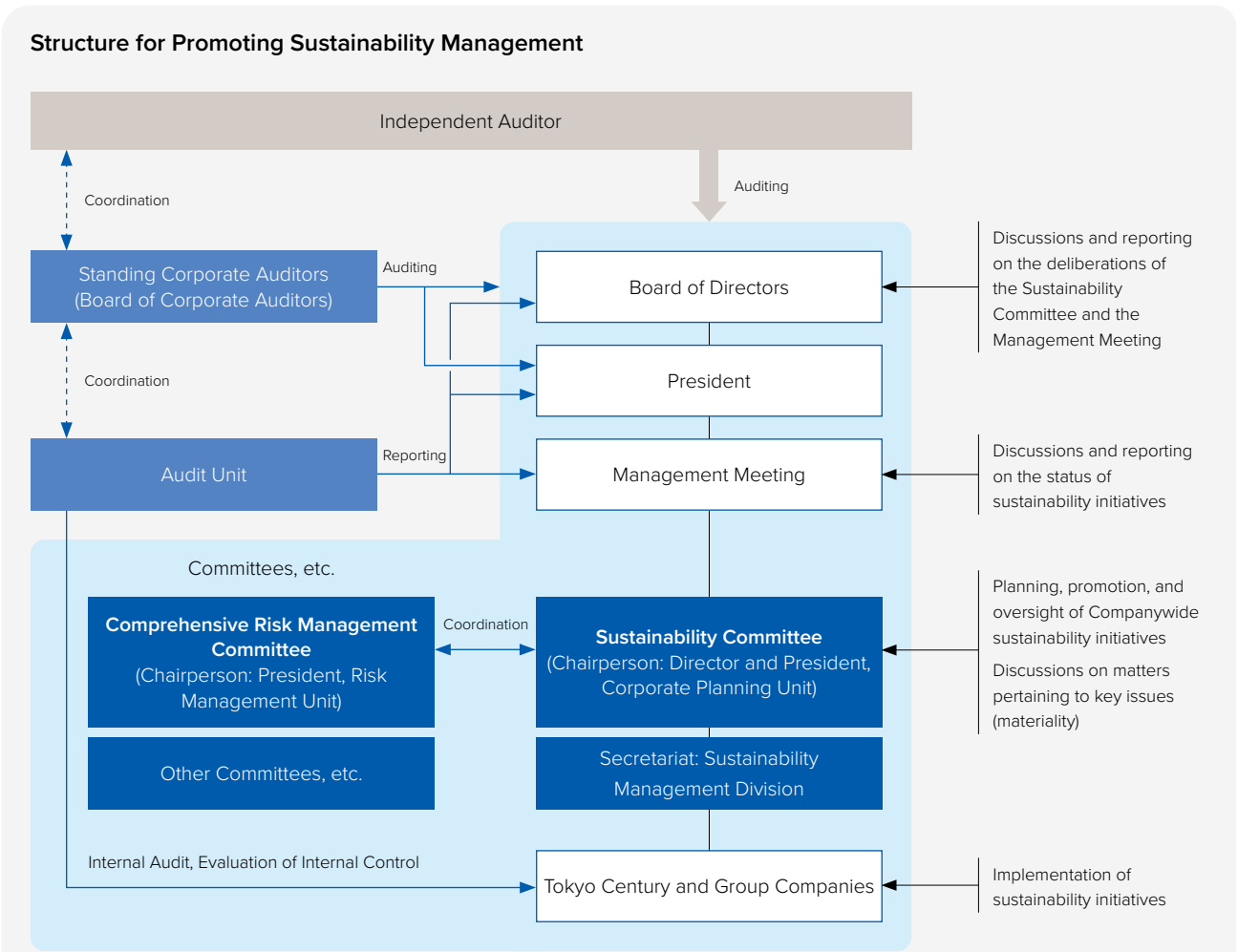


Sustainability Governance

Sustainability Management Monitoring System

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



Role of the Sustainability Committee

Established in April 2018, the Sustainability Committee is responsible for deliberations related to sustainability management at Tokyo Century. This committee meets twice a year, in principle. Important matters deliberated on by the Sustainability Committee are reported to and discussed by the Management Meeting and the Board of Directors to allow for oversight by the latter. The Sustainability Committee is chaired by the director and president of the Corporate Planning Unit, and this committee promotes initiatives for addressing materiality items that position sustainability as an important management issue along with various other initiatives.

