

SUSTAINABILITY



DATA



BOOK



2023

April 1, 2022–March 31, 2023



Editorial Policy

Positioning of Sustainability Data Book

Tokyo Century discloses information on its values and strengths and on the sustainability initiatives that contribute to ongoing improvements in corporate value through its integrated reports and other materials and venues. Through these means, we hope to facilitate a deeper understanding among stakeholders.

Sustainability Data Book 2023 consolidates the environmental, social, and governance (ESG) information disclosed via our integrated reports, website, and other venues. Through this approach, we aimed to develop a data book that catalogs information based on ESG areas to be used as a reference for stakeholders, particularly those with high levels of interest in ESG investment. Please also consult our integrated reports and website.

Furthermore, we hope to make our sustainability data books easier to understand by incorporating reader feedback in order to evolve these data books into more effective communication tools for engagement with stakeholders.

Scope of Reporting

Scope of Data Collection	In principle, this data book includes data from Tokyo Century Corporation and its consolidated subsidiaries. Should certain data pertain to Tokyo Century Corporation on a non-consolidated basis or a different scope, notification will be provided.
Report Period	April 1, 2022–March 31, 2023 (Information on some activities from outside of this period is included.)
Publication	December 2023

Independent Practitioner’s Assurance

To ensure the reliability of its environmental performance information, the Company has received independent practitioner’s assurance from Deloitte Tohmatsu Sustainability Co., Ltd., with regard to Scope 1, Scope 2, and Scope 3 (categories 1, 4, 13, and 15) greenhouse gas emissions as well as for the annual electricity generation volumes and CO₂ emissions reductions associated with the solar power generation business of Kyocera TCL Solar LLC (see Independent Practitioner’s Assurance on pages 2–4 for more information).

Legend

- EMS** : 10 companies applicable under Tokyo Century’s environmental management system
(Tokyo Century Corporation; TRY Corporation; TC Agency Corporation; TC Business Service Corporation*; TC Business Experts Corporation*; TC Property Solutions Corporation; S.D.L. Co., Ltd.; FLCS Co., Ltd.; ITEC Leasing Co., Ltd.; and IHI Finance Support Corporation)
* Effective April 1, 2023, TC Business Service Corporation and TC Business Experts Corporation were absorbed by the Company.
- TC** : Tokyo Century Corporation (non-consolidated)
- Gr** : 90 Tokyo Century Group companies
(48 domestic companies and 42 overseas companies)
- : Items for which Independent Practitioner’s Assurance has been received

Independent Practitioner's Assurance

To ensure the reliability of its environmental performance information, the Company has received independent practitioner's assurance from Deloitte Tohmatu Sustainability Co., Ltd., with regard to Scope 1, Scope 2, and Scope 3 (categories 1, 4, 13, and 15) greenhouse gas emissions as well as for the annual electricity generation volumes and CO₂ emissions reductions associated with the solar power generation business of Kyocera TCL Solar LLC.

Independent Practitioner's Assurance Report

Deloitte.

デロイト トーマツ

(TRANSLATION)

Independent Practitioner's Assurance Report

October 26, 2023

Mr. Koichi Baba,
President & CEO, Representative Director,
Tokyo Century Corporation.

Tomoharu Hase
Representative Director
Deloitte Tohmatu Sustainability Co., Ltd.
3-2-3, Marunouchi, Chiyoda-ku, Tokyo

We have undertaken a limited assurance engagement of the environmental performance data indicated with for the year ended March 31, 2023 (the "Environmental Quantitative Information") included in the "SUSTAINABILITY DATA BOOK 2023 (the "Report")" of Tokyo Century Corporation. (the "Company").

The Company's Responsibility

The Company is responsible for the preparation of the Environmental Quantitative Information in accordance with the calculation and reporting standard adopted by the Company (the Report P.3-4). Greenhouse gas quantification is subject to inherent uncertainty for reasons such as incomplete scientific knowledge used to determine emissions factors and numerical data needed to combine emissions of different gases.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. We apply International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, and accordingly maintain a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Environmental Quantitative Information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements ("ISAE") 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board ("IAASB"), ISAE 3410, *Assurance Engagements on Greenhouse Gas Statements*, issued by the IAASB and the *Practical Guideline for the Assurance of Sustainability Information*, issued by the Japanese Association of Assurance Organizations for Sustainability Information.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records. These procedures also included the following:

- Evaluating whether the Company's methods for estimates are appropriate and had been consistently applied. However, our procedures did not include testing the data on which the estimates are based or reperforming the estimates.
- Undertaking site visits to assess the completeness of the data, data collection methods, source data and relevant assumptions applicable to the sites.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Environmental Quantitative Information is not prepared, in all material respects, in accordance with the calculation and reporting standard adopted by the Company.

The above represents a translation, for convenience only, of the original Independent Practitioner's Assurance report issued in the Japanese language.

Member of
Deloitte Touche Tohmatsu Limited

Calculation Standards

Assured Items	Fiscal 2022 Scope and Calculation Methods
<p>Scope 1 greenhouse gas emissions</p>	<p>Scope of Data Collection Tokyo Century Corporation and major Group companies (90 companies)</p> <p>Domestic companies (48): Tokyo Century Corporation; TRY Corporation; TC Agency Corporation; TC Business Service Corporation;^{*1} TC Business Experts Corporation;^{*1} TC Property Solutions Corporation; S.D.L. Co., Ltd.; FLCS Co., Ltd.; ITEC Leasing Co., Ltd.; 18 group companies of Nippon Rent-A-Car Service, Inc.; three group companies of TC Kobelco Real Estate Co., Ltd.; Nippon Car Solutions Co., Ltd.; Orico Auto Leasing Co., Ltd.; Orico Business Leasing Co., Ltd.; IHI Finance Support Corporation; Amada Lease Co., Ltd.; Kyocera TCL Solar LLC; KCT Koyo LLC; Energy Gate2 LLC; Energy Gate4 LLC; Suiden Mizuumi Ni G.K.; Suiden Mizuumi San G.K.; T&J Power Plant Co., Ltd.; T&J Eco Energy Co., Ltd.; A&Tm Corporation; Shunan Power Corporation; TC Hotels & Resorts Karuizawa Co., Ltd.; TC Hotels & Resorts Beppu Co., Ltd.; and CSI Leasing Japan K.K.</p> <p>^{*1} Effective April 1, 2023, TC Business Service Corporation and TC Business Experts Corporation were absorbed by the Company.</p>
<p>Scope 2 greenhouse gas emissions</p>	<p>Overseas companies (42): Tokyo Century Leasing China Corporation; Tokyo Century Factoring China Corporation; Tokyo Century Leasing (Singapore) Pte. Ltd.; Tokyo Century Asia Pte. Ltd.; Tokyo Century Capital (Malaysia) Sdn. Bhd.; PT. Century Tokyo Leasing Indonesia;^{*2} AIBISHI ENERGY CO., LTD.; CHAOHUI ENERGY CO., LTD.; TISCO Tokyo Leasing Co., Ltd.; TC Car Solutions (Thailand) Co., Ltd.; HTC Leasing Co., Ltd.; 16 group companies of CSI Leasing, Inc.; six group companies of EPC Inc.; Tokyo Century (USA) Inc.; AP Equipment Financing Inc.; Work Truck Direct Inc.; Fiber Marketing International Inc.; TC Aviation Capital Ireland Limited; Aviation Capital Group LLC; Aviation Capital Group Singapore Pte. Ltd.; ACG Aircraft Leasing Ireland Limited; and BPI Century Tokyo Lease & Finance Corporation^{*3}</p> <p>^{*2} Effective May 30, 2023, PT. Century Tokyo Leasing Indonesia changed its name to PT. Tokyo Century Leasing Indonesia. ^{*3} BPI Century Tokyo Lease & Finance Corporation is scheduled to change its name in fiscal 2023.</p> <p>Applicable emissions: Greenhouse gas emissions from energy use</p> <p>Calculation Method Scope 1: Fuel use volume × CO₂ emission factor^{*1}</p> <p>^{*1} List of Calculation Methods and Emissions Factors for Calculation, Reporting and Announcement Systems specified in the Act on Promotion of Global Warming Countermeasures</p> <p>Scope 2: Electricity use volume × CO₂ emission factor^{*2}</p> <p>^{*2} Japan: List of Emissions Factors by Electric Power Utility specified in the Act on Promotion of Global Warming Countermeasures Overseas: Coefficients from International Energy Agency's Emissions Factors 2022</p>
<p>Scope 3 greenhouse gas emissions Category 1— Purchased goods and services</p>	<p>Scope of Data Collection Tokyo Century Corporation</p> <p>Calculation Method Lease property acquisition costs × Emission basic unit based on industry tables*</p> <p>* Database of emission basic unit for calculating organizational greenhouse gases across the supply chain provided by the Ministry of the Environment (Ver. 3.3)</p>
<p>Scope 3 greenhouse gas emissions Category 4— Upstream transportation and distribution</p>	<p>Scope of Data Collection Aviation Capital Group LLC</p> <p>Calculation Method Jet fuel use volume for ferry flying of unleased and repossessed aircraft of Aviation Capital Group LLC × CO₂ emission factor*</p> <p>* Database of emission basic unit for calculating organizational greenhouse gases across the supply chain provided by the Ministry of the Environment (Ver. 3.3)</p>

