measures toward addressing these items, and such preparations for digital transformation are thought to have been a factor behind its receipt of certification. Moreover, the Company was recognized as a DX-certified operator under this program in March 2021.

^{*2} Noteworthy DX Companies Tokyo Century was included among the Noteworthy DX Companies 2024 announced in May 2024. Although these companies were not selected for the DX Stocks 2024 category, they have made noteworthy efforts, particularly in terms of improving 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).

KPI	Applicable companies	Unit	Fiscal 2022	Fiscal 2023	Fiscal 2024
Output KPI					
Transaction volume (leases, financing, investments, etc.)	Tokyo Century Corporation and 15 major subsidiaries	Billions of yen	479.7	641.2	568.4
Promotion of car rental services (number of rental cars)	NRS ^{*1}	Vehicles	33,201	35,158	34,521
Ratio of rental cars equipped with safety features (automated brakes, etc.)	NRS	%	97.2	97.4	99.4
Number of vehicles equipped with telematics services	NCS, ^{*2} NRS	Vehicles	82,051	88,359	88,949
Number of safe driving lessons conducted using telematics services	NCS	Lessons	1,132	1,049	1,163
		Participants	18,774	14,149	17,740
Impact KPI					
Volume of lease contracts with public institutions ^{*3}	Tokyo Century Corporation and FLCS Co., Ltd.	Billions of yen	121.6	144.2	168.1
Data center power intake volume (for data centers providing services as of March 31 of each fiscal year)	Tokyo Century Corporation (joint businesses with partner companies)	MW	22	58	70
Installed energy storage capacity of storage battery business (for storage batteries installed as of March 31 of each fiscal year)	Tokyo Century Corporation and Kyocera TCL Solar LLC	MWh	—	—	11

*1 NRS: Nippon Rent-A-Car Service, Inc

*2 NCS: Nippon Car Solutions Co., Ltd.

*3 Volume of transactions with highly public institutions (government agencies, independent administrative institutions, academic institutions, healthcare institutions, etc.) by Tokyo Century Corporation (Equipment Leasing segment) and FLCS Co., Ltd.

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.

KPI	Applicable companies	Unit	Target year	Target	Fiscal 2022	Fiscal 2023	Fiscal 2024
Output KPI							
Transaction volume (leases, financing, investments, etc.)	Tokyo Century Corporation and 15 major subsidiaries	Billions of yen	—	—	396.5	473.0	481.9
Refurbishment business (annual secondhand computer sales volume)	Tokyo Century Corporation, EPC Japan K.K., and FLCS Co., Ltd.	Computers	Fiscal 2025	508,777 computers or more	327,017	350,813	425,066
ITAD data erasure services (number of units processed with ITAD services)	EPC, Inc. (U.S. subsidiary of CSI Leasing, Inc.) and 11 other companies	Computers	Fiscal 2025	1,700,000 units	1,713,011	1,694,606	1,648,242
Rate of reduction of use of plastic office supplies (recycling rate for clear plastic files)	Tokyo Century Corporation	%	Fiscal 2025	Reduce purchases of clear plastic files by 50% (compared with fiscal 2022)	100%	105.4%	110.8%
Impact KPI							
Recycling rate for plastic-containing products and other industrial waste	Tokyo Century Corporation	%	Fiscal 2026	Maintain average recycling rate of at least 90% for five fiscal years starting in fiscal 2022	93.9	95.8	96.2
Re-leasing rate (renewal rate)	Tokyo Century Corporation	%	—	—	78.6	78.7	78.8

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. Moreover, Tokyo Century has launched TC-Mee+, an internal exchange forum aimed at enhancing communication among employees.

