

Governance

Corporate Governance

Management Structure

<p>Basic policy</p>	<p>Tokyo Century recognizes that effective corporate governance is an important management issue to be addressed in order to maximize corporate value. We therefore strive to maintain a sound and highly transparent management system that enables swift and accurate decision-making in response to changes in the operating environment.</p> <p>We also work to enhance the soundness and transparency of corporate management through the implementation of effectively functioning internal control and risk management systems.</p>						
<p>Internal control system and corporate governance system</p>	<p>Tokyo Century’s management structure centers on the Board of Directors and the Board of Corporate Auditors. In addition, an executive officer system has been introduced to accelerate management strategy decision-making and strengthen supervisory and operational execution systems.</p> <p>The Company has two female directors among its 11 directors and one female officer among its 25 executive officers (as of June 23, 2025).</p> <p>Internal Control System and Corporate Governance System (As of June 23, 2025)</p> <p>Management Structure Comprising Optimal Committees</p>						
<p>Corporate Governance Report</p>	<p>Corporate Governance Report (Last Update: July 15, 2025) https://www.tokyocentury.co.jp/en/sustainability/esg/governance/system.html#anc_report</p>						
<p>Board of Directors</p>	<p>The Board of Directors deliberates on and makes decisions about the policies, strategies, business plans, and other key management issues of the Company and Group companies as well as matters specified by prevailing laws and regulations, the Articles of Incorporation, and rules governing the Board of Directors. It also supervises the execution of operations by directors and executive officers.</p> <table border="1" data-bbox="411 1877 1453 2002"> <thead> <tr> <th>Chairperson</th> <th>Number of Members</th> <th>Meetings Held in Fiscal 2024</th> </tr> </thead> <tbody> <tr> <td>Koji Fujiwara President & CEO, Representative Director</td> <td>Directors: 11 (including 5 external directors)</td> <td>13</td> </tr> </tbody> </table>	Chairperson	Number of Members	Meetings Held in Fiscal 2024	Koji Fujiwara President & CEO, Representative Director	Directors: 11 (including 5 external directors)	13
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Board of Corporate Auditors	The Board of Corporate Auditors meets regularly and executes independent and fair audits of the compliance and appropriateness of corporate activities, including the performance of duties by directors and executive officers.		
	Chairperson	Number of Members	Meetings Held in Fiscal 2024
	Katsuya Amamoto Standing Corporate Auditor	Corporate auditors: 4 (including 2 external corporate auditors)	8
Management Meeting	The Management Meeting deliberates on particularly important matters concerning the execution of operations and makes decisions for the Tokyo Century Group.		
	Chairperson	Number of Members	Meetings Held in Fiscal 2024
	Koji Fujiwara President & CEO, Representative Director	7	Once a week, in principle
Transaction Evaluation Meeting	The Transaction Evaluation Meeting discusses and makes decisions about major business transactions being considered by Tokyo Century and Group companies as well as transactions that warrant complex risk analysis.		
	Chairperson	Number of Members	Meetings Held in Fiscal 2024
	Seiji Tsuboi Executive Officer	8	Once a week, in principle
Committees	Name	Purpose	Meetings Held in Fiscal 2024
	Nomination Committee	As an advisory body to the Board of Directors primarily consisting of external directors, the Nomination Committee deliberates on the nomination of candidates for director and corporate auditor positions and reports to the Board of Directors.	8
	Compensation Committee	As an advisory body to the Board of Directors primarily consisting of external directors, the Compensation Committee discusses matters such as director compensation systems and policies and reports to the Board of Directors.	5
	Internal Control Committee	The Internal Control Committee discusses general internal control matters, including the evaluation of the effectiveness of the financial reporting system and the scope of evaluation, in order to ensure the internal control system functions effectively, and reports to the Management Meeting.	4
	Comprehensive Risk Management Committee	The Comprehensive Risk Management Committee discusses matters such as the construction of the risk management system and approaches to measuring risk while periodically assessing the Company's risk exposure and reporting to the Management Meeting.	4
	Credit Risk Management Committee	The Credit Risk Management Committee discusses matters including the Tokyo Century Group's credit portfolio as a whole and credit risk management and reports to the Management Meeting.	2
	Asset Liability Management Committee	The Asset Liability Management Committee discusses matters relevant to managing market, liquidity, and other risks—in order to identify and minimize the exposure of assets and liabilities to risks, including fluctuations in interest and foreign currency exchange rates—and reports to the Management Meeting.	4
	IT and Administration Strategy Management Committee	The IT and Administration Strategy Management Committee discusses matters including the IT strategies, IT investment plans, and administrative system plans of Tokyo Century and Group companies and reports to the Management Meeting.	6
	Sustainability Committee	The Sustainability Committee plans, promotes, and oversees the Tokyo Century Group's sustainability activities, discusses important issues related to sustainability, and reports to the Management Meeting. Key issues are subsequently reported to the Board of Directors.	2
	Investment Management Committee	The Investment Management Committee facilitates appropriate investment management by deliberating on matters related to the development and implementation of investment management structures and the assessment of large-scale investment projects and reports to the Management Meeting.	12

Director skills matrix

For the director skills matrix, please refer to page 90 of *Integrated Report 2025*.

https://www.tokyocentury.co.jp/en/ir/library/pdf/2025_en_integrated-report.pdf#page=47

Officer compensation

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

Director compensation is decided by a resolution of the Board of Directors, based on recommendations from the Compensation Committee, primarily consisting of independent external directors, on the policy for determining the content of compensation for individual directors. The board also receives advice from outside experts. Draft proposals on matters such as the policy, systems, and levels of officer compensation are referred to the Compensation Committee, and the Board of Directors makes the final decision based on the committee's recommendations.

