

Environment

Environmental Policies

Policies
related to the
environment

Basic
Environmental
Policy

Basic Environmental Policy

The Tokyo Century Group recognizes that addressing environmental issues is a key management concern and will seek to contribute to the creation of an environmentally sound, sustainable economy and society and a decarbonized society based on the United Nations Sustainable Development Goals (SDGs). To this end, the Tokyo Century Group will act with due consideration for environmental issues, including prevention of environmental pollution, reduction of greenhouse gas emissions, mitigation and adaptation to climate change impacts, and conservation of biodiversity and ecosystems, in all areas of its operating activities.

1. Status of the Basic Environmental Policy

The Basic Environmental Policy has been established based on the resolution of the Board of Directors and applies to all Tokyo Century Group companies.

2. Global Environmental Preservation through Business

We will strive to contribute to reducing environmental impacts, conserving forests, oceans, and water resources through our operating activities by developing and providing environmentally sound products and services around the world. We also grasp the impact of our operating activities on ecosystems and engage in activities that contribute to biodiversity conservation. In addition, we aim to achieve net zero greenhouse gas emissions (carbon neutrality) for the entire Group, and strive to promote the efficient use of energy and the use of renewable energy throughout the life cycle of our business activities.

3. Contribution to Creating an Environmentally sound, Sustainable Economy and Society

From the standpoint of life cycle management, we will seek to create an environmentally sound, sustainable economy and society through our efforts for promoting waste reduction, reuse and recycling, and renewable energy.

4. Promotion of Resource and Energy Conservation Activities

We will promote resource and energy conservation activities in recognition of the environmental impact caused by the consumption of resources and energy and the discharge of wastes and other materials associated with our operating activities, including the supply chain.

5. Legal Compliance

We comply with environmental laws and regulations, ordinances and treaties, as well as international environmental standards and stakeholder agreements to which the Tokyo Century Group agrees.

6. Efforts for Continuous Improvement

We will seek to prevent environmental pollution and engage in environmental conservation activities along with providing environmental education and ensuring its dissemination by setting environmental objectives and goals. Furthermore, by constantly reviewing the results of these activities, we will strive to continuously improve our environmental management system and raise awareness of environmental issues.

7. Information Disclosure

We will strive to disclose information on this policy and our environmental initiatives to our various stakeholders and encourage their understanding and cooperation.

Management system

Chief executive

President & CEO, Representative Director

Oversight organization

Environmental Management Committee

Climate change-related oversight by the Board of Directors

Tokyo Century takes steps to address climate change-related issues through management reviews conducted via an environmental management system based on ISO 14001. These reviews are used to evaluate environmental performance and provide guidance for future directives. In addition, twice-annual meetings are convened for the Environmental Management Committee, which is chaired by the president of the Legal & Risk Management Unit, who is also the environmental oversight representative.

The Environmental Management Committee reports to the Management Meeting on the environmental activities implemented in a given fiscal year and receives evaluations of these activities as well as guidance for future directives.

The Company's governance system is designed so that important matters, such as the establishment, revision, or abolition of the Basic Environmental Policy, are resolved after being brought to the attention of the Board of Directors for discussion.

Acquisition of ISO14001 Certification for Environmental Management Systems

Tokyo Century Group recognizes that initiatives to tackle environmental issues are a social obligation. The Group has obtained ISO 14001 certification, the international standard for environmental management systems, for the following scope. (Certifying organization: BSI Group Japan K.K.)

Scope of Coverage

- Tokyo Century Corporation (Head Office, Tokiwabashi Tower)
- FLCS Co., Ltd. (Head Office)
- EPC Japan K. K.
- TC Agency Corporation



EMS 506044 / ISO 14001

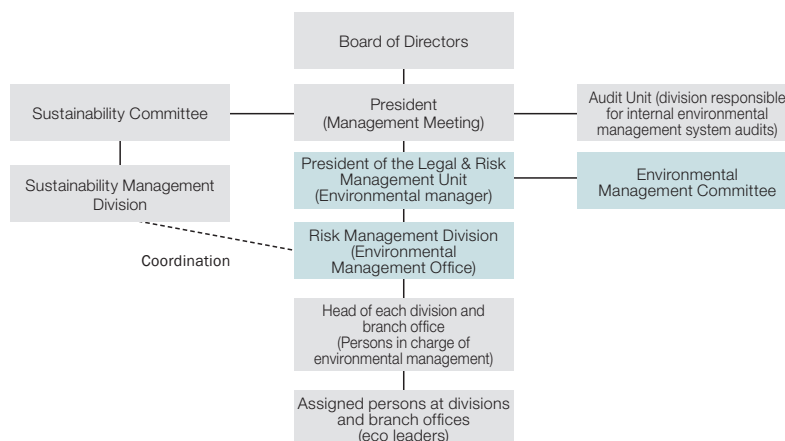
The following three consolidated subsidiaries have obtained the certification individually.

- Nippon Car Solutions Co., Ltd. (Head Office)
- Amada Lease Co., Ltd.
- EPC Inc. (A U.S.-based subsidiary of CSI Leasing, Inc.)

