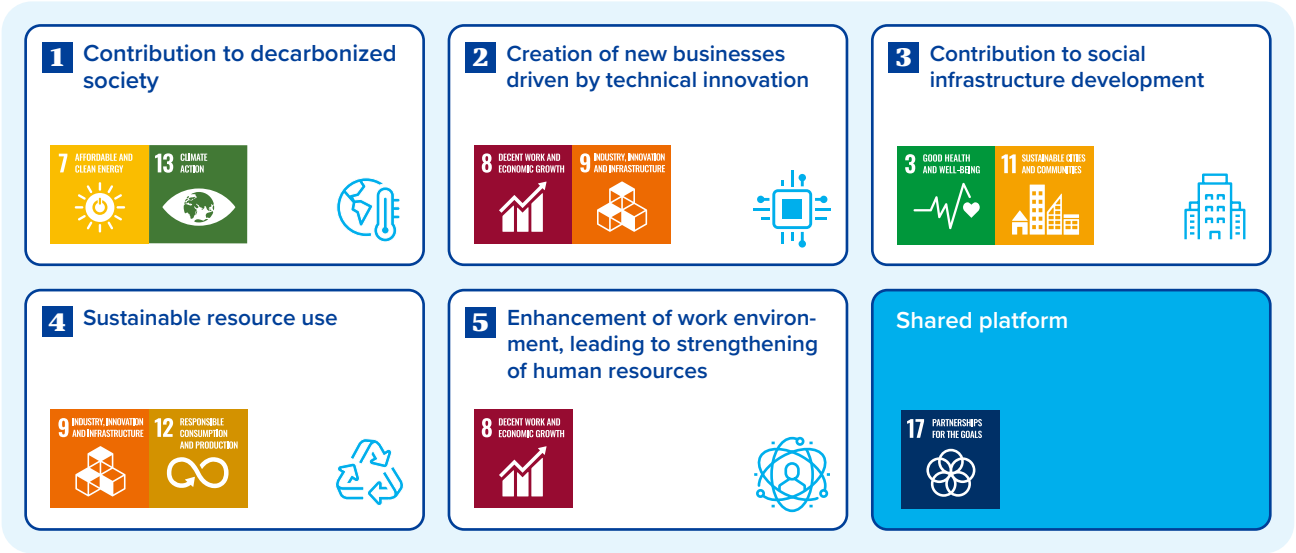


Process for Identifying Materiality (Key Issues)

Tokyo Century’s Materiality (Key Issues)

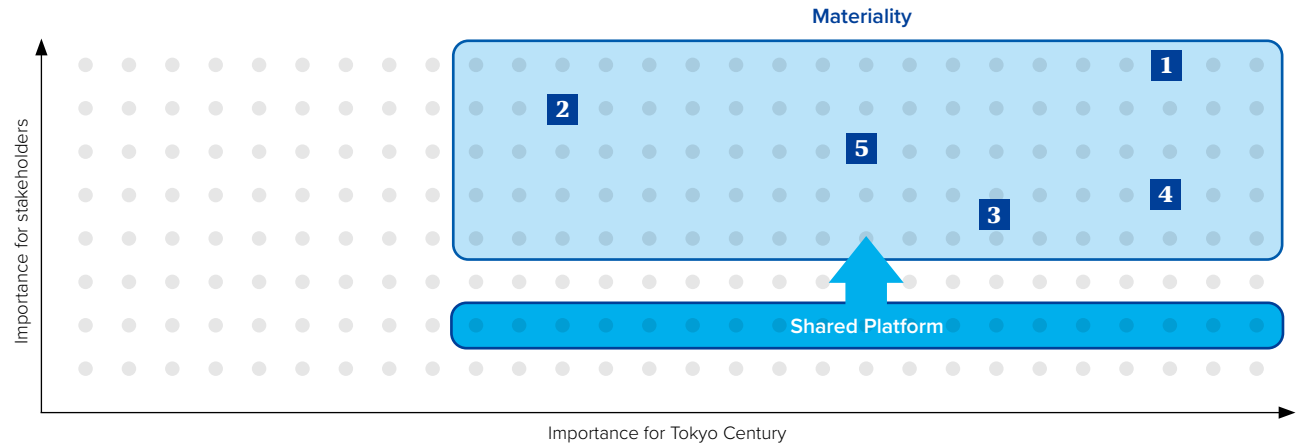


Materiality Identified to Support Sustainability Management

Tokyo Century’s Materiality (Key Issues)

- ➡ Based on the United Nations Sustainable Development Goals (SDGs), Tokyo Century has created a materiality map that considers the degree of priority for its stakeholders (indicated on the vertical axis) as well as the degree of priority for the Company itself (indicated on the horizontal axis). Priority issues for the Company include the development of diverse businesses (such as aviation and solar power generation) that take advantage of its highly free operating environment and business characteristics grounded in the value of its assets.
- ➡ The process of creating this map involved first assessing the importance of issues for stakeholders based on major environmental, social, and governance (ESG) evaluation and non-financial information disclosure standards as well as on the 169 targets for the 17 SDGs. We then proceeded to identify the issues of importance for the Company by looking at the connection between the SDGs and our Management Philosophy and financial information. The important issues defined in these two categories formed the axes used when preparing our materiality map, and this map was used to identify the five materiality items indicated above, based on meetings with relevant personnel and discussions by the Sustainability Committee, the Management Meeting, and the Board of Directors.
- ➡ In addition, protocols have been introduced regarding materiality notifications in agendas for meetings of the Transaction Evaluation Meeting, Management Meeting, and the Board of Directors. The Company also offers incentives as part of its sales promotion measures for initiatives that contribute to the accomplishment of the SDGs through our business activities. These measures are meant to help improve awareness regarding materiality initiatives among employees. Moreover, we have defined key performance indicators (KPIs) along with a PDCA (plan–do–check–act) cycle for our materiality (key issues).

Identification of Materiality Using Materiality Map



Major ESG standards referenced: Dow Jones Sustainability World Index, FTSE4Good Index Series, MSCI indexes, and SASB Standards

Enhancement of Materiality Effectiveness

Introduction of New KPI




New

Definition of Transaction Volume as New KPI

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

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

Businesses Applicable under New KPI of Transaction Volume and Results Thereof

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

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

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