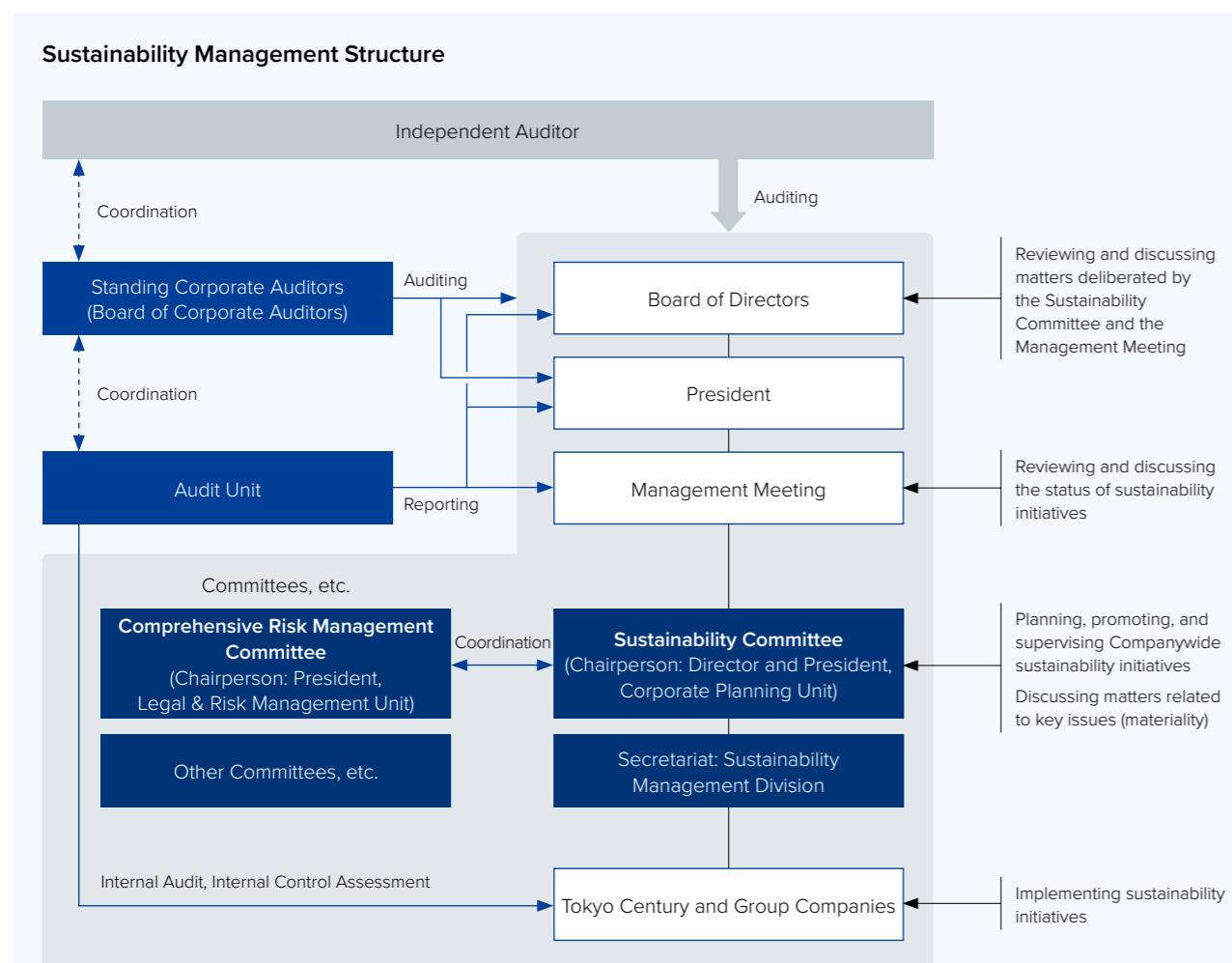


Sustainability Governance

Sustainability Management Monitoring System

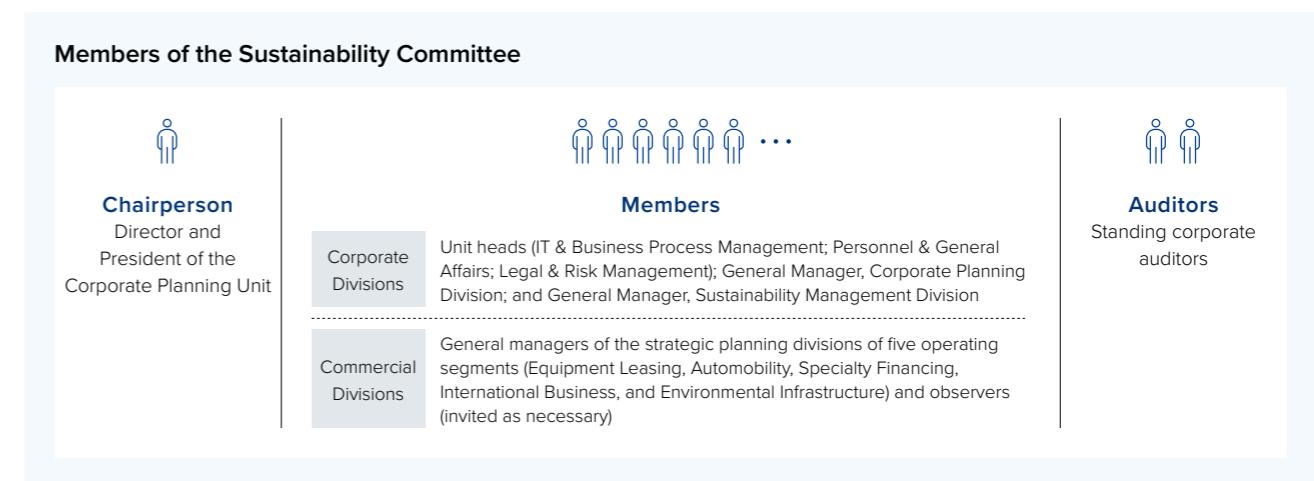
In its pursuit of sustainable growth through sustainability management, Tokyo Century has instituted a monitoring system to confirm the progress of management strategies based on the five key issues identified through our materiality assessment and to provide advice for improvements. Moreover, appropriate 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, chaired by the director and president of the Corporate Planning Unit, recognizes sustainability as a key management priority and promotes initiatives, including addressing our materiality items.

The Audit Unit, established as an independent organization reporting directly to the president, conducts internal audits of the Company and its Group companies. These audits include reviews of sustainability-related matters. 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.



Implementation of PDCA Cycle

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

The Sustainability Committee manages the progress of Tokyo Century's initiatives in accordance with the Sustainability Road Map, reporting its findings to the Management Meeting and the Board of Directors. Based on these reports, the Sustainability Committee, the Management Meeting, or the Board of Directors issues instructions as necessary to the Sustainability Management Division and other relevant teams. These divisions then implement the instructions to improve the effectiveness of Tokyo Century's sustainability management and to enhance its environmental, social, and governance (ESG) strategies.

The Sustainability Committee's Major Agenda Items, Reports, and Responses

| Major Agenda Items | Fiscal 2023 | Fiscal 2024 |
|---|---|--|
| Information disclosure | ➔ Consideration of disclosure based on Corporate Sustainability Reporting Directive (CSRD) | ➔ Status of response to domestic and international sustainability information disclosure standards |
| | Response 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 | Response Identification and rating of the impacts, risks, and opportunities for each value chain |