Scope of Application of Environmental Management System

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

Environmental Management System



Management system

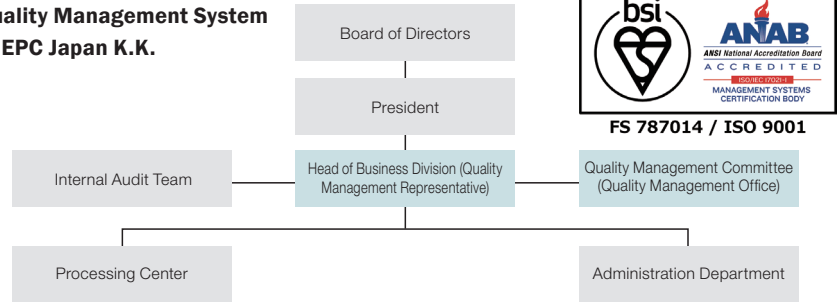
Acquisition of ISO 9001 certification

Consolidated subsidiary EPC Japan K.K. has acquired certification under ISO 9001, the international standard for quality management systems.

For information on the basic quality management policy of EPC Japan K.K. please refer to the following website (in Japanese only).

https://www.tokyoCentury.co.jp/assets/pdf/company/epcjapan_quality.pdf

Quality Management System of EPC Japan K.K.



Environmental audits

Internal environmental audits of organizations at companies applicable under the environmental management system are performed to confirm that their operations are conducted in accordance with the stipulations of the environmental management system. The fiscal 2024 audit found no nonconforming organizations.

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

Tokyo Century participates in the carbon neutrality action plan formulated by Japan Leasing Association as a member company and revises its target values in line with the targets of the association.

Long-Term Targets

Per head office floor space electricity use

Fiscal 2030: 56.9 kWh/m² or less (38% reduction compared with fiscal 2009)

Item	Unit	Fiscal 2022	Fiscal 2023	Fiscal 2024
Per head office floor space electricity use	kWh/m ²	67.69	66.94	61.91

Environmental education

- Environmental education is provided through e-learning programs for the purpose of raising environmental awareness at Tokyo Century Corporation and Group companies.
- We have issued our in-house newsletter, which was renamed Sustainability Communication in 2020, to employees at the Company and at Group companies three to four times a year since fiscal 2011. The newsletter provides information on environmental issues and sustainability topics pertaining to management strategies in both Japanese and English. Specific examples of the newsletter's contents include information on major sustainability trends in Japan and overseas and short sustainability comic strips that readers can enjoy and use to familiarize themselves with sustainability topics.
- In divisions engaged in operations closely related to the environment, such as those responsible for disposal of end-of-lease properties and renewable energy business initiatives, environmental regulation tables are used to periodically confirm the regulations and ordinances related to the activities of these divisions. In addition, division members participate in internal and external lectures and training to gain deeper insight in this regard.
- Tokyo Century has been making ongoing contributions to environmental education for elementary and junior high school students through donations to local environmental preservation organizations in the regions where it operates solar power generation businesses. As a result of these efforts, the Company received a letter of appreciation from an environmental preservation organization in Shiga Prefecture.

Biodiversity-Related Guidelines

See Basic Environmental Policy on page 26

Endorsement of the Keidanren Initiative for Biodiversity Conservation

In June 2024, Tokyo Century announced its endorsement of the Keidanren Declaration for Biodiversity and Guideline and joined the Keidanren Initiative for Biodiversity Conservation.

The Keidanren Initiative for Biodiversity Conservation is a group of companies and organizations that endorse the objectives of the Keidanren Declaration for Biodiversity and Guidelines (revised version) and take actions to address the items listed. The Japan Business Federation (Keidanren) and the Keidanren Nature Conservation Council are striving to realize a society that exists in harmony with nature, as well as a sustainable economic and social environment, through the dissemination and practice of the declaration and guidelines. The organizations also contribute to achieving global goals such as the Kunming-Montreal Global Biodiversity Framework and the United Nations Sustainable Development Goals (SDGs).

The Tokyo Century Group's Management Philosophy calls for us to contribute to the creation of an environmentally sound, sustainable economy and society. Based on this philosophy, we are striving to achieve ongoing improvements in Groupwide corporate value by helping resolve social issues.

Going forward, the Tokyo Century Group will continue seeking to preserve biodiversity and address other environmental issues in all areas of its business activities to create an environmentally sound, sustainable economy and society.

Notes:

1. For more information on the Keidanren Declaration for Biodiversity and Guidelines, please refer to the following website.
<https://www.keidanren.or.jp/en/policy/2023/082.html>
2. For more details about our initiatives, please refer to the following website.
https://www.keidanren-biodiversity.jp/logo_en.php

Coastal Forest Restoration Project **Planting area: 103.05 ha; Aggregate number of trees planted: 370,198 (As of March 31, 2025)**

- Tokyo Century is involved in a project that supports the restoration of coastal forests damaged by the tsunamis that followed the Great East Japan Earthquake through seedling cultivation and reforestation activities. The tree-planting phase of the project was completed in 2020, and we have since begun fostering the planted trees.
- We are supporting the Great East Japan Earthquake Reconstruction Support-Coastal Forest Restoration Project through ongoing donations to OISCA (The Organization for Industrial, Spiritual and Cultural Advancement-International).
- In fiscal 2023, employees took part in volunteer activities as part of the Great East Japan Earthquake Reconstruction Support-Coastal Forest Restoration Project organized by OISCA.