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

Members of the Sustainability Committee

| Chairperson | Members | Auditors |
|---|--|-----------------------------|
| Director and president of the Corporate Planning Unit | <div>Unit heads (IT Unit, Business Process Management Unit, Personnel Unit, General Affairs Unit, and Risk Management Unit), deputy president of the Corporate Planning Unit, general manager of the Corporate Planning Division, and general manager of the Sustainability Management Division</div> <div>Five operating segment general managers (Equipment Leasing, Automobility, Specialty Financing, International Business, and Environmental Infrastructure) and observers (invited as necessary)</div> | Standing corporate auditors |

Implementation of PDCA Cycle

In February 2020, Tokyo Century formulated its Sustainability Road Map. This road map was approved following discussions by the Sustainability Committee before being reported to the Management Meeting and the Board of Directors.

The Sustainability Committee manages the progress of initiatives in accordance with the Sustainability Road Map and submits reports on said progress to the Management Meeting and the Board of Directors. Based on these progress reports, instructions are issued to the Sustainability Management Division and other relevant divisions by the Sustainability Committee, the Management Meeting, or the Board of Directors as deemed necessary. The above divisions then carry out these instructions to improve the effectiveness of Tokyo Century’s sustainability management and to enhance its environmental, social, and governance (ESG) strategies.

Major Sustainability Committee Agenda Items and Reports and Responses

| Major Agenda Items | Fiscal 2022 | Fiscal 2023 |
|--|---|---|
| Information disclosure | ➡ Scenario analysis of automobility business (corporate and individual auto leasing) and discussion and approval of related disclosure proposal | ➡ Disclosure based on Corporate Sustainability Reporting Directive (CSRD) |
| | <div>Response</div> Disclosure of results of scenario analysis of automobility business (corporate and individual auto leasing) in May 2023 | <div>Response</div> Identification of applicable Group companies and analysis of disparities between current disclosure materials and CSRD standards as parent company is located outside of the European Union |
| Carbon-neutrality initiatives | ➡ Discussion and approval of carbon-neutrality policies and action plans | ➡ Carbon-neutrality action plan and progress report |
| | <div>Response</div> Announcement of Carbon-Neutrality Policy for fiscal 2040 and transition road map in September 2022 | <div>Response</div> Expansion of scope of disclosure for Scope 1 and Scope 2 emissions (fiscal 2022: 90 companies ➡ fiscal 2023: 93 companies) Ongoing acquisition of third-party verification for CO ₂ emissions and contributions to emissions reductions |
| Materiality items | — | <div>➡ Introduction of new KPI for materiality items</div> <div>Response</div> Definition of transaction volume as new KPI for materiality items of “contribution to decarbonized society,” “contribution to social infrastructure development,” and “sustainable resource use” |
| Progress of medium- to long-term sustainability management initiatives (Sustainability Road Map) | ➡ Confirmation of fiscal 2022 progress of medium- to long-term sustainability management initiatives (Sustainability Road Map) | ➡ Establishment of road map (37 progress items) for Medium-Term Management Plan 2027 |
| | | <div>Response</div> Reporting on progress in fiscal 2023 and on plans for fiscal 2024 and fiscal 2025 |
| Others | <div>Response</div> Human rights due diligence activities centered on domestic Group companies based on Tokyo Century Group Human Rights Policy | ➡ Formulation of Tokyo Century Group Environmental and Social Management Policy for Financing and Investment Activity |
| | | <div>Response</div> Clear definition of Tokyo Century Group’s policies of prohibiting financing or investment to establish new coal-fired power generation plants, expand existing plants, etc. |