The Company resolved to revise its officer compensation system and to introduce a performance-linked stock compensation plan at the 55th Annual General Meeting of Shareholders on June 24, 2024. The new plan further clarifies how compensation paid to directors and officers is linked to business performance and the value of Company stock by having them share both the benefits of stock price increases and the risk of stock price declines with shareholders, to raise the awareness of directors and officers so they will contribute to improving business performance over the medium to long term and enhance corporate value. The Company transitioned from a compensation system linked to fiscal 2024 performance to the current plan. The Compensation Committee has reported that the introduction of this system is appropriate in view of the purpose of the plan and its effectiveness in providing incentives for improving medium- to long-term performance.

Following the revision of the officer compensation system and the new performance-linked stock compensation plan, the Company has made the following changes to its policy for determining the content of compensation for individual directors.

Officer Compensation System ^{*1}

	Basic Compensation	Bonuses	Stock-Based Compensation (BBT-RS)						
Fixed / variable compensation	Fixed Compensation Determined based on comprehensive consideration of duties, roles, and responsibilities	Short-Term Performance-Based Compensation Determined according to achievements and performance	Medium- to Long-term Performance-Based Compensation Number of shares determined based on medium- to long-term business performance, including initiatives that contribute to the enhancement of the Company's corporate value and its business performance over the medium to long term						
Ratios of compensation (Basic compensation indexed to 1)	1.0	<table border="1"> <tr> <td>Representative directors</td> <td>0-0.8</td> <td>0-1.2</td> </tr> <tr> <td>Directors</td> <td>0-1.0</td> <td>0-1.0</td> </tr> </table>	Representative directors	0-0.8	0-1.2	Directors	0-1.0	0-1.0	
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Directors	0-1.0	0-1.0							
Process for determining individual compensation amounts	Decision by president based on authority delegated by the Board of Directors and with reference to report submitted by the Compensation Committee, input from external experts, and research data on compensation levels by third-party institutions								
Evaluation / payment standards	Rank (Duties, roles, responsibilities, etc.)	Net income attributable to owners of parent Fiscal 2024 Performance ¥85,279 million	<table border="1"> <tr> <td>Financial</td> <td>Consolidated ROA and ROE Fiscal 2024 Performance ROA 1.3%; ROE 9.0%</td> </tr> <tr> <td>Non-financial</td> <td>TCX Initiatives Evaluation is determined through deliberation by the Compensation Committee.</td> </tr> <tr> <td>Market evaluation</td> <td>The Company's stock price growth rate Fiscal 2024 Performance 94% (The Company's stock price growth relative to TOPIX)</td> </tr> </table>	Financial	Consolidated ROA and ROE Fiscal 2024 Performance ROA 1.3%; ROE 9.0%	Non-financial	TCX Initiatives Evaluation is determined through deliberation by the Compensation Committee.	Market evaluation	The Company's stock price growth rate Fiscal 2024 Performance 94% (The Company's stock price growth relative to TOPIX)
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Payment form / timing	Monetary / monthly	Monetary / once a year	Stock / once a year Transfer restriction applied for a set period after resignation Note: Monetary payments equivalent to a predetermined amount of issued stock are made after retirement. Malus clauses are applied.						

^{*1} For more information on the above table, please refer to page 94 of the *Integrated Report 2025*.
https://www.tokyocentury.co.jp/en/ir/library/pdf/2025_en_integrated-report.pdf#page=49

The authority for determining the specific amounts of compensation to be paid to individual directors, in particular, the amounts of basic compensation and performance-linked compensation, shall be delegated to the president based on a resolution by the Board of Directors. To ensure that the president is able to appropriately exercise this authority, the Board of Directors shall present a draft proposal to the Compensation Committee, which primarily comprises external directors designated as independent directors, and receive its recommendation. The president, based on said authority delegated thereto, shall determine the amounts of compensation to be paid while referring to the recommendations of the Compensation Committee, advice from outside experts, and third-party survey data on compensation levels.

Payment of Officer Compensation Amounts

Compensation and Eligible Officers in Fiscal 2024

Officer Category	Total Compensation (Millions of Yen)	Total Compensation by Type (Millions of Yen)			Number of Eligible Officers
		Fixed Compensation	Performance-Based Compensation	Non-Monetary Compensation	
Directors (excluding external directors)	810	368	197	245	8
Corporate auditors (excluding external corporate auditors)	51	51	—	—	2
External directors and external corporate auditors	126	126	—	—	10

Notes: 1. Stock options provided as performance-based compensation, as well as stock-based compensation under the BBT-12S system, are accounted for under "Non-monetary compensation," although they constitute performance-based compensation. Accordingly, amounts of stock options provided as stock-based compensation, as well as stock-based compensation under the BBT-12S system, are not included under "Performance-based compensation."
 2. The total amounts of compensation mentioned above include payments to two directors and one corporate auditor who retired as of June 24, 2024.