Mangrove Tree Planting **Scope: 5 countries; Planting area: 9,045 ha; Trees planted to date: 35.9 million (As of March 31, 2025)**

- Tokyo Century is advancing mangrove tree planting projects in the Asia Pacific region to protect coastal environments and the lifestyles of people in coastal areas by preventing erosion caused by high waves and the loss of coastal mangrove trees.
- We also began supporting a mangrove tree planting project as a new donation-driven venture by OISCA in fiscal 2022.

Kodomo no Mori Plan **Scope: 5,670 schools in 37 countries and regions (As of March 31, 2025)**

- The Kodomo no Mori Plan is a project that promotes greening and teaches children to love nature and value greenery by having them plant and take care of trees at their schools or in other locations in their communities.
- We make regular donations to OISCA to support the Kodomo no Mori Plan, which gives children the opportunity to plant and take care of trees at their schools or in the surrounding areas.

Mount Fuji Forestry Project

- OISCA began advancing a forestry project together with Yamanashi Prefecture in 2007 in response to the withering of trees in forests owned by the prefectural government on the western side of Mount Fuji (in Narusawa Village) due to damages from pests. The activities of this project include planting trees raised in the surrounding areas, installing nets to prevent deer from eating bark, and monitoring surveys. These ongoing activities are being advanced alongside forestry efforts for developing an independent and biologically diverse forest.
- Tokyo Century has conducted ongoing donations to support a Mount Fuji forestry project associated with OISCA. Employees participated in this project as volunteers in fiscal 2024.

Refurbishment Businesses

In our refurbishment businesses, we erase the data of end-of-lease computers, servers, and other IT equipment so that they can be resold rather than discarded, thereby contributing to the creation of an environmentally sound, sustainable economy and society.

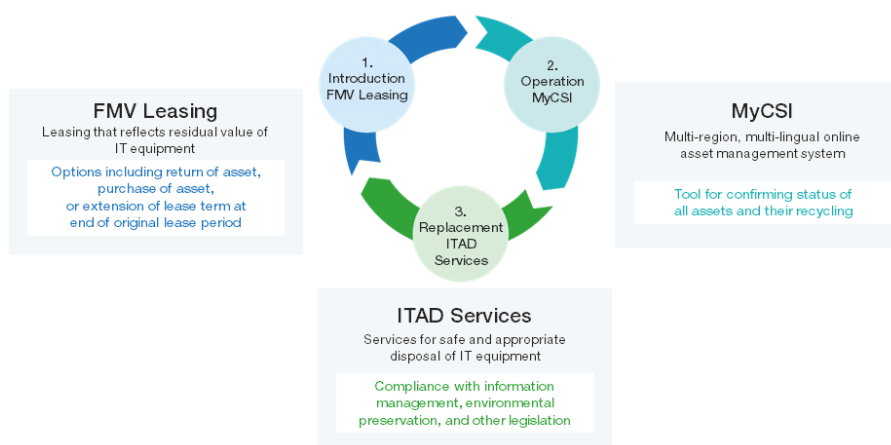
FMV Leasing and ITAD Services

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

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

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

IT Life Cycle Management Services of CSI Leasing



Environmental Performance

			Scope	Unit	Fiscal 2022	Fiscal 2023	Fiscal 2024	
Greenhouse gas emissions	Scope 1 (direct emissions)			Gr	t-CO ₂	1,082,758	920,365*1	✓ 1,332,379*1
	Scope 2 (location-based indirect emissions originated from energy use)			Gr	t-CO ₂	14,784	16,857*1	✓ 15,481*1
	Scope 2 (market-based indirect emissions originated from energy use)			Gr	t-CO ₂	15,368	17,419*1*2	✓ 15,238*1*2
	Scope 3 (emissions from supply chain, etc., not included in Scope 1 or Scope 2)				t-CO ₂	7,727,580	12,557,513	13,009,871
	Total of Scope 1 and Scope 2 (location-based) and Scope 3				t-CO ₂	8,825,123	13,494,735	14,357,731
	Total of Scope 1 and Scope 2 (market-based) and Scope 3				t-CO ₂	8,825,706	13,495,297	14,357,488
	Scope 3 Emissions by Category							
	Category 1 Purchased goods and services			TC	t-CO ₂	650,423	792,461	✓ 757,863
	Category 2 Capital goods			TC	t-CO ₂	42	1,264	1,548
	Category 3 Fuel- and energy-related activities (not included in Scope 1 or Scope 2)			TC	t-CO ₂	97,728	85,766	120,684
	Category 4 Upstream transportation and distribution				t-CO ₂	2,341	1,109*3	✓ 535
	Category 5 Waste generated in operations				t-CO ₂	309	241	✓ 409*5
	Category 6 Business travel			TC	t-CO ₂	122	135	140
	Category 7 Employee commuting			TC	t-CO ₂	225	249	256
	Category 8 Upstream leased assets			TC	t-CO ₂	0	0	0
Category 9 Downstream transportation and distribution			TC	t-CO ₂	0	0	0	
Category 10 Processing of sold products			TC	t-CO ₂	0	0	0	
Category 11 Use of sold products			TC	t-CO ₂	39,086	115,619	114,998	
Category 12 End-of-life treatment of sold products			TC	t-CO ₂	808	2,377	2,121	
Category 13 Downstream leased assets				t-CO ₂	6,923,346	11,545,820*4	✓ 12,001,236	
Category 14 Franchises			TC	t-CO ₂	0	0	0	
Category 15 Investments			TC	t-CO ₂	13,149	12,472	✓ 10,081	
Other environmental performance data	Energy use			Gr	MWh	—	—	✓ 4,209,454
	Environmental contributions through office activities	Electricity use and related CO ₂ emissions	Environmental targets	kWh	1,600,000	1,800,000	1,769,000	
			Use volume	kWh	1,593,216	1,612,032	1,658,656	
			Emissions volume	t-CO ₂	546	216	285	
		Paper use	Environmental targets	Thousands of sheets	10,000	11,000	9,800	
			Use volume	Thousands of sheets	9,457	8,703	8,057	
			Gasoline use, CO ₂ emissions, and fuel efficiency for business vehicles and rent-a-car fleet	Environmental targets	L	65,000	60,000	55,000
		Use volume		L	49,937	48,789	46,768	
		Emissions volume		t-CO ₂	116	112	107	
		Fuel consumption volume		km/L	16.1	17.3	18.0	
	Environmental contributions through business activities	Renewable energy generation operations	Environmental targets	MWh	410,000	401,000	424,000	
			Annual generation volume	MWh	456,008	435,317	✓ 451,882	
		Reductions in CO ₂ emissions <small>(Reductions in CO₂ emissions associated with solar power generation business of Kyocera TCL Solar LLC)</small>	Reductions in CO ₂ emissions	t-CO ₂	176,703	169,556	✓ 177,364	
			Environmental targets	Units	209,000	240,300	323,000	
		Refurbishment operations (Annual number of secondhand computers sold)	Unit sales	Units	327,017	350,813	425,066	