Assured Items	Fiscal 2022 Scope and Calculation Methods
<p>Scope 3 greenhouse gas emissions Category 13— Downstream leased assets</p>	<p>1. Computers, office equipment, telecommunications equipment Scope of Data Collection Tokyo Century Corporation</p> <p>Calculation Method Energy consumption of high-representation equipment × Estimated annual operating time × CO₂ emission factor^{*1} × Unit number of applicable equipment *1 Fiscal 2022 substitution values from List of Emissions Factors by Electric Power Utility specified in the Act on Promotion of Global Warming Countermeasures</p> <p>2. Aircraft Scope of Data Collection Tokyo Century Corporation; TC Skyward Aviation U.S., Inc.; TC Skyward Aviation Ireland Limited; TC Aviation Capital Ireland Limited; Aviation Capital Group LLC</p> <p>Calculation Method Based on data extracted from IBA's Carbon Emissions Calculator, which calculates CO₂ emissions based on flight data of the aircraft managed by the above companies</p> <p>3. Ships Scope of Data Collection Tokyo Century Corporation</p> <p>Calculation Method Annual use of class A and class C fuel oil × CO₂ emission factor^{*2} *2 List of Calculation Methods and Emissions Factors for Calculation, Reporting and Announcement Systems specified in the Act on Promotion of Global Warming Countermeasures</p>
<p>Scope 3 greenhouse gas emissions Category 15— Investments</p>	<p>Scope of Data Collection Tokyo Century Corporation Applicable investments: Cross-shareholdings</p> <p>Calculation Method Scope 1 and Scope 2 CO₂ emissions of cross-shareholding counterparty as disclosed by CDP or in materials provided by counterparty × Ownership ratio</p>
<p>Annual electricity generation volumes and CO₂ emissions reductions from solar power generation business of Kyocera TCL Solar LLC</p>	<p>Scope of Data Collection Solar power generation facilities of Kyocera TCL Solar LLC</p> <p>Calculation Method Annual generation volume: Total annual generation volume (transmission basis) for all solar power generation facilities CO₂ emissions reductions: Annual solar power generation volume (transmission basis) × CO₂ emission factor* * 387.5 g-CO₂/kWh (arrived at by subtracting figure of 45.5 g-CO₂/kWh for crystalline silicon solar cells [solar power generation system electricity consumption] from figure of 433 g-CO₂/kWh for per-generation CO₂ emissions from preliminary greenhouse gas emission figures released by the Ministry of the Environment in fiscal 2020, as described in CO₂ reduction standards in fiscal 2022 Japan Photovoltaic Energy Association guidelines)</p>

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Sustainability

Corporate Information

Company Profile

Company name	Tokyo Century Corporation
Business activities	Equipment leasing, mobility and fleet management, ^{*1} specialty financing, ^{*2} international business operations
Head office	FUJISOFT Bldg., 3 Kanda-neribeicho, Chiyoda-ku, Tokyo 101-0022, Japan
Founded	July 1, 1969
Company representatives	Masataka Yukiya, Chairman & Co-CEO, Representative Director Koichi Baba, President & CEO, Representative Director
Capital	¥81,129 million
Stock listing (securities code)	Tokyo Stock Exchange, Prime Market (8439)
Major shareholders	ITOCHU Corporation; Chuo-Nittochi Co., Ltd.; and Nippon Telegraph and Telephone Corporation
Global network coverage	More than 30 countries and regions

Operating Segments

Equipment Leasing	Leasing and finance (moneylending and investment) including ancillary services and other businesses dealing with information and communications equipment, office equipment, industrial machinery, transportation equipment, and equipment for commercial and service industries
Mobility & Fleet Management^{*1}	Automobile leasing for corporate customers and individuals, car rental and car-sharing businesses, etc.
Specialty Financing^{*2}	Leasing and finance (moneylending and investment) including ancillary services and other businesses focusing on product fields, such as shipping, aviation, real estate, and the environment and energy, in Japan and overseas
International Business	Leasing and finance (moneylending and investment) including ancillary services and fleet service businesses, among others, mainly in East Asia, the ASEAN region, and North, Central, and South America

Operating Segments	Number of Employees ^{*3}	
	(As of March 31, 2023)	
Equipment Leasing	697	(132)
Mobility & Fleet Management^{*1}	3,471	(3,205)
Specialty Financing^{*2}	1,314	(1,351)
International Business	2,114	(17)
Others	52	(20)
Corporate (shared) / Administrative	230	(29)
Total	7,878	(4,754)

^{*1} The Mobility & Fleet Management segment was renamed the Automobility segment in April 2023.

^{*2} The Specialty Financing includes the Environmental Infrastructure segment, which was established in April 2023.

^{*3} Number of employees represents full-time employees. Figures in parentheses represent the average number of temporary employees over the respective fiscal year and are not included in the number of full-time employees.

Financial Information

1. Consolidated Financial Results

Item	Unit	Fiscal 2020	Fiscal 2021	Fiscal 2022
Revenues	Millions of yen	1,200,184	1,277,976	1,324,962
Operating income	Millions of yen	77,154	82,675	91,221
Ordinary income	Millions of yen	78,105	90,519	106,194
Net income attributable to owners of parent	Millions of yen	49,145	50,290	4,765
Net income per share	Yen	402.57	411.56	38.95
Return on equity	%	8.7	8.1	0.7
Return on assets	%	1.4	1.6	1.8
Operating income to revenues	%	6.4	6.5	6.9

2. Consolidated Financial Position

Item	Unit	Fiscal 2020	Fiscal 2021	Fiscal 2022
Total assets	Millions of yen	5,602,897	5,663,787	6,082,114
Net assets	Millions of yen	688,345	795,580	888,985
Shareholders' equity ratio	%	10.2	11.9	12.5
Net assets per share	Yen	4,670.45	5,507.50	6,222.16

3. Consolidated Cash Flows

Item	Unit	Fiscal 2020	Fiscal 2021	Fiscal 2022
Net cash provided by (used in) operating activities	Millions of yen	51,331	227,383	△31,429
Net cash provided by (used in) investing activities	Millions of yen	△97,405	△16,075	△31,308
Net cash provided by (used in) financing activities	Millions of yen	18,946	△201,421	6,926
Cash and cash equivalents at end of year	Millions of yen	216,901	240,047	201,280

4. Segment Information (Fiscal 2022)

Item	Millions of yen						
	Equipment Leasing	Mobility & Fleet Management ^{*1}	Specialty Financing ^{*2}	International Business	Others	Adjustments in consolidated financial statements	Total in consolidated financial statements
Revenues	481,467	353,515	344,103	144,883	993	△1,870	1,324,962
Segment income (loss)	31,740	27,977	57,398	△948	4,669	△14,642	106,194
Segment assets	1,312,037	611,558	2,743,531	655,683	40,964	718,338	6,082,114
Return on assets ^{*3}	2.4%	4.6%	2.3%	—	—	—	2.1%

*1 The Mobility & Fleet Management segment was renamed the Automobility segment in April 2023.

*2 The Specialty Financing includes the Environmental Infrastructure segment, which was established in April 2023.

*3 Return on assets = Ordinary income ÷ (Segment assets at beginning of year + Segment assets at end of year ÷ 2)

Sustainability Philosophy and Policies

Management Philosophy

The Tokyo Century Group will work alongside customers in pursuit of their growth as a highly specialized and unique financial services company and will contribute to the creation of an environmentally sound, sustainable economy and society.

Management Policy

We will provide the best products and services around the world to contribute to the success of our customers' businesses while pursuing all possibilities by collaborating with customers and uniting the overall strengths of the Group.

We will strive to raise our corporate value over the medium to long term by pioneering new business fields and realizing sustainable growth.

We will cultivate a corporate culture that allows diverse human resources to fully demonstrate their skills and personalities, and we will build a company in which all officers and employees can hone their expertise and experience growth as well as a sense of pride.

We will always be mindful of our social responsibility as a corporation and conduct our business activities with vigor and sincerity as we fulfill our role of creating a sustainable economy and society.

Corporate Slogan

Solutions to your Pursuits



Corporate Code of Conduct

1. Dedication to Customers

The Tokyo Century Group is dedicated to the success of its customers' businesses by accurately responding to their needs with quality products and services and thereby forging solid relationships of trust.

2. Sound and Fair Corporate Activities

The Tokyo Century Group engages in sound and fair corporate activities by complying with all laws, regulations, and rules and conforming to social norms.

3. Corporate Responsibility and Contribution to Society

The Tokyo Century Group seeks to fulfill its social responsibilities through honest business management and contributes to society by meeting public expectations as an upstanding corporate citizen.

4. Respect for Human Rights

The Tokyo Century Group respects the human rights of all people and promotes diversity to nurture a corporate culture that encourages personnel with diverse characteristics to thrive.

5. Preservation of the Environment

The Tokyo Century Group seeks to preserve the environment in all areas of its business activities by endeavoring to create an environmentally sound, sustainable economy and society.

6. Response to Global Standards

The Tokyo Century Group acts from a global perspective that is highly transparent and sincere, by respecting the cultures and customs and complying with the laws, regulations, and relevant systems of the countries and regions in which it operates.

Our Action Guidelines

1. We will continue creating solutions that earn customer trust and recognition.

We will strive to resolve the issues faced by our customers by harnessing our high level of expertise and foresight to provide optimal products and services that earn their trust and recognition.