KPI	Unit	Target year	Target	Target employees	Fiscal 2022	Fiscal 2023	Fiscal 2024
Annual paid leave acquisition rate	%	Fiscal 2027	Maintain rate of 70% or more	—	78.8	81.1	81.2
Childcare leave acquisition rate	%	Fiscal 2027	Maintain rate of childcare leave acquisition by male employees of 100%	Women	114.3	85.7	83.3
				Men	100.0	100.0	100.0
Ratio of employees with disabilities	%	Fiscal 2027	Maintain rate above legally mandated level (2.7%)	—	2.86	3.40	3.26
Ratio of women among new-graduate hires	%	Fiscal 2027	Maintain rate of 40% or more	—	42.1	53.2	40.4
Ratio of female managers among all managers	%	Fiscal 2030	30% or more	—	11.8	12.0	13.7
Ratio of women in assistant manager position or equivalent	%	—	—	—	49.6	51.8	53.4
Gender-based wage disparity ¹	%	—	—	All employees	58.7	58.1	61.0
Ratio of continuous employment after ten year by gender	%	—	—	Women	61.5	66.7	75.0
		—	—	Men	65.4	56.0	44.4
Employee turnover rate	%	—	—	Women	0.9	1.0	1.0
		—	—	Men	3.6	4.0	4.6
Number of people leaving work for nursing care reasons	People	Fiscal 2027	Maintain a nursing care turnover rate of zero	—	0	0	0
Rate of employees undergoing regular health check-ups	%	Fiscal 2027	100% rate of employees undergoing regular health check-ups	—	100.0	100.0	100.0
Rate of employees undergoing stress checks	%	Fiscal 2027	100% rate of employees undergoing stress checks	—	100.0	100.0	100.0
Ratio of employees receiving specific health guidance	%	Fiscal 2027	Ratio of employees receiving specific health guidance	Officers and employees subject to specific health guidance over 40 years old	80.4	75.9	Under tabulation
Investment for human resource recruitment and development (Training expenses + [Training time × Personnel expenses] + Recruitment expenses)	Millions of yen	Fiscal 2027	¥800 million or more	—	400	480	570

KPI	Unit	Target year	Target	Target employees	Fiscal 2022	Fiscal 2023	Fiscal 2024
Training expenses ^{*2}	Millions of yen	—	—	—	70.9	113.2	142.5
Training expenses per employee ^{*2}	Thousands of yen	—	—	—	74	109	135
Training hours per employee	Hours	—	—	—	46.5	49.1	55.2
Employees relocated through Career Challenge Program internal recruitment system	People	—	—	—	18	19	24
Employee engagement index ^{*3}	Deviation value	Fiscal 2027	Improve employee engagement score	All employees (Excluding dispatched employees and individuals seconded from other companies)	—	53.2	56.2
	—		Improve employee engagement ratings		—	BB	BBB

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.

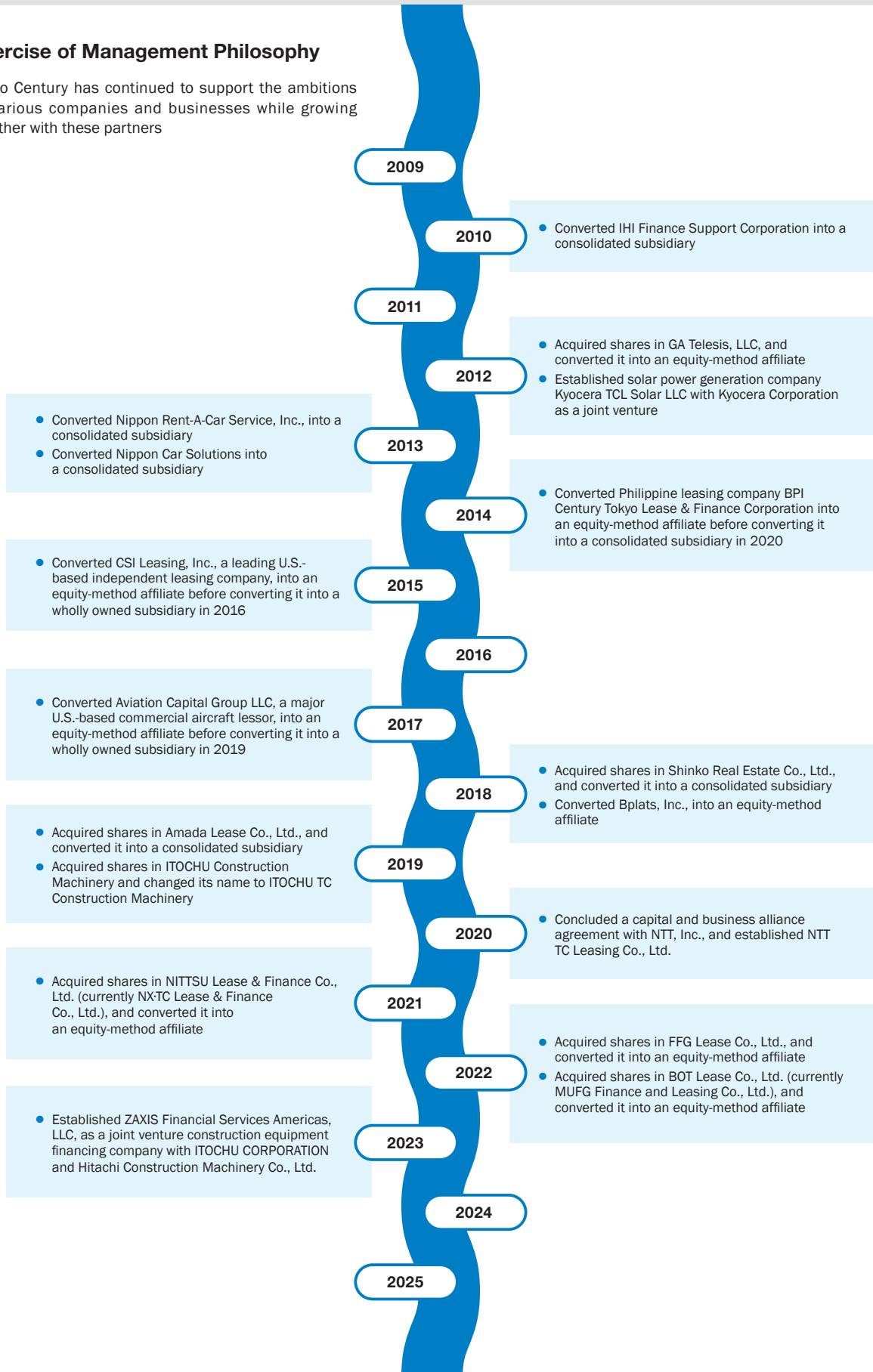
*2 Figures for training expenses and training expenses per employee include venue rental expenses and transportation expenses.