		Unit	Fiscal 2022	Fiscal 2023	Fiscal 2024	
Other environmental performance data	Valuable materials and waste	Valuable materials (material recycling volume)	t	1,127	1,454	1,509
		Industrial waste emissions (of which, industrial waste from plastic products)	t	566 (519)	494 (451)	653 (571)
		Industrial waste emissions (total)	t	1,693	1,948	2,161
		Recycling rate of industrial waste from plastic products	%	93.9	95.8	96.6
	Water resources	Water intake (only head office for fiscal 2024 following reorganization of bases)	Thousands of m ³	17.7	20.8	25.3
		Water intake (per unit of production)	m ³	11.9	14.8	20.8
Compliance	Number of environmental law violations EMS	Cases	0	0	0	
Environmental accounting	Environmental preservation costs TC					
	Item	Specific Expenses	Unit	Fiscal 2022	Fiscal 2023	Fiscal 2024
	1. Costs within business area	Costs for transition to ecofriendly vehicles for corporate fleet and network equipment upgrades, etc.	Millions of yen	107	125	54
	2. Upstream and downstream costs	Costs for waste disposal, green purchasing, etc.	Millions of yen	27	21	26
	3. Administrative costs	ISO 14001 certification maintenance and management	Millions of yen	41	29	36
		Secretariat, environmental, and CSR expenses	Millions of yen			
Total			175	175	116	
Green revenue	Breakdown		Unit	Fiscal 2022	Fiscal 2023	Fiscal 2024
	Sales of solar power generation businesses	11 solar power generation business companies (Total for Kyocera TCL Solar LLC and ten other companies)	Billions of yen	18.7	18.7	19.4
Green purchasing rate	Rate of green purchasing of office supplies	Ratio of purchase of Tokyo Century-recommended items (Items compliant with Act on Promotion of Procurement of Eco-Friendly Goods and Services by the State and Other Entities)	%	84.7	69.5	74.3
Reduction of plastic product use	Rate of recycling of clear plastic files		%	100.0	100.0	100.0
Greenhouse gas emissions through JCM Model Projects	Projected aggregate greenhouse gas emissions reductions when choosing JCM Model Projects	Projected aggregate greenhouse gas emissions reductions	t-CO ₂	38,343	43,034	48,176
Aviation business fuel-efficiency initiatives	Ratio of fuel-efficient aircraft assets (Six aircraft models with high fuel efficiency compared with conventional models)	Ratio of fuel-efficient aircraft assets (Ratio of fuel-efficient aircraft to all aircraft) Note: Figures in parentheses () are for Aviation Capital Group LLC. / represent the portion of the respective aircraft belonging to Aviation Capital Group LLC.]	%	51.8 (56.0)	57.6 (61.9)	62.1 (66.3)
Introduction of eco-friendly vehicles	Rate of electrified vehicle use (EVs, FCEVs, PHEVs, HVs)	Two auto business companies (Nippon Car Solutions Co., Ltd.; Nippon Rent-A-Car Service, Inc.)	%	18.4	20.3	22.4

Changes to the Scope of Greenhouse Gas Emissions Data Collection

The following changes to the scope of data collection were implemented in fiscal 2023 and fiscal 2024 (see pages 3 and 4 for more information on the scope of data collection).