Major Items Raised at Meetings of the Board of Directors in Fiscal 2024

For information on major items raised at meetings of the Board of Directors in fiscal 2024, please refer to page 88 of *Integrated Report 2025*.

https://www.tokyocentury.co.jp/en/ir/library/pdf/2025_en_integrated-report.pdf#page=46

Evaluation of the Effectiveness of the Board of Directors and Issues

Tokyo Century has established the Board Effectiveness Review Council as an advisory body to the Board of Directors. The council is membered by external directors designated as independent directors and corporate auditors and conducts an analysis and review of the effectiveness of the Board of Directors once a year, in principle, on aspects such as the effectiveness of its supervisory functions, status of deliberations, systems, and meeting proceedings, taking into account the self-evaluations submitted by each director.

For information on evaluations of the effectiveness of the Board of Directors, please refer to page 89 of *Integrated Report 2025*.

https://www.tokyocentury.co.jp/en/ir/library/pdf/2025_en_integrated-report.pdf#page=46

Training for Directors and Corporate Auditors

To fulfill their expected roles and responsibilities as members of a body that oversees corporate governance, directors and corporate auditors, including newly appointed officers, are required to deepen their understanding of their roles and responsibilities as well as strive to acquire and appropriately build on their knowledge of necessary issues. Upon their appointment, directors and corporate auditors, including external directors and external corporate auditors, receive a briefing providing the necessary knowledge on matters such as the Company's business, finances, and organization to help them develop a sufficient understanding to fulfill their roles and responsibilities (including legal responsibilities). Tokyo Century also organizes training sessions and information-sharing meetings for officers as opportunities for receiving continuous updates after they are appointed.

For information on training for directors and corporate auditors, please refer to page 89 of *Integrated Report 2025*.

https://www.tokyocentury.co.jp/en/ir/library/pdf/2025_en_integrated-report.pdf#page=46

Objective and Independent Audit System

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. Internal audits are aimed at ensuring the appropriateness of the Company's systems, organizations, and rules; whether all business activities comply with relevant laws and regulations and internal rules; and whether operating processes and the risk management system work appropriately and rationally. Based on these audits, improvements are proposed and advice is provided as necessary. As the Group expands its areas of business, risk profiles are becoming more diversified and complex. Accordingly, Tokyo Century aims to conduct internal audits that are effective as part of a risk-based approach. Timely and appropriate audits are also conducted of companies newly consolidated through investment or acquisition. Through such auditing activities, we strive to enhance the risk management capabilities and improve the corporate value of the Company and Group companies. Annual internal audit plans are reported to the Board of Directors after approval by the president (Management Meeting), and the results of the audits are reported to the president (Management Meeting) and to the Board of Directors.

Internal Audit System for Group Companies

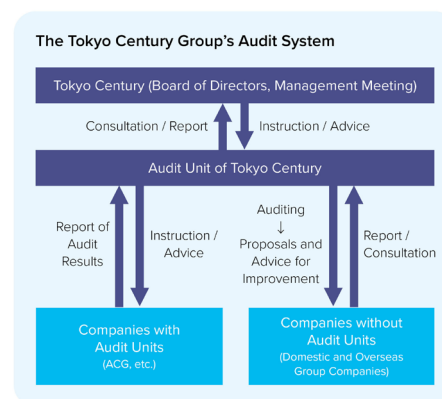
Major domestic Group companies as well as major overseas Group companies Aviation Capital Group LLC and CSI Leasing, Inc., have in place independent audit units that perform audits at their respective companies. Audit plans and results are reported to the Audit Unit of the Company, which provides instruction and support as necessary. The Audit Unit directly audits subsidiaries that do not have their own auditing functions.

Information-sharing and liaison meetings are held at least twice a year to facilitate enhanced coordination among Group companies with regard to internal control and audits.

Basic Internal Audit Policies

Reliable Third Line of Defense Supporting Quest for Growth Furnished by Audit Unit

1. Identification of latent risks to contribute to improved operations and the prevention of misconduct
2. Provision of effective proposals and advice for improvement based on a forward-looking perspective and sensitivity toward change
3. Support for and coordination among Group companies to strengthen the Groupwide audit system



Policies

In accordance with its Basic Risk Management Policy and Comprehensive Risk Management Rules, Tokyo Century is reinforcing its comprehensive enterprise risk management. This framework supports stable and sustainable profit growth by integrating the efficient allocation of management resources, responses to the expansion and diversification of business domains, and the management of non-financial risks such as compliance.

Management

Comprehensive Enterprise Risk Management

For information on comprehensive enterprise risk management, please refer to page 101 of *Integrated Report 2025*.

https://www.tokyocentury.co.jp/en/ir/library/pdf/2025_en_integrated-report.pdf#page=52

Non-Financial (Non-Quantitative) Risks

As our business domain grows and we branch out from the financial sector to provide business services, it is becoming increasingly important to account for non-financial operational risks that cannot be measured quantitatively. Based on this recognition, Tokyo Century has established key risk indicators (KRIs) for non-financial risks. Regular monitoring of these KRIs is performed, and the results are reported to the Board of Directors and other relevant bodies. KRIs have been set pertaining to human resources, information security, accidents, compliance, climate change, legal affairs, and corruption. We are also expanding our range of environmental KRIs in relation to renewable energy, CO₂ emissions, and the portion of our portfolio accounted for by fuel-efficient aircraft and electrified vehicles and have broadened the scope of personnel and labor risk (from non-consolidated to consolidated) amid the rising importance of tracking and managing human rights and climate change risks.