2. We will act in compliance with laws and regulations and in accordance with our social conscience.

We will comply with laws and regulations to conduct fair and proper business activities, and we will act on our own initiative in accordance with our social conscience as dignified individuals. We will distinguish between the Company's interests and our individual interests and will strictly refrain from actions that impair the interests of the Company.

3. We will respect human rights and human dignity and create a rewarding working environment.

We will respect our mutual human rights and human dignity and strive to create a vibrant, rewarding working environment where discrimination and harassment have no place.

4. We will stringently manage personal information and customer information.

We will stringently manage the personal information and customer information we obtain through our operations to prevent both leakage outside the Company and use for unintended purposes.

5. We will pursue activities to preserve the environment.

We will maintain a high awareness of environmental issues and actively work to preserve the environment, which includes actions to prevent global warming and promote energy conservation.

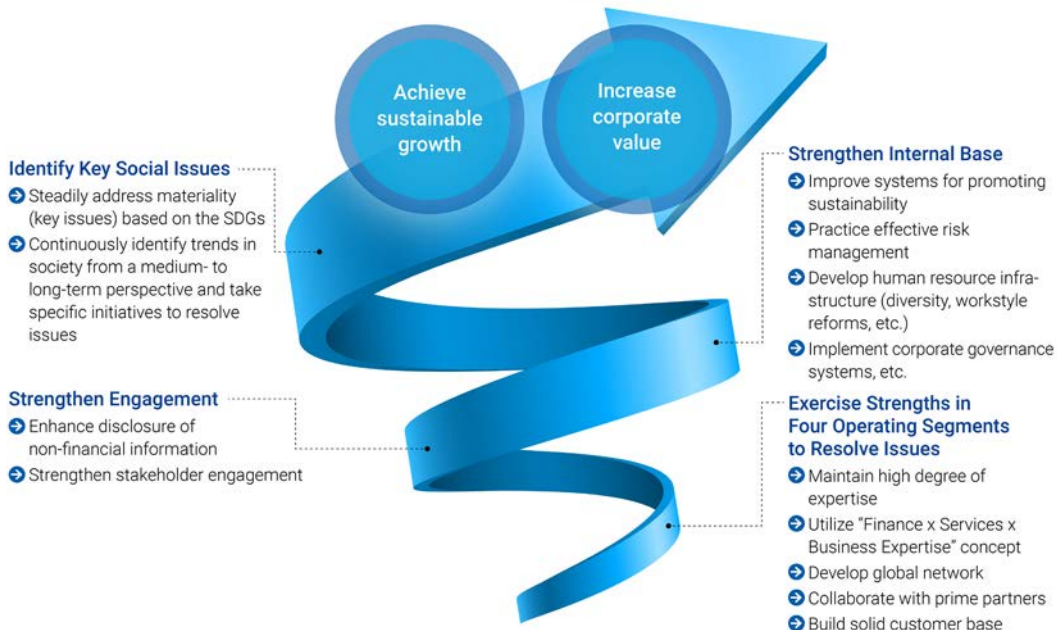
6. We will avoid contact with antisocial forces and criminal organizations.

We will act decisively to avoid any contact with antisocial forces that obstruct the course of social order and safety or with criminal organizations inside or outside Japan that hamper legitimate economic activity.

Sustainability Management Policy

Tokyo Century's commitment to sustainability is driven by its pursuit of further sustainable development and higher corporate value along with stakeholders as a financial services company, and it thereby contributes to the creation of an environmentally sound, sustainable economy and society. In promoting sustainability management, we envision, with due consideration of the United Nations Sustainable Development Goals (SDGs), a society 10 to 20 years into the future and then take a backcasting approach toward creating financial services that will meet the needs of that time.

Resolution of Social Issues Together with Stakeholders



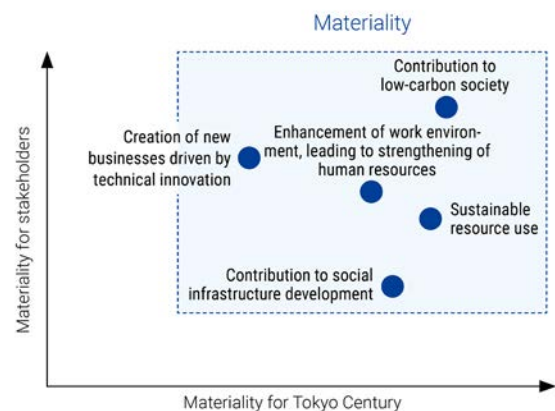
Process for Identifying Materiality (Key Issues)

For Tokyo Century, sustainability management constitutes a management strategy for both resolving social issues and achieving sustainable growth and improvements in corporate value by contributing to the creation of an environmentally sound, sustainable economy and society, as described in its Management Philosophy, through its business activities.

To guide its practice of sustainability management, Tokyo Century has defined materiality (key issues). In the process of defining these issues, the Company created a materiality map based on the United Nations Sustainable Development Goals (SDGs) 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 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 described on page 11, based on meetings with relevant divisions and discussions by the Sustainability Committee 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 has also created a sustainability contribution award program. 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).



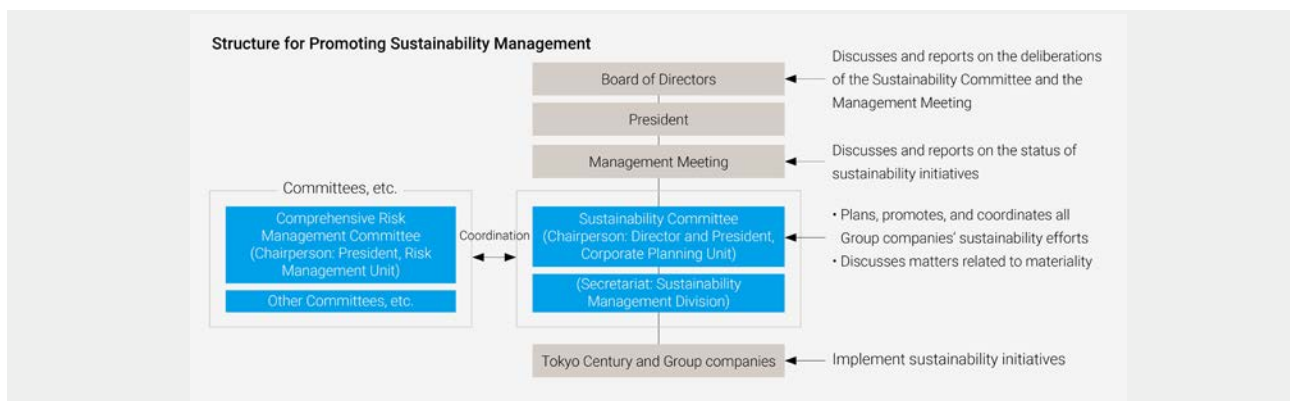
Sources including main ESG evaluation indices: Dow Jones Sustainability Index, FTSE4Good Index, MSCI Index, and SASB

* Major ESG evaluation and non-financial disclosure standards referenced in determining the degree of materiality of key issues to stakeholders: Dow Jones Sustainability Index, FTSE4Good Index, MSCI Index, and SASB

Tokyo Century's Materiality (Key Issues) Linked to the SDGs

Materiality	Priority materiality initiatives	Initiative examples	SDGs
Contribution to decarbonized society	Contribute to widespread use of clean energy through climate change response and environmental efforts	Renewable energy business including solar power generation, popularization of electric vehicles via leasing	7 AFFORDABLE AND CLEAN ENERGY, 13 CLIMATE ACTION
Creation of new businesses driven by technical innovation	Create new businesses by integrating new technologies into financial services and contribute to the digital economy	Subscription services, fintech, and new rental car services utilizing smartphone apps	8 DECENT WORK AND ECONOMIC GROWTH, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Contribution to social infrastructure development	Respond to advances in global mobility services and cooperate with local communities to contribute to social infrastructure development	Regional revitalization through rental cars and car sharing, Drive Doctor telematics driving control service that supports safe driving, and hotel business	3 GOOD HEALTH AND WELL-BEING, 11 SUSTAINABLE CITIES AND COMMUNITIES
Sustainable resource use	Contribute to development of a circular economy focused on the value of assets	IT equipment leasing, refurbishment, aircraft life-cycle management, and automobile leasing	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Enhancement of work environment, leading to strengthening of human resources	Promote human resource development, diversity, and workstyle reforms that improve job satisfaction and foster a sense of personal growth	Introduction and implementation of telecommuting, employee awareness surveys, and 360° evaluations	8 DECENT WORK AND ECONOMIC GROWTH
Shared platforms	Utilize diverse partnerships to create new value		17 PARTNERSHIPS FOR THE GOALS

Structure for Promoting Sustainability Management



The Sustainability Committee (established in April 2018) 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 Board of Directors. The Sustainability Committee is chaired by the president of the Corporate Planning Unit, and this committee promotes initiatives positioning sustainability as an important management issue.