*1 In fiscal 2023, Daigo Nihon Solar Power G.K. and one other domestic Group company and four overseas subsidiaries of CSI Leasing, Inc., were newly introduced into the scope of data collection for Scope 1 and Scope 2 greenhouse gas emissions. In addition, the number of domestic Group companies included in the scope of data collection decreased by two due to mergers and reorganizations of subsidiaries, while the number of overseas Group companies decreased by one due to mergers and reorganizations of subsidiaries. Furthermore, Orico Auto Leasing Co., Ltd., and Orico Business Leasing Co., Ltd., were converted into equity-method affiliates effective October 1, 2023, and were thus only included in the scope of calculation up to September 30, 2023. In fiscal 2024, three domestic Group companies (Daisan Nihon Solar Power G.K., J&S Power Storage G.K., and ADD Energy No. 1 G.K.) and four overseas subsidiaries of CSI Leasing, Inc., were newly introduced into the scope of data collection for Scope 1 and Scope 2 greenhouse gas emissions. In addition, the number of domestic Group companies included in the scope of data collection decreased by two following changes in ownership ratios, while the number of overseas Group companies decreased by one due to the liquidation of the respective company.

*2 Figures for Scope 2 (market-based) greenhouse gas emissions for fiscal 2023 are after the deduction of 442.6 t-CO₂ in emissions associated with the purchase of non-fossil certificates. Figures for Scope 2 (market-based) greenhouse gas emissions for fiscal 2024 are after the deduction of 189.55 t-CO₂ in emissions associated with the purchase of non-fossil certificates and with leases with attached carbon credits based on the J-Credit Scheme.

*3 Ferry flying of unleased and repossessed aircraft of Aviation Capital Group LLC is included in the scope of data collection, and ferry flying of unleased and repossessed aircraft of TC Skyward Aviation Ireland Limited, TC Skyward Aviation U.S., Inc., and TC Aviation Capital Ireland Limited was newly added to the scope of data collection.

*4 Auto leased vehicles and rental cars attributable to Nippon Rent-A-Car Service, Inc., and Nippon Car Solutions Co., Ltd., have been added to the scope of data collection.

*5 EPC Japan K.K. has been added to the scope of calculation for Tokyo Century Corporation.

Restatement of past figures

Figures for Scope 1 and Scope 2 and Category 3 Scope 3 emissions for fiscal 2023 have been restated due to insufficiencies in energy use amount tabulations for certain companies included in the scope of calculation.

Climate Change Response Strategy

Climate-related risks and opportunities

Tokyo Century has identified climate change as one of the operational risks covered by its risk management system, and we manage this risk as a non-financial risk. Climate change presents significant risks to Tokyo Century's business while also creating substantial business opportunities. Various initiatives are being advanced based on this perspective.

Tokyo Century announced its endorsement of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in April 2021. In addition, based on a risk severity assessment related to climate change, we have conducted scenario analyses in accordance with the TCFD recommendations for environment and energy businesses (solar power generation, May 2021), the aviation business (aircraft leasing, April 2022), and the automobility business (corporate and individual auto leasing, April 2023). These scenario analyses used multiple scenarios to identify climate change-related risks and opportunities and to assess the potential qualitative and quantitative impacts on our business.

For more information on Tokyo Century's response to climate change and endorsement of TCFD recommendations, please refer to the following website.
<https://www.tokyoCentury.co.jp/en/sustainability/esg/environment/tcfd.html>

Major Climate Change Risks for Businesses Subject to Scenario Analyses

Environment and Energy Businesses (Solar Power Generation)

Regarding the environment and energy businesses (solar power generation), we recognize physical risks of urgency due to abnormal weather such as typhoons and heavy rain and transition risks such as the introduction of a carbon tax and the tightening of laws and regulations.

Items	Details	Timeline	Risks	Opportunities	Responses
Policy/Legal (transition risks and opportunities)	Subsidy policy for renewable energy, etc.	2040	<ul style="list-style-type: none"> The profitability of a business operated under the FIT program may deteriorate if grid parity is not achieved before the program ends 	<ul style="list-style-type: none"> A stricter CO2 emission reduction policy will be adopted, and the FIT program will provide opportunities for business expansion for a long time to come 	<ul style="list-style-type: none"> Maximizing power generation efficiency through accumulated asset management expertise Developing new businesses in areas such as corporate power purchase agreements, self-wheeling models, and virtual power plants (VPPs) Examining renewable energy businesses other than solar power generation
Industry/Market (transition risks and opportunities)	Changes in energy mix	2040	<ul style="list-style-type: none"> Due to changes in the energy mix, the number of renewable energy power generation companies will increase, and the competitive environment will become increasingly severe Sales prices may fall 	<ul style="list-style-type: none"> Japan has stipulated that the share of non-fossil electricity in electricity sales should be 44% by 2030, and opportunities for renewable energy generation will expand 	
Acute (physical risks and opportunities)	More severe abnormal weather	2040	<ul style="list-style-type: none"> Damage to employees and power plants caused by torrential rains, floods, and typhoons will result in shutdowns, lower operating rates, and additional investment to restore facilities Insurance premiums and other costs will increase for assets located in high-risk areas 	<ul style="list-style-type: none"> The development of resilient equipment through the accumulation of expertise may lead to new opportunities via the external supply of this equipment 	

Aviation Business (Aircraft Leasing)

With regard to the aviation business (aircraft leasing), we recognize the physical risks that will be incurred due to the impact of severe extreme weather events and the transition risks such as carbon emission targets in each country and regulations unique to the airline industry.