*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.

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



Tokyo Century Group Stakeholder Collaboration Policy

Tokyo Century recognizes, as a critical part of corporate management, the importance of co-creating value together with shareholders, customers, business partners, financial institutions, employees, local companies, and all of its other diverse stakeholders. Accordingly, we practice collaboration with our multitude of stakeholders. A vital part of such efforts is to ensure that the earnings and successes produced through value co-creation as well as the productivity gains are appropriately distributed to our various stakeholders. Such distribution is imperative to sustaining momentum in wage increases and driving economic development. From this perspective, we advance the following initiatives based on our understanding of the importance of returning our gains to employees and accommodating the needs of business partners.

1. Return of Gains to Employees

Tokyo Century is committed to achieving sustainable growth, improving productivity, and thereby maximizing value through the priority allocation of management resources to growth fields and support for employee skills development. The earnings and successes of our efforts will be leveraged to raise wages in a manner that is appropriate given the conditions at the Company. At the same time, we will actively invest in human capital via education, training, and other means to heighten employee engagement and productivity to contribute to comprehensive improvements in other employee benefits. In this manner, we seek to continue returning our gains to employees.

Specific Initiatives

Wage increases will be conducted based on earnest discussions between labor and management, taking into account the Company's performance and social trends. With regard to education, training, and other human capital investments, Tokyo Century believes that personnel are the main assets and driving force for sustainable growth in a company. To encourage every employee to demonstrate their abilities and individuality, we support voluntary career and skills development and conduct various training programs. We will continue to evolve our employee-related initiatives while investing in the people who will support our ongoing growth.

2. Accommodation of the Needs of Business Partners

Tokyo Century remains dedicated to the commitments described in its partnership declaration.

Should our partnership declaration cease to be listed on the respective portal site, the Company will voluntarily discontinue the disclosure of the Tokyo Century Group Stakeholder Collaboration Policy.

Tokyo Century's partnership declaration (in Japanese only)

<https://www.biz-partnership.jp/declaration/92011-11-00-tokyo.pdf>

When engaging in transactions with business operators that are exempt from consumption tax, the Company will seek to maintain an appropriate relationship based on the lists of tax-exempt business operators released by government agencies and the counterparty's policies regarding the utilization of invoice systems.

Steady initiatives will be advanced in this regard and the progress of thereof will be monitored.

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

	Approach Pertaining to Specific Stakeholder Groups	Communication and Other Activities
<p>Customers and business partners</p>	<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)
<p>Shareholders, investors, and financial institutions</p>	<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. 280 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 (based on requests from shareholders and other investors)
<p>National and other government agencies, local communities, and NPOs</p>	<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