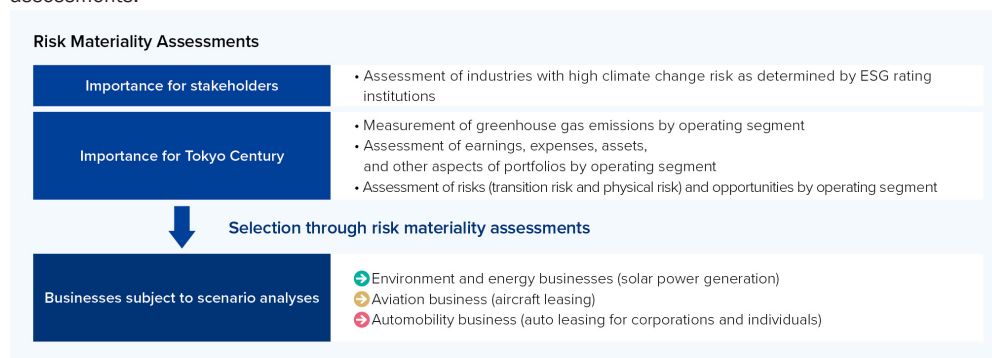
Nevertheless, stakeholder concern for non-financial risks is constantly rising. From the perspective of sustainability, Tokyo Century will continue to bolster its range of effective indicators related to human rights and climate change risks as well as to other environmental, social, and governance (ESG) factors and to the United Nations Sustainable Development Goals (SDGs).

Environmental and Climate Change Risks

The Tokyo Century Group recognizes that responding to climate change is an important task. We have therefore endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and are advancing climate change response measures including scenario analyses and information disclosure based on these recommendations.

Scenario Analyses through Risk Materiality Assessments

Given that it operates in five business fields, the Tokyo Century Group has chosen an approach for selecting businesses subject to scenario analyses entailing risk materiality assessments. These assessments involve industry-specific evaluations of the impacts of climate change risks and comparative analyses of the greenhouse gas emissions and asset portfolios of different operating segments. To date, scenario analyses have been conducted targeting environment and energy businesses (solar power generation), the aviation business (aircraft leasing), and the automobility business (auto leasing for individuals and companies). Going forward, the Company will continue to examine the appropriate risk countermeasures and related opportunities by expanding the scope of businesses subject to scenario analyses and improving the accuracy of said analyses based on risk materiality assessments.



Investment Management Framework

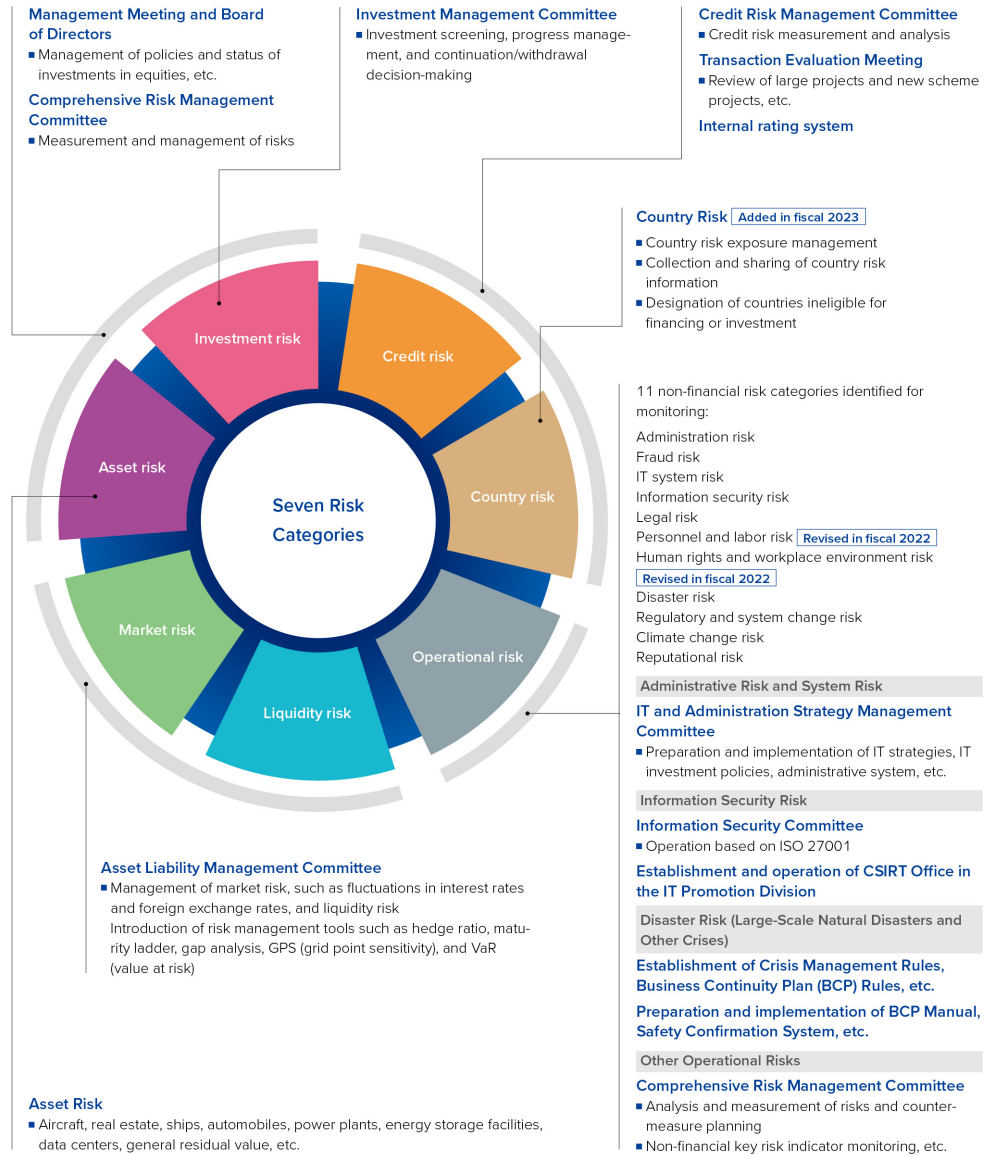
For the purposes of establishing an investment governance framework for use in optimizing its business portfolio, the Tokyo Century Group has instituted an investment management framework. Primary focuses of this framework include clarifying investment screening and withdrawal standards and developing standardized monitoring processes.