Items	Details	Timeline	Risks	Opportunities	Responses
Policy/Legal (transition risks and opportunities)	Aviation industry regulation (CORSIA)	2050	<ul style="list-style-type: none"> Potential restrictions on financing/lending and leasing to airline companies that do not meet the standards 	<ul style="list-style-type: none"> Securing a sufficient number of next-generation aircraft¹ will increase earnings opportunities 	<ul style="list-style-type: none"> Reduce portfolio risk by diversifying and expanding lessee base and shifting toward¹ next-generation aircraft Enhance the asset turnover business to realize the early sale of owned aircraft and improve profitability Expand asset management business extended to third parties post sale of aircraft
Technology (transition risks and opportunities)	Spread of next-generation aircraft ¹ and new generation aircraft ²	2050	<ul style="list-style-type: none"> Potential rapid decline in value of current next-generation aircraft¹ 	<ul style="list-style-type: none"> Potential increase in earnings and asset value from an owned portfolio with a sizable number of new generation aircraft² 	

*1 New technology aircraft: Low-carbon aircraft with improved fuel efficiency, lighter bodies, and other features

*2 New generation aircraft: Blended wing body passenger aircraft, alternative fuel aircraft, electric aircraft, hydrogen-powered aircraft, etc.

■ Aviation Business (Aircraft Leasing)

https://www.tokyoCentury.co.jp/assets/pdf/sustainability/sa_aircraft_e.pdf

Climate-related risks and opportunities

Automobility Business (Corporate and Individual Auto Leasing)

Concerning the Automobility business (corporate and individual auto leasing), we recognize the physical risks resulting from the impact of severe extreme weather events, such as vehicle production delays due to flooding and heavy rainfall, and the transition risks of shifting from gasoline and diesel vehicles to EVs, such as switching from fueling to charging.

Items	Details	Timeline	Risks	Opportunities	Responses
Policy/Legal (transition risks and opportunities)	National Carbon emissions targets and energy Saving policy	2040	<ul style="list-style-type: none"> Further shift to EVs may result in lower-priced used gasoline and diesel vehicles 	<ul style="list-style-type: none"> Demand for used EVs may increase and prices for used EVs may rise after lease expires 	<ul style="list-style-type: none"> Strengthen the value chain to launch new EV-related services for corporate and individual customers Establish an appropriate maintenance system for EVs
Industry/Market (transition risks and opportunities)	Changes in customer behavior	2040	<ul style="list-style-type: none"> Increased environmental awareness among customers may reduce demand for gasoline and diesel vehicles 	<ul style="list-style-type: none"> Increased environmental awareness among customers could strengthen demand for EV leasing 	<ul style="list-style-type: none"> Expand the use of preferential interest rates for procuring EVs through the issuance of green bonds
Industry/Market (transition risks and opportunities)	Products and services	2040	<ul style="list-style-type: none"> Widespread use of EVs, which have fewer parts than gasoline and diesel vehicles, may reduce maintenance revenues 	<ul style="list-style-type: none"> Shift to EVs could generate new earnings opportunities, such as recharging services and businesses for second-life EV batteries 	<ul style="list-style-type: none"> Strengthen the monitoring of changes in the used vehicle market for gasoline, diesel, and EVs and set appropriate residual values
Acute (physical risks and opportunities)	Intensified extreme weather	2040	<ul style="list-style-type: none"> Heavy rainfall and flooding may cause vehicle production delays and damage leased vehicles 	—	

■ Automobility Business (Corporate and Individual Auto Leasing)
https://www.tokyocentury.co.jp/assets/pdf/sustainability/sa_autoleasing_e.pdf

Environmental impact assessments

Tokyo Century’s Management Philosophy and Basic Environmental Policy state that it will contribute to the creation of an environmentally sound, sustainable economy and society. Contributing to the environment through our business activities is imperative to accomplishing this goal. Accordingly, we began conducting environmental impact assessments in fiscal 2019 using environmental impact assessment worksheets to evaluate and track the impact of individual projects on the environment.

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

Note: Figures for fiscal 2022 and thereafter include overseas projects.

Item	Unit	Fiscal 2022	Fiscal 2023	Fiscal 2024
Number of environmental impact assessment checks		64	56	80

Reduction of environmental impacts

Internal carbon pricing

In June 2023, Tokyo Century introduced an internal carbon pricing system on a trial basis for use in screening highly important investment projects proposed to the Management Meeting. This system is meant to help track greenhouse gas emissions risks and appropriately control increases in greenhouse gas emissions as a result of undertaking new projects.

Specifically, an internal carbon pricing column has been included on environmental impact assessment worksheets. Using the J-Credit (renewable energy) price for internal carbon pricing, prices are calculated after receiving the necessary environmental data (usage data) for calculating Scope 1 and Scope 2 emissions for investment projects at consolidated subsidiaries. This information is used in making investment decisions.

Reduction of environmental impacts

Companywide energy conservation initiatives

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

Reduction of Electricity Use

Employees are asked to turn off their computer monitors when they are away from their seats and to turn off lights in unused reception and meeting rooms. Meanwhile, LED lighting has been installed in offices and provisions are being introduced to automatically turn off air-conditioning equipment after hours and to ensure that air-conditioning is only used in the necessary areas. We also encourage employees to dress cooler in the summer and warmer in the winter to cut back on air-conditioning use. In addition, we are working to reduce overtime hours through increased operational efficiency. These are just some of our efforts for reducing energy use.

Purchase of Energy from Renewable Sources

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

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

Reduction of Gasoline Use

Reductions in gasoline use from driving for business purposes are being pursued by improving the fuel efficiency of business-use vehicles through eco-friendly driving techniques, utilizing trains and rental cars, and employing telematics systems installed in business-use vehicles.