Members and Meetings of the Sustainability Committee

Members	
Chairperson	Director and president of the Corporate Planning Unit
Members	Operation Headquarters: 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 Business Headquarters: Five business unit general managers (Equipment Leasing, Automobile, Specialty Financing, International Business, and Environmental Infrastructure) and observers (invited as necessary)
Auditors	Standing corporate auditors
Meetings in Fiscal 2022	
Meetings held	3
Major agenda items	<ul style="list-style-type: none"> Information disclosure based on recommendations of TCFD Trial introduction of internal carbon pricing system Progress of medium- to long-term sustainability management initiatives (road map) Carbon-neutrality policy and action plan Joining of GX League (fiscal 2023)

Non-Financial Materiality KPIs

Tokyo Century has established non-financial key performance indicators (KPIs) related to its materiality in order to promote sustainability management.

The following pages contain information on the principal non-financial KPIs defined for each materiality (key issue).
(Some non-financial KPIs overlap with the ESG-related non-financial KPIs described on page 25 and thereafter.)



Contribution to Decarbonized Society

Tokyo Century recognizes that combating climate change is an important management priority. Our efforts to contribute to a decarbonized society include environmental activities in offices, the development of solar power and other renewable energy businesses, the promotion of the Financing Program for Joint Crediting Mechanism (JCM) Model Projects for reducing greenhouse gas emissions through collaboration with developing countries and for sharing emissions reduction benefits between involved countries, and other efforts for addressing climate change through our business activities. In fiscal 2022, Tokyo Century established A&Tm Corporation as a joint venture together with Tokyo Gas Engineering Solutions Corporation and KYOCERA Communication Systems Co., Ltd., that provides asset and technical management services for solar power generation projects. The company is combining the technological strengths of joint business partners to provide services for improving the generation efficiency and profitability of solar power plants.

We are also working to reduce Scope 3 emissions. For example, consolidated subsidiary Aviation Capital Group LLC (ACG) has ordered 60 new Airbus aircraft, including Airbus A220 aircraft that use 25% less fuel than prior models. Furthermore, we have set the target of amassing a fleet of 100,000 electric vehicles by fiscal 2030 in the Automobility segment. Through an organizational change undertaken effective on April 1, 2023, the Group's domestic and overseas renewable energy and other environment and energy businesses were separated from the Specialty Financing segment to form the Environmental Infrastructure segment. The goal of this move is to strengthen and expand these businesses to better support business strategies for contributing to decarbonization.

Moreover, Tokyo Century announced its endorsement of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in April 2021. In addition, we identified climate change risks and opportunities under multiple scenarios and conducted qualitative and quantitative business impact assessments in line with TCFD recommendations. Information in this regard is disclosed on our corporate website.* A scenario analysis on the automobility business (corporate and individual auto leasing) was performed in fiscal 2022, the results of which have been disclosed.

Response to Climate Change and TCFD Endorsement <https://www.tokyocentury.co.jp/en/sustainability/esg/environment/tcfd.html>

KPI	Metric	Unit	Target year	Target	Fiscal 2020	Fiscal 2021	Fiscal 2022
Reduction of electricity use (environmental contributions through office activities)	Electric use	kWh	Fiscal 2023	Less than 1,800,000 kWh	1,578,546	1,539,011	1,593,216
	CO ₂ emissions	t-CO ₂	Fiscal 2023	Less than 318 t-CO ₂	770	723	546
Reduction of gasoline use (environmental contributions through office activities)	Gasoline use	L	Fiscal 2023	Less than 60,000 L	43,768	45,360	49,937
	CO ₂ emissions	t-CO ₂	Fiscal 2023	Less than 139 t-CO ₂	102	105	116
	Fuel efficiency	km/L	Fiscal 2023	More than 14.0 km/L	14.3	14.5	16.1
Reduction of paper use (environmental contributions through office activities)	Paper use (A4 size equivalent)	Thousands of sheets	Fiscal 2023	Less than 11 million sheets	9,262	8,278	9,457
Reduction of head office electricity use (intensity target)	Per-area electricity use	kWh/m ²	Fiscal 2030	Less than 70.00 kWh/m ² (23% reduction in comparison with FY2009)	59.75	64.84	67.69
Reduction of annual CO ₂ emissions associated with head office electricity use (intensity target)	CO ₂ emissions from per-area electricity use	t-CO ₂ /m ²	-	-	0.029	0.030	0.017
Reduction of CO ₂ emissions through solar power businesses of consolidated subsidiaries ¹	Annual generation volume	MWh	Fiscal 2023	More than 508,600 MWh	414,047	482,795	536,591
	CO ₂ emissions (compared with standard thermal power generation)	t-CO ₂	Fiscal 2023	More than 198,100 t-CO ₂	172,864	192,877	207,929
Rate of electrified vehicle use (EVs, FCEVs, PHEVs, HVs)	Mobility and fleet management ²	%	-	-	18.4	19.3	20.6
Rate of fuel-efficient aircraft ³ use	Ratio of fuel-efficient aircraft assets ⁴	%	-	-	40.4	45.7	51.8
Projected aggregate greenhouse gas emissions reductions from JCM Model Projects	Projected aggregate greenhouse gas emissions reductions	t-CO ₂	Fiscal 2025	56,000 t-CO ₂	34,547	35,457	38,343

¹ Fiscal 2023 targets are for Kyocera TCL Solar LLC and eight other solar power business companies.

² Mobility and fleet management: Nippon Car Solutions Co., Ltd.; Nippon Rent-A-Car Service, Inc.; and Orico Auto Leasing Co., Ltd.

³ Fuel-efficient aircraft: A220, A320neo, A321neo, A350, 737MAX, 747-8F, and 787

⁴ Ratio of fuel-efficient aircraft assets: Ratio of fuel-efficient aircraft to all aircraft (including those of Aviation Capital Group LLC)

The Tokyo Century Group has defined “contribution to decarbonized society” as one part of its materiality (key issues), based on which it is working to popularize the use of clean energy through initiatives for combating climate change and preserving the environment. In conjunction with the start of the commercial operation of a biomass-coal co-firing power plant of Shunan Power Corporation in September 2022, the Group unveiled its carbon-neutrality policy for fiscal 2040. This policy describes our goal of achieving effectively zero greenhouse gas emissions while also presenting a transition road map for the aforementioned power plant.

The biomass-coal co-firing power plant of Shunan Power is projected to produce around 98% of the Group’s greenhouse gas emissions going forward. For this reason, we look to achieve effectively zero greenhouse gas emissions as soon as possible, with fiscal 2040 being our target year for the accomplishment of this goal. To this end, we will increase the biomass co-firing ratio at this plant while adopting black pellets, which feature high combustion efficiency, prefaced on assumptions of future technological developments. At the same time, we will transition to the burning of ammonia, which does not emit greenhouse gas emissions. We are also increasing our use of renewable energy for purposes such as powering domestic and overseas consolidated subsidiaries. Through these efforts, the Tokyo Century Group will work toward its goal of achieving carbon neutrality by fiscal 2040.

The Tokyo Century Group’s Carbon-Neutrality Policy

The Tokyo Century Group^{*1} promotes the reduction of greenhouse gas (GHG) emissions^{*2} and aims to achieve carbon neutrality by fiscal 2040.

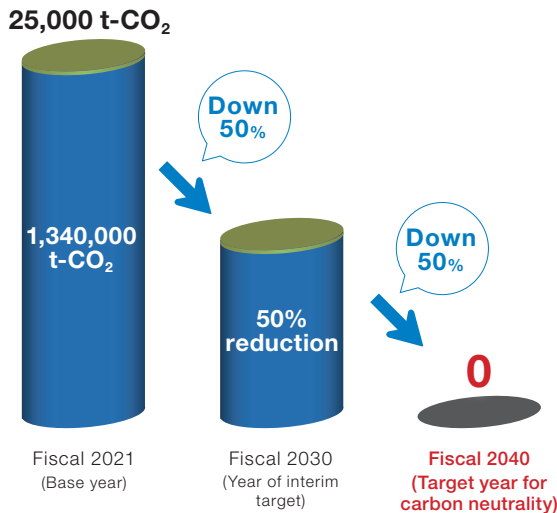
As the interim target for achieving carbon neutrality, **the Tokyo Century Group aims to achieve a 50% reduction in GHG emissions by fiscal 2030 (vs. FY2021^{*3}).**

^{*1} Major consolidated subsidiaries where personnel are located (including the biomass co-firing power plant of Shunan Power Corporation)
^{*2} Direct emissions from Company-owned and controlled resources (Scope 1) and indirect emissions from the consumption of purchased electricity, heat, and steam (Scope 2)
^{*3} Greenhouse gas emissions of 1,365,000 t-CO₂ in fiscal 2021
 (Emissions volume as calculated in relation to carbon-neutrality target = Fiscal 2021 greenhouse gas emissions + Estimated annual greenhouse gas emissions from hotel business and biomass co-firing power plant of Shunan Power)

Image

The Tokyo Century Group’s Greenhouse Gas Emissions Reduction Plan

■ GHG at the biomass co-firing power plant ■ Other greenhouse gas emissions



Challenges

Strategic actions for achieving carbon neutrality taken at biomass co-firing power plant in light of operating environment

POINT

In consideration of the projected increase in the biomass co-firing ratio and the anticipated use of next-generation technologies, including ammonia co-firing, the Group established the “Transition Roadmap for Achieving Carbon Neutrality by 2040,” which is aimed at reducing GHG emissions by 50% by fiscal 2030 and achieving carbon neutrality by fiscal 2040.