For information on Tokyo Century's investment management framework, please refer to page 103 of *Integrated Report 2025*.

https://www.tokyocentury.co.jp/en/ir/library/pdf/2025_en_integrated-report.pdf#page=53

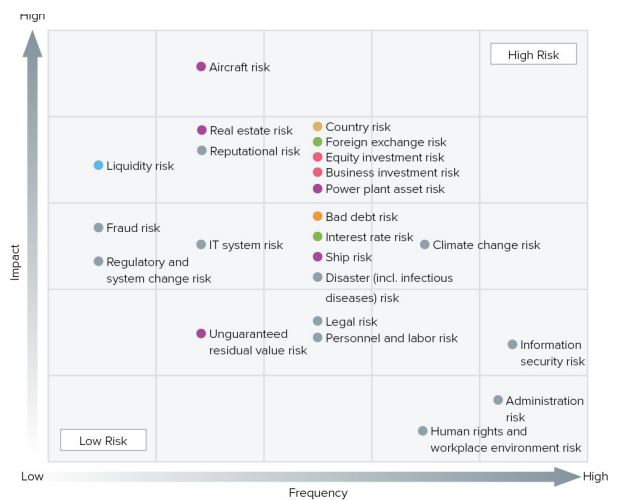
Major Risks and Management Frameworks

Major risks and management approaches



Risk Heatmap

The Basic Risk Management Policy and the Comprehensive Risk Management Rules define risk categories. The Group assesses secular changes annually in its business operations and maps these categories using a matrix that measures the level of impact and frequency of occurrence. The resulting map is reviewed every year with comprehensive consideration paid to various factors, such as trends in risk scenarios identified via risk audits, the risk amount for each risk item, initiatives, and incidents or accidents. In fiscal 2023, the Company began having reports on the risk heatmap submitted to the Board of Directors, and other steps are being taken to visualize identified risks and share this information with relevant parties.



Compliance

Management

Based on the awareness that thorough adherence to compliance is essential to the continued existence of a company, Tokyo Century Group strives to ensure the establishment of a system of management which will be trusted by society at large and in which all officers, managers, and employees act based on a just and high sense of ethics. In Tokyo Century Group, the President & CEO of Tokyo Century Corporation heads the compliance of the entire Group as the Chief Compliance Executive Officer, and the Compliance Office plays a role in exercising, promoting, educating and reviewing compliance matters, such as human rights, anti-corruption including bribery across the entire Group in accordance with compliance programs under the supervision of the Chief Compliance Officer (CCO) who is appointed by the President & CEO.

At each organizational group, such as divisions and branch offices, the head of each group acts as the Compliance Officer (CO) to take responsibilities for promoting compliance awareness of each own group, including handling compliance matters and carrying out compliance trainings in collaboration with the Compliance Office.

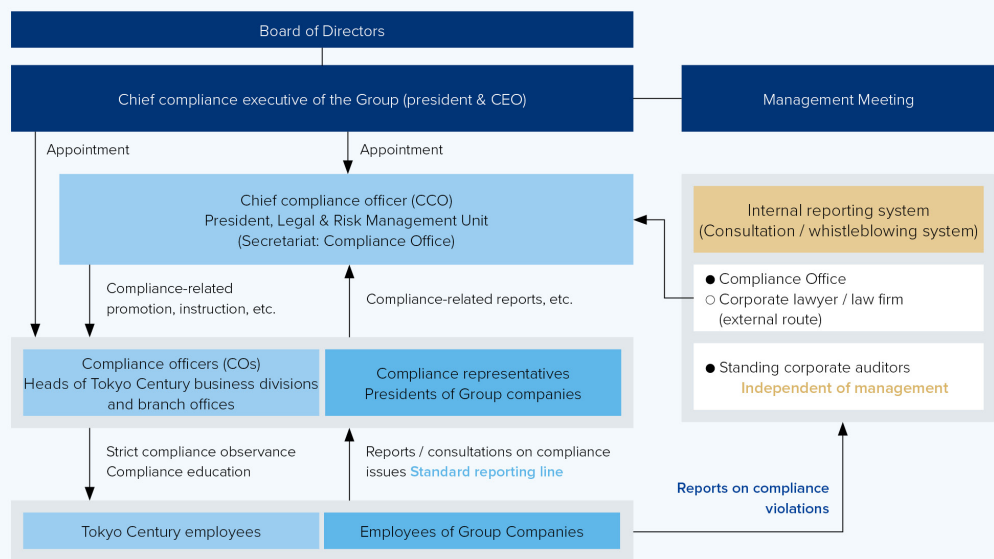
At our consolidated subsidiaries, the President or an officer equivalent to president acts as head of compliance, in order to take control of building, maintaining and managing the compliance of each subsidiary through the instructions, guidance and advices from CCO. As for non-consolidated group affiliates, the Compliance Office gives guidance and advice on compliance structure management and promotion in a timely manner.