Reduction of Paper Use

We are reducing paper use by employing paperless applications and other documents and electronic applications, installing monitors in reception and meeting rooms, holding paperless meetings through the utilization of secure computers and tablets, and reducing the number of multifunction printers installed in offices.

Tokyo government's global warming response plan system

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

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

For more details, please refer to the Tokyo Bureau of Environment's website.

Tokyo Bureau of Environment

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

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

Environmental Market Opportunities

<p>Sustainable financial products</p>	<p>Financial services contributing to social sustainability</p>	<p>Energy conservation subsidy services</p>	<p>Tokyo Century uses various subsidy programs to help customers introduce cutting-edge equipment that help lower their environmental impacts. The resulting reductions in lease payments effectively drive the spread of low-emissions equipment, thereby helping preserve the environment while supporting small to medium-sized companies in achieving carbon-free operations.</p> <p>Major Subsidy Programs</p> <ul style="list-style-type: none"> • ESG lease subsidization program for contributing to a decarbonized society • Cutting-edge energy-saving investment support subsidy • Advanced factory and workplace decarbonization support programs • Subsidies for large-scale growth investments by small and medium-sized companies for reducing labor requirements to raise wages
		<p>Donation-oriented corporate power purchase agreements (in-house generation support services)</p>	<p>Kyocera Corporation, KYOCERA Communication Systems Co., Ltd., and Tokyo Century have launched a donation-oriented corporate power purchase agreement (in-house generation support) service as an initiative for contributing to the accomplishment of the SDGs.</p> <p>This service will use a framework in which the initial investment and maintenance costs and work will be handled by KYOCERA Communication Systems and Tokyo Century in order to supply customers with options for corporate power purchase agreements that allow them to introduce solar power generation systems with no up-front investment. Moreover, the service supplements conventional corporate power purchase agreement contracts with donations to public welfare organizations and NPOs that contribute to the accomplishment of the SDGs. Customers that introduce solar power generation systems through this service are able to designate the organization of their choice to receive a donation of a portion of the revenues of Tokyo Century.</p> <p>For more information, please refer to the following website https://www.tokyocentury.co.jp/tc-news-en/services/equipment-leasing/decarbonization-corporateppa-menicon/</p>
		<p>Leases with attached carbon credits</p>	<p>Tokyo Century offers leases with attached carbon credits to support the decarbonization and corporate value improvement initiatives of customers. Leases with attached carbon credits entail providing carbon credit offset services through programs such as the J-Credit Scheme together with the auto and other leases offered by the Company and Group companies. These services make it possible for customers to offset the CO₂ emissions from the production equipment, IT equipment, vehicles, and other items they lease.</p> <p>For more information, please refer to the following press release (in Japanese only). https://ssl4.eir-parts.net/doc/8439/tdnet/2240405/00.pdf</p>
		<p>Forestry Fund</p>	<p>Tokyo Century has invested and participated in Eastwood Climate Smart Forestry Fund I, a forestry fund organized and operated by Eastwood Forests, LLC, a U.S.-based forest asset management company under the control of Sumitomo Forestry Co., Ltd. As a major investor in this fund, Tokyo Century acts as a member of a committee that makes decisions regarding important matters such as the purchase and sale of forest assets. Through our involvement in the management of this fund, we expect to acquire insight pertaining to forest management that can be used for the development of new forestry businesses.</p> <p>For more information, please refer to the following press release (in Japanese only). https://ssl4.eir-parts.net/doc/8439/tdnet/2310035/00.pdf</p>

Establishment of Sustainability-Linked Financing and Transition-Linked Financing Framework

Tokyo Century launched a sustainability-linked financing and transition-linked financing framework in May 2024, with regard to which we have received a third-party opinion from DNV BUSINESS ASSURANCE JAPAN K.K. Based on this framework, we are receiving financing via sustainability-linked bonds, sustainability-linked loans, and Japanese-style operating leases to demonstrate our initiatives for working toward our long-term vision to investors and a wide range of other market participants.

For more information, please refer to the following website (in Japanese only).
<https://www.tokyocentury.co.jp/jp/newsroom/news/004725.html>

Development of Self-Assessment-Style Positive Impact Financing Framework

In September 2025, Tokyo Century introduced Japan's first self-assessment-style positive impact financing framework, and a third-party opinion has been received from Japan Credit Rating Agency, Ltd., with regard to the framework. This framework is being used to promote sustainability management by facilitating the assessment and management of the environmental, social, and economic impacts of Tokyo Century's business activities through engagement with lenders and reviews by third-party assessment firms.

The funds procured through this framework are used in all of Tokyo Century's business activities to accelerate efforts to create a positive impact.

For more information, please refer to the following websites (in Japanese only).
https://ssl4.eir-parts.net/doc/8439/ir_material12/261078/00.pdf
<https://www.jcr.co.jp/download/e688b76a92fddbde6d23f61e88d2ae3b0efddb88f7702ad/25d0914.pdf>

Tokyo Century has continued to promote fund procurement through sustainability-linked loans, positive impact finance, and the DBJ Employees' Health Management Rated Loan Program. A total of ¥718.0 billion has been procured through these activities as of March 31, 2025.