- ▶ [Commercial Operations Begin at Shunan Power Corporation’s Power Plant](#)
- ▶ [Overview of Transition Road Map for Shunan Power Corporation’s Power Plant \(in Japanese only\)](#)
- ▶ [Evaluation Report by Japan Credit Rating Agency, Ltd. \(in Japanese only\)](#)



Creation of New Businesses Driven by Technical Innovation

Tokyo Century seeks to create new businesses by integrating new technologies into financial services and to contribute to the digital economy through collaboration with partner companies and investment in companies boasting promising technologies. In the Equipment Leasing segment, where we possess a broad customer base and are developing numerous joint ventures together with prime partners, we are reinforcing our foundation for supporting the digital economy through investment in and a business alliance with Bplats, Inc., a provider of comprehensive subscription service business platforms, while also developing subscription service businesses. Also in this segment, we have established IBeeT Corporation, a joint venture with ITOCHU Corporation, to supply subscription services for household electricity storage systems, decentralized power sources that contribute to decarbonization, and peripheral equipment. Meanwhile, in the Automobility segment, where we develop a comprehensive range of industry-leading automotive businesses, Tokyo Century is co-creating new businesses that promote digital transformation in the mobility field. For example, we have concluded a capital and business alliance agreement with Mobility Technologies Co., Ltd. (currently GO Inc.), which operates the GO taxi dispatch app covering the largest number of affiliated taxis in Japan. Also, we are engaged in mobility-as-a-service (MaaS) and smart city businesses through a business alliance with major map solutions provider ZENRIN CO., LTD., in which we combine the resources of this company with our own. In the Specialty Financing segment, which drives Tokyo Century's growth with highly specialized operations, we have concluded an investment contract with Germany's Volocopter GmbH, a company developing flying cars as a form of next-generation aerial mobility. Moreover, a business and capital alliance agreement was concluded with XMart Inc. in fiscal 2022. The company's XOrder software-as-a-service ordering platform uses the LINE messaging service to significantly improve the efficiency of order processing between restaurants and food product wholesalers, which was previously performed on a paper basis. This simple yet innovative solution has been garnering a great deal of attention. Meanwhile, SecondSight Inc., a joint venture company established with JFE Engineering Corporation, provides diagnosis solutions that combine cutting-edge technologies such as sensing technologies for replicating people's senses of sight, hearing, and smell as well as the muscular movements of human bodies. These are just some of the initiatives we are advancing to create new businesses for the next era.

In December 2020, the DX Strategy Division was established within the Corporate Planning Unit to plan and promote Companywide digital transformation strategies. In addition, Tokyo Century was the first leasing-based financial services provider to be recognized as a DX-certified operator advancing superior initiatives under the DX Certification system organized by the Ministry of Economy, Trade and Industry (METI), and we were recognized under this program once again in March 2023. Furthermore, Tokyo Century participated in the corporate kickoff-day panel discussion arranged by Plug and Play Japan in fiscal 2022. We used this opportunity to explain our open innovation initiatives for engaging in co-creation with start-up companies.

The Company is also focused on fostering a corporate culture in which employees feel empowered to boldly tackle new challenges without fear of failure. It was for this purpose that we introduced the TC Biz Challenge Project, a new business proposal initiative. In the first iteration of this project, an integrated aquaculture-agriculture cultivation facility project was selected from among the numerous proposals received for advancement to the verification testing phase. It was decided that this proposal would not be developed into a business, but we remain committed to tackling new challenges going forward.

KPI	Supplement
Certification under METI's DX Certification system*	Certification achieved in March 2021 and renewed in March 2023

* Outline of the DX Certification System

The DX Certification system is an initiative implemented under the Act on Partial Revision of the Act on Facilitation of Information Processing, which came into force on May 15, 2020. In line with the guidelines set by the Japanese government that present to companies ideal approaches for making use of strategic systems in their business management and for creating such systems, an authority certifies companies engaging in outstanding efforts, if companies eligible for certification file a request accordingly. Under the DX Certification system, beyond being poised to promote digital transformation, it is important that companies have taken measures related to the fundamental items of management goals, strategies, performance, KPIs, and governance systems that are defined in the digital governance code compiled by METI in November 2020.

Moreover, Tokyo Century was included in the Digital Transformation Stock Selection (DX Stocks) announced in May 2023. DX Stocks is a selection of Tokyo Stock Exchange-listed companies that have established internal frameworks for promoting digital transformation aimed at improving corporate value and which have been successful in highly utilizing digital technologies. Between one and two companies are chosen from each industry. The Company has also been included in this program in each of the nine years since the establishment of the Competitive IT Strategy Company Stock Selection program—the predecessor of the DX Stocks program—in 2015.

Contribution to Social Infrastructure Development



In the Automobility segment, where we develop industry-leading automotive businesses, Tokyo Century provides mobility-related services through its auto leasing and car rental businesses. These services play a crucial role in contributing to social infrastructure while also having material importance to supporting safety. Moreover, we are promoting the use of vehicles equipped with automated brakes and other safety features in order to contribute to the achievement of target 3.6—By 2020, halve the number of global deaths and injuries from road traffic accidents—of SDG Goal 3: Good health and well-being. In addition to these equipment-related initiatives, we are proactively offering support through software-related initiatives, namely, safe driving lessons that utilize telematics systems. Moreover, GO and Nippon Car Solutions Co., Ltd., formed an agreement in September 2022 that entails introducing customers to DRIVE CHART, a next-generation AI drive-recording service of GO. DRIVE CHART, which is supplied to lessees and other business partners of Nippon Car Solutions, automatically detects dangerous situations highly likely to result in an accident based on drive recorder and other data. This service is used to analyze driving patterns to propose improvements to one's driving practices and thereby help reduce traffic accidents.

In a business environment free of regulatory constraints, Tokyo Century is branching out from leasing and financing to develop and grow unique business models based on the concept of “Finance × Services × Business Expertise” through co-creation with partners. For example, we recognize that the revitalization of local communities through the tourism industry is an important task as the depopulation of areas outside of major urban centers becomes an increasingly serious social issue. In this regard, ANA InterContinental Beppu Resort & Spa, an establishment that Tokyo Century played a part in attracting, was opened in Beppu City, Oita Prefecture, in August 2019. This facility garnered attention as Japan's first InterContinental resort hotel and is functioning as a piece of social infrastructure that promotes tourism and contributes to regional revitalization. Calling upon the expertise gained through this undertaking, we were able to conclude an operation subcontracting agreement with InterContinental Hotels Group PLC, based on which we opened Hotel Indigo Karuizawa—located in Karuizawa, a popular Japanese highland resort area—in spring 2022.

Tokyo Century is also involved in real estate operations in Tokyo. In these operations, Mitsubishi Estate Co., Ltd., and Tokyo Century have selected Dorchester Collection, the ultraluxury hotel brand, to operate the hotel on the upper floors of Torch Tower—which will be the tallest building in Japan once completed—in the TOKYO TORCH district facing the Nihombashi Exit of Tokyo Station, which we are developing together with relevant rights holders. The hotel is scheduled to open in 2028 and expected to become a key component of the TOKYO TORCH district, which is being developed with the goal of creating an urban tourism hub that acts as a gateway to Tokyo and Japan. Together with the office section previously acquired by Mitsubishi Estate and the Company, these assets are expected to function as important parts of social infrastructure in this urban center. In addition, the Tokyo Cross Park Vision project has been announced by a group of 10 participating companies, including Tokyo Century. This next-generation smart city project calls for the development of the area of the Uchisaiwaicho 1-chome district of Tokyo. With an aggregate floor space of 1.1 million m², this will be one of the largest development projects in Tokyo. Connected to the 16-hectare Hibiya Park, the Tokyo Cross Park Vision project will develop office buildings, commercial facilities, and residential housing while contributing to the shared goal of operating in a carbon-negative manner in order to help realize a sustainable community and society.

Furthermore, we announced a business and capital alliance with Nippon Telegraph and Telephone Corporation (NTT) in February 2020. The need for high-speed processing and collection of large quantities of data is growing on a global scale, stimulating a rise in data centers. In response to this trend, we will advance social infrastructure business initiatives through our alliance with NTT as we seek to make other contributions together with partners.

In our first collaborative real estate project to be advanced together with NTT TC Leasing Co., Ltd.—a publicly certified wholesale market redevelopment project in Toyama City, Toyama Prefecture—the buildings, developed and owned by NTT TC Leasing and Tokyo Century, were leased to Toyama City in March 2022. Together with this partner, we seek to respond to demand for rebuilding aged public facilities across Japan, contribute to local infrastructure development, and advance initiatives with significant social meaning that help revitalize local communities.

KPI	Applicable companies ^{*1}	Unit	Fiscal 2020	Fiscal 2021	Fiscal 2022
Number of vehicles equipped with telematics services	NCS, NRS, OAL	Vehicles	67,757	74,180	82,051
Number of safe driving lessons conducted using telematics services ^{*2}	NCS	Lessons	459	923	1,132
		Participants	7,095	13,261	18,774
Ratio of rental cars equipped with safety features (automated brakes, etc.)	NRS	%	94.3	96.0	97.2

*1 NCS: Nippon Car Solutions Co., Ltd.; NRS: Nippon Rent-A-Car Service, Inc.; OAL: Orico Auto Leasing Co., Ltd.