We report and review the Group's compliance structure and operation as well as identified compliance violations at the Management Meeting and the Board of Directors every half year for review, including its effectiveness. Based on the results of the review, we make and implement compliance promotion plans. Apart from this, we oblige all the officers and employees to submit a compliance pledge once every year in order to comply with our compliance regulations.

In fiscal 2024, there was no major compliance violation, including human-rights violations deserving of public announcement.

Compliance structure

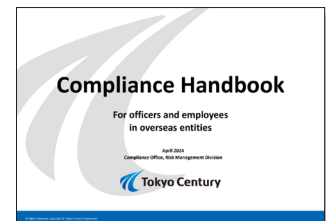
Compliance Structure for the Tokyo Century Group



Compliance handbooks

The Tokyo Century Group has prepared a Compliance Handbook that lays out the basics of compliance and makes it available on its corporate portal at all times. Themes include our Management Philosophy, Corporate Code of Conduct, compliance-related internal regulations, the Group's stance toward respect for human rights, prohibition of harassment, prevention of insider trading, and prevention of corruption, and all officers and employees can review and look back at them at any time to deepen their understanding of compliance and to share their awareness.

The Group also strives to improve the compliance mindset at our local subsidiaries overseas and has created an English edition of the handbook for these companies.



Compliance education

Aiming to ensure the thorough dissemination of a compliance-oriented mindset, Tokyo Century Group provides systematic and continuous compliance education through such means as rank-based training; e-learned-based training to all officers, managers, and employees, (including contractors and temporary staff); and compliance training at workplace conducted by compliance officers (the head of divisions and branch offices) based on compliance information. Other compliance activities include the distribution of compliance-related information, the administration of compliance awareness surveys, and the organization of Groupwide information-sharing forums.

For more information on compliance training (rank-based programs and other details), please refer to the following website.

https://www.tokyocentury.co.jp/en/sustainability/esg/governance/compliance.html#anc_compliance-education

Compliance training

	Unit	Fiscal 2022	Fiscal 2023	Fiscal 2024
No. of Training Sessions per Year ¹	Sessions	9	9	12
No. of Participants in e-Learning Programs ²	Participants	4,751	5,675	10,637

¹ Training sessions conducted by Tokyo Century head office and e-learning programs (excluding those conducted by branch offices and Group companies)

² Aggregate number of participants in abovementioned e-learning programs

Internal reporting system

Tokyo Century Group strives to detect and address risks at the earliest possible stage, enhance its organizational self-cleansing ability, and reinforce its compliance management by operating an internal reporting system (Consultation/Whistle-Blowing System) that allows officers and employees who become aware of a compliance violation to directly report such the matter without the intervention of their superiors.

1. Outline of Internal Reporting System

All officers and employees of Tokyo Century Group companies in Japan and overseas are eligible to use this internal reporting system, including directors, officers, permanent employees, contractors, temporary staff, seconded employees, part-time staff, and others), as well as those who have retired within the past year.

We have set up three contact points: the Compliance Office inside the Company; the legal counsel's office outside the Company, which is well informed in this field; and full-time corporate auditors in order to ensure independence.

Reports can be submitted through any of these channels, irrespective of content, and be submitted in any form, such as by email or other writing, as well as phone or otherwise verbally, to the contact points listed on the Company's intranet and included in the Group's Compliance Handbook.

The system covers a wide range of issues, including violations of the Anti-Monopoly Act that impede fair competition; bribery and other acts of corruption; violations of the Financial Instruments and Exchange Act that undermine the interests of investors; harassment; violations of any laws concerning business operations, including human rights violations; and misconduct that violates corporate ethics or internal rules. Furthermore, the reporting system is open to consultation for when an individual becomes aware of or is concerned about a compliance violation or when they have a question about compliance in the course of executing business.

Whistleblowers are placed under stringent protection. We strictly prohibit any disciplinary action, retaliation, or other disadvantageous treatment of whistleblowers by the Company and strive to thoroughly secure anonymity and maintain confidentiality concerning their reports. Personnel involved in responding to these reports are designated as in charge of whistleblowing, as stipulated in Japan's Whistleblower Protection Act, and are obliged to maintain complete confidentiality relative to the identity of the whistleblower or risk of being recognized.

2. Response to Issues Raised by Internal Reports

When an issue is reported, the chief compliance officer (CCO) is consulted to determine a response with due consideration to the whistleblower's wishes, and as deemed necessary, an investigation is promptly conducted to establish the facts. The Company is obliged to notify the whistleblower (within no more than 20 days) as to whether an investigation will be conducted, and provide reasons for the decision, except when the report has been submitted anonymously.

During this process, we impose strict confidentiality on those involved in or subject to any investigation and prohibit any disadvantageous treatment of those under investigation or cooperating with it, as is the case with a whistleblower.

Timely reports on the status of an investigation are made to the CCO, who, in the event of a confirmed compliance violation, will implement corrective measures and seek to prevent further damage based on the advice of legal counsel while also taking action to prevent a recurrence. The CCO will take remedial action if the case is related to a violation of human or other rights.