Fund procurement vehicle	Instances	Amount procured (billions of yen)
Sustainability-linked loans	24	487.9
Positive impact finance	4	215.1
DBJ Employees' Health Management Rated Loan Program	2	15.0
Total	30	718.0

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

Sustainability-Linked Loans

Sustainability-linked loans entail setting sustainability performance targets linked to sustainability goals. Borrowing conditions are then determined based on performance with regard to the sustainability performance targets in order to encourage economic activities and growth founded on environmental and social sustainability. Aviation Capital Group LLC, a U.S.-based aircraft leasing subsidiary, was awarded the Sustainable Finance Deal of the Year in Aviation 100 Awards 2025 announced by Airline Economics in recognition of a U.S.\$500 million sustainability-linked loan closed in October 2024.

Positive Impact Finance

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

DBJ Employees' Health Management Rated Loan Program

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

Sustainable financial products	Fund procurement contributing to social sustainability	<p>Sustainability-linked loans, positive impact finance, and DBJ Employees' Health Management Rated Loan Program</p>	<p>Third-Party Assessment Concerning Compliance</p> <p>Tokyo Century receives third-party opinions regarding the compliance of its sustainability-linked loans and positive impact finance initiatives with the respective principles and guidelines as well as regarding the rationality of the indicators it has defined.</p> <p>The following key performance indicators (KPIs) have been established with regard to Tokyo Century's sustainability-linked financing framework. Pursuing the targets for these KPIs will help us work toward the accomplishment of the goals of Medium-Term Management Plan 2027 and of our carbon-neutrality policy for fiscal 2040.</p> <p>KPI 1 Number of battery electric vehicles owned KPI 2 Ratio of fleet comprising electrified vehicles (electric vehicles, fuel cell electric vehicles, plug-in hybrid electric vehicles, and hybrid electric vehicles) KPI 3 Ratio of fuel-efficient aircraft in aviation business (ACG) (ratio of fuel-efficient aircraft based on asset value) KPI 4 Annual sales volume of used computers KPI 5 Annual paid leave acquisition rate KPI 6 Rate of childcare acquisition by male employees</p> <p>For more information on fund procurement through sustainability-linked loans, please refer to the news releases available on the Company's website. https://www.tokyocentury.co.jp/en/ir/</p>													
	Projects for realizing a decarbonized society	<p>JCM system</p> <p>* Joint Crediting Mechanism</p>	<p>The Joint Crediting Mechanism (JCM) system facilitates the diffusion of Japan's superior decarbonization technologies to partner countries with support in the form of subsidies for part of the installation costs toward contributing to the establishment of sustainable social infrastructure and in the form of reduced greenhouse gas emissions in these partner countries. At the same time, the system allows for the crediting of some of the reduction in greenhouse gases under Japan's emissions.</p> <p>Over the period from fiscal 2017 to fiscal 2024, Tokyo Century engaged in 17 projects in five countries (Indonesia, the Philippines, Thailand, Myanmar, and Vietnam) that were selected for the JCM system. In fiscal 2024, we took part in two such projects, one pertaining to a 2.7 MW solar power generation system for a steel wire production plant in Indonesia and another for installing a solar power generation system and a heat battery system at a packaging plant in Thailand. In addition, a roof-mounted solar power generation system installed at an electronic equipment assembly plant in the Philippines in fiscal 2023 has been recognized under the new JCM Eco Lease Scheme, which Tokyo Century was involved in designing.</p> <p>For more information, please refer to the following website. https://www.tokyocentury.co.jp/en/sustainability/materiality/decarbonized-society.html</p> <table border="1"> <thead> <tr> <th>Target</th> <th>Unit</th> <th>2021</th> <th>2022</th> <th>2023</th> <th>2024</th> <th>2025</th> </tr> </thead> <tbody> <tr> <td>Projected aggregate greenhouse gas emissions reductions when choosing JCM Model Projects</td> <td>t-CO₂</td> <td>39,000</td> <td>45,000</td> <td>49,000</td> <td>53,000</td> <td>56,000</td> </tr> </tbody> </table> <p>Note: Targets indicated in the above table are for calendar years as opposed to fiscal years.</p>	Target	Unit	2021	2022	2023	2024	2025	Projected aggregate greenhouse gas emissions reductions when choosing JCM Model Projects	t-CO ₂	39,000	45,000	49,000	53,000
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Other Initiatives

Participation in Decarbonization-Related Initiatives	<p>Registration of Decokatsu Declaration and Participation in the Decokatsu Support Team</p>	<p>In May 2024, Tokyo Century registered its Decokatsu Declaration with the Decokatsu Team of the decarbonized lifestyle office of the Minister of the Environment and joined the Decokatsu Support Squad, a council focused on new national movements and public-private coordination.</p> <p>Decokatsu is a portmanteau combining “decarbonization,” or reducing CO₂ emissions, with “eco” and the Japanese words for “activities” (<i>katsudo</i>) and “lifestyle” (<i>seikatsu</i>) and refers to a national movement for creating new and enriching lifestyles that contribute to decarbonization.</p> <p>One of Tokyo Century's issues of materiality (key issues) is contribution to a decarbonized society, and we have announced our target of achieving carbon neutrality by fiscal 2040. Accordingly, we are moving forward with Decokatsu for enriching the lives of people in Japan through products, services, and initiatives that contribute to decarbonization. We are also incorporating Decokatsu into our everyday and work activities.</p>
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