*2 The number of safe driving lessons declined substantially in fiscal 2020 in response to the COVID-19 pandemic, and this reduction led to a decrease in the number of participants.

Sustainable Resource Use



The leasing business Tokyo Century has developed since its founding is built on the 3Rs (reduce, reuse, and recycle), meaning that the Company has been contributing to the realization of an environmentally sound, sustainable economy and society since its inception. Leasing businesses necessarily involve assets, and focuses on the value of assets and on effectively utilizing these assets are thus of crucial importance to such businesses. By further honing the propensity for judging the value of the assets we have refined throughout our history, we look to broaden the scope of assets we handle to branch out from traditional financing and leasing to engage in life-cycle management operations related to automobiles and aircraft. At the same time, we will work together with our partners to combine our specialties and areas of expertise to address social issues. In this manner, Tokyo Century will seek to evolve business models in fields where it can contribute to the realization of an environmentally sound, sustainable economy and society and in which it is possible to achieve economic growth while using resources efficiently.

Information and communications equipment is a major offering of our leasing business. In recent years, greater importance has been placed on the environment and on information management with regard to the disposal of end-of-lease IT equipment. This trend is anticipated to spur rapid growth in demand for IT asset disposition (ITAD) services such as data erasing and disposal for IT equipment, which can be used to ensure the safe and appropriate disposal of these IT assets. We anticipate that this demand will be seen centered on global companies seeking to provide services that are standardized on a worldwide basis. In this regard, U.S.-based IT leasing subsidiary CSI Leasing, Inc., is a major source of strength. The company is able to supply high-quality global-standard services through its IT equipment leasing and ITAD service operations in more than 50 countries across the globe. In fiscal 2022, CSI Leasing posted ordinary income approximately 4.7 times the level seen in fiscal 2015, when Tokyo Century commenced investment. Moreover, CSI Leasing acquired companies in Germany, Denmark, and Sweden in fiscal 2022 to establish local bases in these markets for propelling the development of its IT equipment life-cycle management service businesses.

In the aviation business, major U.S. aircraft leasing company ACG is engaged in self-driven forays into the operating lease business for new and other aircraft. Going forward, we will continue to pursue intra-Group synergies capitalizing on the strengths of the Group's aircraft value chain, which includes such companies as aircraft parts and service business operator GA Telesis, LLC, and allows for strategic aircraft life-cycle management.

Tokyo Century's automobility business contributes to sustainable resource use through a value chain that encompasses maintenance factories. In this area, Nippon Rent-A-Car Service, Inc., offers car rental services that deliver improved customer convenience and which contribute to sharing economies, as exemplified in the trend toward transitioning from ownership to use, amid the rising focus on realizing an environmentally sound, sustainable economy and society. In addition, Tokyo Century has concluded a capital and business alliance with MIRAI-LABO, which possesses electric vehicle (EV) battery diagnosis and evaluation and reuse technologies. The goal of this alliance is to expand its EV leasing and rental businesses. Through this alliance, the used EV battery diagnosis technologies of MIRAI-LABO, which is acting based on its expressed goal of becoming an environmental platform holder, will be utilized to strengthen these businesses. At the same time, we will work with MIRAI-LABO's partners to bolster and supply environment-friendly mobility services related to the reuse and recycling of EV batteries. In fiscal 2022, Tokyo Century concluded a business alliance agreement with Kansai Electric Power Company, Incorporated, in relation to a stationary storage battery business utilizing used batteries from EVs, such as electric forklifts and motorcycles. In this alliance, we are examining the possibility of combining used batteries to provide larger-than-ever stationary batteries as grid-scale storage batteries. Furthermore, we are assessing the feasibility of collecting used batteries from end-of-lease electric motorcycles and other EVs to be reused as stationary storage batteries.

KPI	Metric	Unit	Target year	Target	Fiscal 2020	Fiscal 2021	Fiscal 2022
Refurbishment business	Annual sales of secondhand computers	Computers	Fiscal 2025	More than 241,000 computers	405,055	247,456	327,017
ITAD data erasure services (CSI Leasing subsidiary Executive Personal Computers, Inc.)*	Number of units processed with ITAD services	Units	-	-	829,815	1,208,184	1,713,011
Promotion of car rental services (Nippon Rent-A-Car Service, Inc.)	Number of rental cars	Cars	-	-	33,098	31,157	33,201

* Executive Personal Computers, Inc., of the United States and seven other new companies were included in the scope of calculation from fiscal 2022.

Enhancement of Work Environment, Leading to Strengthening of Human Resources



Tokyo Century continues to invest in the human resources who support its growth and to develop workplace environments in which all officers and employees feel empowered in their work. These undertakings will be imperative to ensuring that the Company can keep growing and evolving in the current era of rapid change.

We conduct employee awareness surveys to help focus our efforts to develop workplace environments in which all employees respect one another and are able to fully exercise their talents. The results of these surveys are analyzed to identify issues and shape future initiatives, and this information is incorporated into officer training and discussed on an ongoing basis by the Management Meeting and the Board of Directors, so that identified issues can be addressed as top management priorities. Various measures for improving employee engagement have been implemented based on these surveys. For example, we have introduced an hourly paid leave program and a teleworking system, along with the Career Challenge Program internal recruitment system, which is designed to provide employees with an opportunity to chart their own career courses. Surveys have also been used to facilitate the enhancement of work-life balance support systems for assisting employees giving birth, raising children, or providing care to family members. In fiscal 2022, Tokyo Century launched TC-Mee+, an internal exchange forum aimed at enhancing communication among employees. In a TC-Mee+ forum featuring the president as a guest, a discussion was held about the type of company people want Tokyo Century to be a decade from now.

Moreover, the Diversity Promotion Office and the Career Design Office have been established within the Personnel Division to guide medium- to long-term growth initiatives. Under the guidance of these organizations, we are fostering a corporate culture in which diverse employees are able to proactively exercise their talents and individuality through efforts such as recruiting and developing diverse human resources and promoting diversity, equity, and inclusion. Moreover, we act in accordance with the Basic Diversity Policy by recruiting, developing, and promoting diverse human resources regardless of their race, religion, gender, age, sexual orientation, disability, or nationality. At the same time, diversity, equity, and inclusion training and educational programs targeting officers and employees are implemented with the goal of fostering a workplace environment built on mutual respect in which everyone is able to fully exercise their skills. Our Tokyo Century NEWS owned media outlet, meanwhile, is used to communicate information to external shareholders through means such as the planning and broadcasting of webinars on the theme of diversity, equity, and inclusion. These efforts have led to Tokyo Century's receipt of the silver rating in the 2022 iteration of the PRIDE Index, which evaluates companies' efforts to create workplaces that are accommodating to members of the LGBTQ+ community and other sexual minorities.

We also provide employees with a plethora of training opportunities. In addition to annual training and other designated training programs, we offer online learning programs in which employees can select courses on business and other skills as well as practical and specialized training for specific business areas. By supplying opportunities for enhancing skills from a variety of angles, we aim to develop human resources capable of supporting the growth of the Company and contributing to management in the future.

Furthermore, Tokyo Century recognizes the health of officers and employees as an important management priority and has thus established its Basic Policy on Health and Productivity Management to outline its intent to increase its focus on the promotion of the health of its officers and employees. It is important to develop an environment in which all of our human resources—who represent our greatest assets—can work vigorously in good health, both physically and mentally, and fully exercise their individuality and all their abilities. We therefore strive to maintain and improve the well-being of our officers and employees and their families with the recognition that health and productivity management is a corporate management issue. In addition, coordination in said regard is pursued with industrial physicians, occupational health nurses, health insurance associations, and external experts to incorporate various health-related themes into e-learning programs targeting all officers and employees in order to foster health awareness. In addition, we provide health apps and cafeteria plan benefit systems with the goal of helping employees improve their lifestyle habits. We also allow officers and employees aged 35 or above to undergo complete medical check-ups as part of their regular health examinations.

In recognition of this diligence, Tokyo Century was included in the 2023 Certified Health & Productivity Management Outstanding Organizations Recognition Program (large enterprise category) and received the highest rank in the DBJ Employees' Health Management Rated Loan Program of Development Bank of Japan Inc. in fiscal 2022.