Serious compliance violations will be reported to the chief compliance executive officer of Tokyo Century Group (president and CEO of Tokyo Century Corporation) and the corporate auditors.

3. Status of Reports Received by Internal Reporting Contact Points

The types of cases received by the contact points for internal reporting are roughly classified into such categories as rule violations, harassment, workplace environment, and other. The number of cases received over the years, including those reported by Group companies in Japan and overseas, are summarized in the graph below. There was a total of 28 cases in fiscal 2024.

Appropriate corrective measures are being taken in accordance with the content in all types of cases.

For more information, please refer to the following website.

https://www.tokyoCentury.co.jp/en/sustainability/esg/governance/compliance.html#anc_whistleblower

	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024
Received	16	17	10	28
Rule violations	1	0	0	10
Harassment	6	8	8	13
Workplace environment issues	3	9	2	3
Other cases	6	0	0	2

4. Review and Promotion of Internal Reporting System

Use of the internal reporting system and responses to individual cases are reported semiannually to the Management Meeting and Board of Directors and regularly checked and evaluated by our legal counsel to make any necessary improvements.

We also promote use of the system among all officers and employees through an annual compliance survey, which serves to remind them about the system, and through semi-annual e-learning sessions and additional training seminars that explain its purpose and related details.

Prevention of Money Laundering

Initiatives to Prevent Money Laundering

In accordance with our Corporate Code of Conduct and Guidelines for Our Action, Tokyo Century Corporation recognizes the importance of taking action against money laundering, financing of terrorism, and proliferation financing (hereafter ML/FT) and strives to prevent Tokyo Century Group, our customers, and our employees from becoming involved in ML/FT.

The Group therefore works to prevent regulatory violations associated with ML/FT while continuously strengthening its countermeasures to fulfill the requirements of international organizations such as the United Nations and the Financial Action Task Force on money laundering (FATF) and to adhere to the laws and regulations of Japan and other countries, including those imposed by the U.S. Office of Foreign Assets Control (OFAC).

A specific internal control framework and operations are stipulated in our Regulations for Anti-Money Laundering and Financing of Terrorism.

1. Establishment of a framework to prevent money laundering and financing of terrorism

The Company recognizes measures against ML/FT as an important management issue and will establish and maintain an effective control framework.

2. Commitment by management

The Company's management takes a leadership role in preventing ML/FT.

3. Identification, assessment, and mitigation of risks associated with money laundering and financing of terrorism

The Company takes a risk-based approach to verifying and identifying risks related to ML/FT that are relevant to the Company, assesses the risks identified, and takes appropriate action to mitigate the risks in light of the assessment results.

4. Customer verification

To ensure public security and sound economic practices, the Company takes Know Your Customer (KYC) measures in a timely and appropriate manner to prevent ML/FT that encourages organized crime and to block any relationships with anti-social forces. To this end, we make use of databases and other tools to filter prospects prior to transactions and conduct checks during transactions in addition to monitoring contract procedures based on internal rules.

5. Notification of suspicious transactions

The Company will promptly notify the authorities in the event that it detects suspicious transactions based on checks and monitoring conducted during transactions or through reporting by sales and other divisions.

6. Training of officers and employees

The Company provides ongoing training so that its officers and employees can deepen their knowledge of prevention of ML/FT and take appropriate action at any time necessary.

7. Compliance auditing

To ensure appropriate operations regarding the prevention of ML/FT, the Company conducts internal audits on a regular basis and strives to improve its internal framework.

Tokyo Century Group is committed to preventing corruption by conducting fair, equitable, and transparent transactions in all our operating activities.

1. Initiatives for preventing corrupt practices

The Group makes a concerted effort to ensure compliance and prevent corruption while addressing issues such as prevention of money laundering, financing of terrorism, and proliferation financing; the blocking of any relationships with anti-social forces; prohibition of insider trading; and compliance with the Anti-Monopoly Act, including cartels and bid-rigging, as well as the competition laws of other countries.

2. Prohibition of bribery

Except as permitted by the relevant rules, the Group prohibits offering entertainment, cash, or any other benefits to domestic and foreign public officials* and engaging in behavior such as receiving, demanding, or promising illicit or unjustifiable business profit with the intention of obtaining favors, rewarding public officials for favors obtained, or gaining illicit profit, either directly or indirectly through agents, consultants, or any other third party.

* Includes public officials, quasi-public officials, foreign public officials, and officials and employees of special companies.

In our international business, we remain particularly committed to acting prudently and appropriately with regard to entertainment and gifts to and from foreign public officials in stringent compliance with the laws and regulations of Japan and those of other countries and regions.

(1) Key considerations for providing entertainment and gifts to public officials

- i. Entertainment and gifts should not be given with the intention of obtaining favors or rewarding public officials for favors obtained.
- ii. Cost and other expenses must be within the scope of typical social norms.
- iii. The location of meetings and handling of expenses must be open and transparent.
- iv. Confirmation with the recipient must be made that the provided entertainment or gift does not violate any internal rules nor any public laws or regulations.
- v. If the recipient is a foreign public official, in addition to meeting the above requirements from i to iv, it must be clear that the purpose is not to obtain illicit business profits, and the expenses must be kept within the customary and socially acceptable range of the country of the foreign public official.

(2) Prohibition of entertainment and other benefits that violate social norms

Exercise caution and refrain from frequently offering entertainment or gifts to specific business partners and related parties as well as those regarded as expensive according to some social norms or industry practices.