| Carbon-neutrality initiatives | ➔ Carbon-neutrality action plan and progress report | ➔ Carbon-neutrality action plan and progress report |
| | Response (1) Expansion of scope of disclosure for Scope 1 and Scope 2 emissions (fiscal 2022: 90 companies ➔ fiscal 2023: 93 companies) (2) Ongoing acquisition of third-party verification for CO ₂ emissions and contributions to emissions reductions | Response (1) Expansion of scope of disclosure for Scope 1 and Scope 2 emissions (fiscal 2023: 93 companies ➔ fiscal 2024: 97 companies) (2) For Scope 3, development of disclosure and reduction policies and promotion of initiatives focused on high-emission businesses |
| Materiality items | ➔ Introduction of new KPI for materiality items | ➔ Performance reporting on KPIs related to Tokyo Century's materiality items |
| | Response Definition of transaction volume as new KPI for materiality items of "contribution to decarbonized society," "contribution to social infrastructure development," and "sustainable resource use" | Response Establishment of a KPI-based PDCA cycle through reporting the targets and results of materiality-related KPIs to the Sustainability Committee |
| Progress of medium- to long-term sustainability management initiatives (Sustainability Road Map) | ➔ Establishment of road map (37 action items) for Medium-Term Management Plan 2027 | ➔ Progress in fiscal 2024 of the Sustainability Road Map for Medium-Term Management Plan 2027 |
| | Response Reporting on progress in fiscal 2023 and on plans for fiscal 2024 and fiscal 2025 | Response Reporting on progress in fiscal 2024, plans for fiscal 2025, and key considerations for action in fiscal 2025 |
| Other | ➔ Formulation of Tokyo Century Group Environmental and Social Management Policy for Financing and Investment Activity | ➔ Consideration of response to TNFD at Tokyo Century |
| | Response Clear definition of the Tokyo Century Group's policies, including prohibiting financing or investment to newly establish or expand coal-fired power plants | Response Reporting on short-term and medium- to long-term policies regarding response to TNFD (information disclosure on biodiversity and natural capital, etc.) |