KPI	Unit	Target year	Target	Target employees	Fiscal 2020	Fiscal 2021	Fiscal 2022
Annual paid leave acquisition rate	%	2027	Maintain rate of 70% or more	–	72.7	75.6	78.8
Childcare leave acquisition rate	%	2027	Maintain rate of childcare leave acquisition by male employees of 100%	Women	100.0	100.0	100.0
				Men	100.0	100.0	100.0
Ratio of employees with disabilities	%	2027	Maintain rate above legally mandated level	–	2.61	3.22	2.86
Ratio of women among new-graduate hires	%	2027	Maintain rate of 40% or more	–	30.8	52.9	42.1
Ratio of women in management positions	%	2030	30% or more	–	9.1	9.7	11.8
Ratio of women in assistant manager position or equivalent	%	–	–	–	50.7	48.1	49.6
Gender-based wage disparity ¹⁾	%	–	–	All employees	–	–	58.7

KPI	Unit	Target year	Target	Target employees	Fiscal 2020	Fiscal 2021	Fiscal 2022
Ratio of employees remaining at the Company for 10 years or more (by gender)	%	-	-	Women	48.6	42.9	61.5
				Men	53.7	58.3	65.4
Employee turnover rate	%	-	-	Women	0.7	0.9	0.9
				Men	3.7	4.5	3.6
Number of people leaving work for nursing care reasons	People	2027	Maintain a nursing care turnover rate of zero	-	0	0	0
Rate of employees undergoing regular health check-ups	%	2027	100% rate of employees undergoing regular health check-ups	-	100.0	100.0	100.0
Rate of employees undergoing stress checks	%	2027	100% rate of employees undergoing stress checks	-	94.3	98.6	100.0
Ratio of employees receiving specific health guidance	%	2027	80% or more	Officers and employees subject to specific health guidance over 40 years old	76.4	81.7	Under calculation
Training expenses ^{*2}	Thousands of yen	-	-	-	37,442	51,036	70,921
Training expenses per employee ^{*2}	Thousands of yen	-	-	-	40	55	74
Training hours per employee	Hours	-	-	-	13.7	22.5	46.5
Employees relocated through Career Challenge Program internal recruitment system ^{*3}	People	-	-	-	14	13	18
Employee engagement index	%	2027	Maintain and improve ratio of positive responses in employee engagement index	All employees (Excluding dispatched employees and individuals seconded from other companies)	-	-	63.0

Note: KPIs, targets, and numerical results contained in this chart are for Tokyo Century on a non-consolidated basis.

*1 Supplementary explanation regarding gender-based wage disparity

· There are no differences in the wage frameworks or systems between men and women.

· The Company sets different wage levels based on the career courses and qualifications of employees. There is a difference in the numbers of men and women in terms of the courses and qualifications, which creates a disparity in wage levels between genders.

*2 Figures for training expenses and training expenses per employee include venue rental expenses and transportation expenses.

*3 The Career Challenge Program internal recruitment system was introduced in fiscal 2020.

Creation of New Value through Diverse Partnerships

Exercise of Management Philosophy

Tokyo Century has continued to support the ambitions of various companies and businesses while growing together with these partners

- Converted IHI Finance Support Corporation into a consolidated subsidiary



2009

- Century Tokyo Leasing Corporation established through a merger between Century Leasing System, Inc., and Tokyo Leasing Co., Ltd.

2010

2011

- Conducted merger between Tokyo Auto Leasing Co., Ltd., and Nippon Car Solutions Co., Ltd., and converted Nippon Car Solutions into a consolidated subsidiary



- Converted Nippon Rent-A-Car Service, Inc., into a consolidated subsidiary



2012

- Acquired shares in GA Telesis, LLC, and converted it into an equity-method affiliate
- Established solar power generation company Kyocera TCL Solar LLC with Kyocera Corporation as a joint venture

2013

- Converted CSI Leasing, Inc., a leading U.S.-based independent leasing company, into an equity-method affiliate before converting it into a wholly owned subsidiary in 2016



- Established Orico Business Leasing Co., Ltd., which specializes in vendor leasing, with Orient Corporation



2014



- Acquired shares in a leasing subsidiary of Bank of the Philippine Islands, a leading bank in the Philippines, and converted it into an equity-method affiliate before converting it into a consolidated subsidiary in 2020

2015

2016



Tokyo Century

- Changed corporate name to Tokyo Century

2017

- Converted Aviation Capital Group LLC, a major U.S.-based commercial aircraft lessor, into an equity-method affiliate before converting it into a wholly owned subsidiary in 2019



2018

- Converted Bplats, Inc., into an equity-method affiliate
- Acquired shares in Shinko Real Estate Co., Ltd. (currently TC Kobelco Real Estate Co., Ltd.), and converted it into a consolidated subsidiary



- Acquired shares in Amada Lease Co., Ltd., and converted it into a consolidated subsidiary



- Acquired shares in U.S.-based leasing company AP Equipment Financing, Inc., and converted it into a wholly owned subsidiary



- Acquired shares in ITOCHU Construction Machinery and changed its name to ITOCHU TC Construction Machinery



2019

- Concluded a capital and business alliance agreement with Nippon Telegraph and Telephone Corporation (NTT)



- Established NTT TC Leasing Co., Ltd., as a spin-off of the leasing and financing operations of NTT FINANCE CORPORATION



2020

- Acquired shares in NITTSU Lease & Finance Co., Ltd. (currently NX-TC Lease & Finance Co., Ltd.), and converted it into an equity-method affiliate



NX-TC Lease & Finance Co., Ltd.

2021

Approach, Communication, and Other Activities Pertaining to Specific Stakeholder Groups

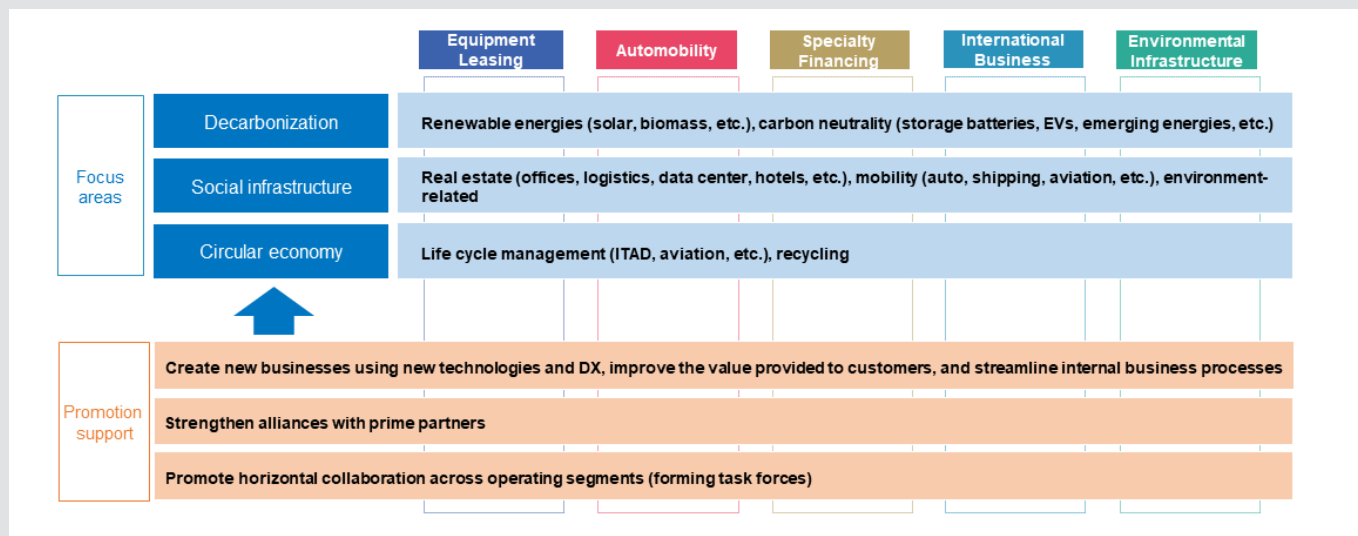
	Approach Pertaining to Specific Stakeholder Groups	Communication and Other Activities
Customers and business partners	<p>The Tokyo Century Group believes that resolving social and ethical issues through its business activities will help it achieve sustainability and lead to further growth. We will fulfill our responsibilities to customers in accordance with the Group's Management Policy, which stipulates that "we will provide the best products and services around the world to contribute to the success of our customers' businesses while pursuing all possibilities by collaborating with customers and uniting the overall strengths of the Group." To this end, we will further improve our management system to provide the best possible products and services that satisfy our customers.</p> <p>With Tokyo Century and its partners both acting as proponents behind the development of businesses, we intend to advance a wide variety of businesses by spreading beyond conventional leasing to enter new business areas that will serve as growth drivers.</p> <p>By integrating the respective strengths and expertise of Tokyo Century and its partners, we will contribute to the creation of an environmentally sound, sustainable economy and society and strive to enhance our corporate value and achieve sustainable growth over the medium to long term.</p>	<ul style="list-style-type: none"> ● Strengthening of partnerships (promotion of co-creative projects in various operating segments that address partner needs) ● Co-creation of value through open innovation (investment in start-up companies with proprietary technologies in digital and mobility areas) ● Tracking of customer and business partner issues through Knowledge Lab program for sharing knowledge related to financial service planning and other initiatives ● Improvement of management system to provide the best possible products and services that satisfy our customers (implementation of internal management and sales management for solicitation and sale of financial products and response to complaints) ● Implementation of training and educational programs (e-learning and other programs for officers and employees on responsible business activities and compliance)
Shareholders, investors, and financial institutions	<p>Tokyo Century releases appropriate and unbiased information in a timely manner to stakeholders such as shareholders and investors and has established a system to ensure the transparency of Company activities from a fair disclosure perspective.</p> <p>Tokyo Century advances its investor relations (IR) activities with a focus on generating a cycle of proactive dialogue with shareholders and other investors and communicating the input and requests solicited thereby to management and employees. The input gained during the course of IR activities is used to improve information disclosure and respond to management issues in order to build trust with shareholders and other investors and ensure that capital markets accurately appraise the Company, which in turn is anticipated to contribute to higher corporate value over the medium to long term.</p>	<ul style="list-style-type: none"> ● Shareholders' Meeting ● Annual securities reports and consolidated financial results ● Earnings calls (four times a year) ● IR meetings with analysts and institutional investors (approx. 200 times a year) ● Company briefings for private investors (approx. two times a year) ● Business strategy briefings ● Overseas roadshows (approx. two times a year) ● Information disclosure via integrated reports, sustainability data books, and corporate website ● Fund procurement through sustainability-linked loans
National and other government agencies, local communities, and NPOs	<p>Based on the recognition that thorough adherence to compliance is essential to the continued existence of a company, the Tokyo Century Group strives to establish systems of management that will be trusted by society at large and based on which all officers, managers, and employees act in keeping with a just and high sense of ethics.</p> <p>As stated in "4. Legal Compliance" of our Basic Environmental Policy, 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.</p>	<ul style="list-style-type: none"> ● Prevention of corruption (non-association with antisocial organizations, prevention of money laundering and of provision of funds for terrorism, appropriate means of offering entertainment to public officials, political contribution control, etc.) ● Human rights initiatives (human rights due diligence, information disclosure, grievance mechanisms, etc.) ● Adherence with Basic Environmental Policy (legal compliance, etc.) ● Support provided by Kyocera TCL Solar, a joint venture with Kyocera Corporation for COOL CHOICE global warming prevention awareness poster contest organized by Ohmi Environment Conservation Foundation (Shiga Prefecture global warming prevention organization) ● Endorsement of TCFD recommendations and participation in United Nations Global Compact and other initiatives ● Contribution to reductions in greenhouse gas emissions via participation in JCM Model Projects