3. System and response

We ensure whistleblower protection so that no disadvantageous actions are directed toward any officer or employee who reports on, or who provides information concerning violations or potential violations of laws, regulations, or internal rules on preventing corrupt practices.

4. Education and training

To ensure that these anti-corruption initiatives are thoroughly understood and implemented by officers and employees across the Group, they are clearly laid out in our compliance handbook in Japanese and English, and they are also incorporated into e-learning and other in-house training as necessary.

We have compiled Guidelines on Offering Entertainment to Public Officials in Japanese and English that state the points to be noted to ensure that they are well understood by officers and employees of overseas Group subsidiaries.

5. Reporting

The progress and status of initiatives for preventing corrupt practices are reported to and reviewed by the Management Meeting and Board of Directors to implement the Group's compliance system.

In fiscal 2024, no fine was imposed on the Group and no officers or employees were dismissed or disciplined for corruption.

Tokyo Century Group Code of Conduct stipulates we act from a global perspective that is highly transparent and sincere, by respecting the cultures and customs of the countries and regions in which the Group operates and complying with all laws, regulations, and rules, in addition to conducting sound and fair corporate activities in accordance with social norms.

Our policy on political funds prohibits donations to political parties, political fundraising groups, other political organizations, and candidates for public office (e.g., politicians). Therefore, no political contributions are recorded each year.

Information Security

<p>Acquisition of ISO 27001 certification</p>	<p>The Tokyo Century Group has acquired certification under the ISO/IEC 27001 international information security management system standards, with the goal of protecting the information assets of its clients and those of the Group from threats such as unauthorized access, loss, leakage, revision, and destruction. With this certification, we practice the appropriate protection and management of information assets on a Groupwide basis. Aiming to always be a company trusted by society, the Group will strive to ensure information security by working to further entrench adherence to ISO/IEC 27001 standards and by engaging in continuous improvement efforts (certification was received from BSI Group Japan K.K.).</p> <p>Scope of ISO 27001 Certification</p> <p>ISO 27001 certification has been acquired for the following Tokyo Century Group entities.</p> <ul style="list-style-type: none"> ■Tokyo Century Corporation (head office, Tokiwabashi Tower office) ■EPC Japan K. K. <p>In addition, the following consolidated subsidiary has received certification on an individual basis.</p> <ul style="list-style-type: none"> ■FLCS Co., Ltd. (all offices) <div style="text-align: right;">  <p>IS 91018 / ISO 27001</p> </div>
<p>Basic Information Security Policy</p>	<p>Tokyo Century Group seeks to protect the information assets of business partners and of the Group from various security risks by laying out guidelines and related rules and regulations to carry out the following initiatives. For information on the Basic Information Security Policy, please refer to the following website.</p> <p>https://www.tokyoCentury.co.jp/en/sustainability/esg/governance/information-security.html#anc_information-security</p>
<p>Information security initiatives</p>	<p>The Tokyo Century Group views information security as a crucial issue affecting corporate management. The Company has accordingly obtained certification under ISO 27001, the international standard for information security management systems. Under the leadership of the Information Security Committee, we periodically revise regulations and rules regarding information management, conduct regular risk assessments to address information security risks, and carry out security training for employees and officers.</p> <p>The TC-CSIRT, a computer security incident response team, has been set up within the IT Unit as a dedicated cybersecurity organization. Under normal circumstances, the TC-CSIRT will take steps to prevent the recurrence of past incidents and the occurrence of new incidents by monitoring security systems, assessing the security of cloud services, and educating officers and employees. As cyberattacks grow more sophisticated and complex, we endeavor to enhance our response capabilities by sharing information with external partners through membership in the Nippon CSIRT Association and participating in drills for exercising the knowledge acquired in this manner. In fiscal 2023, we joined a cybersecurity framework operated by a major shareholder to practice coordination with regard to assessments and practical drills. Tokyo Century is also taking other steps to strengthen its cybersecurity measures.</p> <p>Developing a global business means that actions must be taken to protect personal information and strengthen information security measures considering various cultures and regulatory environments. With the aim of reinforcing global security governance, assessments of overseas subsidiaries are performed to identify issues and implement response measures. In addition, we encourage closer collaboration with Group companies by strengthening management of outside subcontractors, providing information on information security, and holding regular liaison meetings.</p> <p>In addition to these efforts, we conduct email drills targeting the Company and domestic and overseas Group companies with emails in Japanese and other languages several times a year. These drills have proved to be an effective training method for improving the information security awareness of officers and employees.</p>

Personal Information Protection

<p>Personal information protection initiatives</p>	<p>Tokyo Century recognizes that protecting personal information, including Personal Identification Number and specific personal information, is a vital social responsibility, and we will appropriately handle personal information in accordance with our Privacy Policy.</p> <p>The personal information of customers and shareholders will be used appropriately as required for the intended uses.</p> <p>Privacy Policy</p> <p>https://www.tokyoCentury.co.jp/en/sustainability/esg/governance/personal-information.html#anc_privacy</p> <p>Handling of Customers' Personal Information</p> <p>https://www.tokyoCentury.co.jp/en/sustainability/esg/governance/personal-information.html#anc_privacy-customer</p> <p>Handling of Shareholders' Personal Information</p> <p>https://www.tokyoCentury.co.jp/en/sustainability/esg/governance/personal-information.html#anc_privacy-shareholder</p>
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