	Approach Pertaining to Specific Stakeholder Groups	Communication and Other Activities
National and other government agencies, local communities, and NPOs	<p>The Tokyo Century Group contributes to the public good and donates money to non-profit organizations and groups as part of its social contribution activities. The Group also actively strives to engage in communication with local communities, including by conducting clean-up activities in the vicinity of Group offices and holding industry seminars at universities.</p> <p>Promoting tourism and contributing to regional economic development are important themes of the growth strategies of the Japanese government, and Tokyo Century has an important role to play in the advancement of these strategies. To help advance the development of Japan's tourism industry and regional economies, Tokyo Century is proactively assessing opportunities to engage in projects for promoting tourism and contributing to regional economic development, such as the hotel businesses we are developing together with partner companies.</p>	<ul style="list-style-type: none"> ● Clean-up and other community outreach activities ● Tree planting and other biodiversity initiatives ● Employment of people with disabilities through TC Work Happiness Farm ● Free-of-charge provision of rental cars for disaster relief purposes ● Donations to environmental, welfare, education, disaster relief, and other priority fields ● Collaboration with certified NPOs (Japan Rescue Association, Second Harvest Japan, etc.) ● Support for education of the next generation through career design seminars and pro bono activities ● Support for sports ● Support for the arts ● Regional revitalization through the hotel business (ANA InterContinental Beppu Resort & Spa, Hotel Indigo Karuizawa) ● Promotion of mobility-as-a-service (MaaS) tourism service verification test in Nagasaki City through coordination between ZENRIN and Nippon Rent-A-Car
Employees	<p>Aiming to be an organization filled with vitality and dynamism, the Tokyo Century Group maintains a workplace environment that enables each and every employee to demonstrate their abilities to the fullest.</p> <p>Tokyo Century aspires to develop a workplace environment in which every employee is respected and able to fully exercise their talents, and we are actively working to heighten employee engagement. Moreover, the input gained from employee awareness surveys is used in discussions by the Management Meeting and the Board of Directors for analyzing issues and planning future initiatives. Responding to such input is positioned as an important management priority.</p> <p>By entrenching a cycle of appropriately incorporating employee input into management, we will endeavor to bolster employee engagement by building trust with employees and improving our workplace environment.</p>	<ul style="list-style-type: none"> ● Regular health check-ups and stress checks for employees ● Employee awareness surveys ● 360° evaluations ● Internal reporting system ● Career Challenge Program ● TC Biz Challenge Project ● TC-Mee+ employee exchange forum ● Career consultation through Career Design Office ● Training and skills development support for career building ● Work-life balance systems for supporting childbirth, childcare, and nursing care ● Conclusion of Agreement on Overtime Work and Working on Holidays (so-called "36 Agreement") with labor union ● Employee shareholding association ● Family Day events and Working Mothers' and Fathers' Community

Focus Areas and Approaches for Business Strategies

Focus areas: Decarbonization, social infrastructure, and circular economy

Approach: Strengthen connections across operating segments without being bound by organizational boundaries



Major Growth Strategies of Five Operating Segments

Equipment Leasing

Invest in growth areas and aim for earnings growth of affiliated companies through collaboration with partners

Growth Strategies

- Reinforce earnings power, such as increasing the value of the leasing business
- Enhance integrated group management
- Expand in growth markets and areas with high potential for collaboration with close partners, such as logistics facilities, storage batteries, and renewable energies
- Pursuit of partnerships and alliance strategies
- Further improve asset efficiency



Automobility

Aim for "Top Mobility Service Company" by deepening existing areas and promoting next-generation businesses

Existing Business Area

- Further deepen the auto business for corporations by increasing the value of existing businesses
- Take overwhelming market share in the auto business for individuals
- Achieve dramatic increase in profit margin through further improvement in the quality of car rental services and price optimization

Next-Generation Area

- Increase handling of EVs and strengthen the EV value chain, such as charging services and battery reuse
- Expand into new areas such as data business, advanced maintenance, logistics, and parking services



Specialty Financing

In addition to the recovery of ACG, expand investments in growth areas such as real estate and business investment, and also promote asset turnover

Aviation

- Earnings growth of ACG
 - Promote asset turnover
- < ACG builds a good portfolio to improve ROA >
- Promote the introduction of new technology aircraft and flexible aircraft sales to secure earnings and improve the portfolio risk profile
 - Build profitable assets striking a balance between risk and return diversified in terms of credit and areas

Real estate

- Flexible investment and development in response to market changes
- Establish a cycle of investment/payback for overseas projects

Investment Collaboration with AP

- Promote collaboration with Advantage Partners (AP), etc. Investment in growth areas, such as carve-outs by large companies and renewable energies



International Business

Global expansion based on CSI and promote auto and niche businesses in North America and Asia Pacific

CSI

- Expand operational bases into new markets through M&A and maximize profits
- Promote managed services through collaboration with partners



North America Asia-Pacific

- Strengthen auto and niche businesses in North America and Asia Pacific
- Promote data center business



Environmental Infrastructure

Strengthen the profitability of existing businesses, expand new ones, and drive environment-related businesses throughout the TC Group

Storage Battery

- Build and operate new storage battery power plants
- Install storage batteries in existing solar power plants

Overseas Business

- Solar and wind power generation centering on North America, Europe, and Australia
- Consider flexible options on possession and sale

Other focus areas

Asset Management

New Energy

Business Investment

Green Transition

Main partners



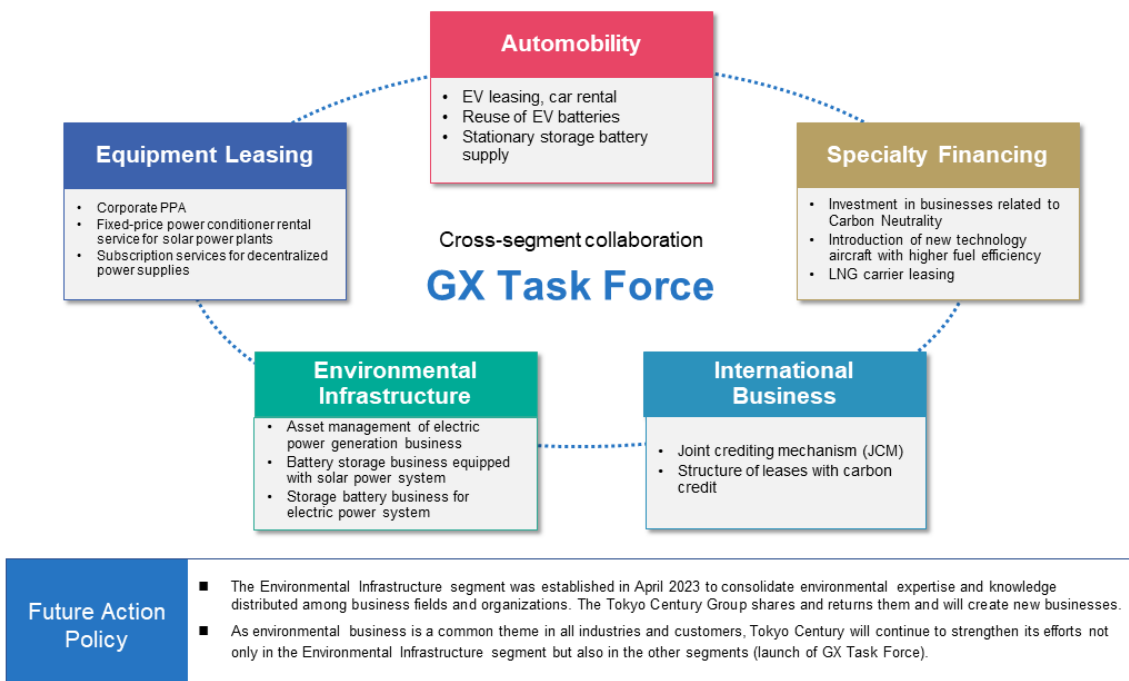
Human Resource and Organizational Strategies Underpinning Business Strategies



Task Forces for Supporting Business Strategies

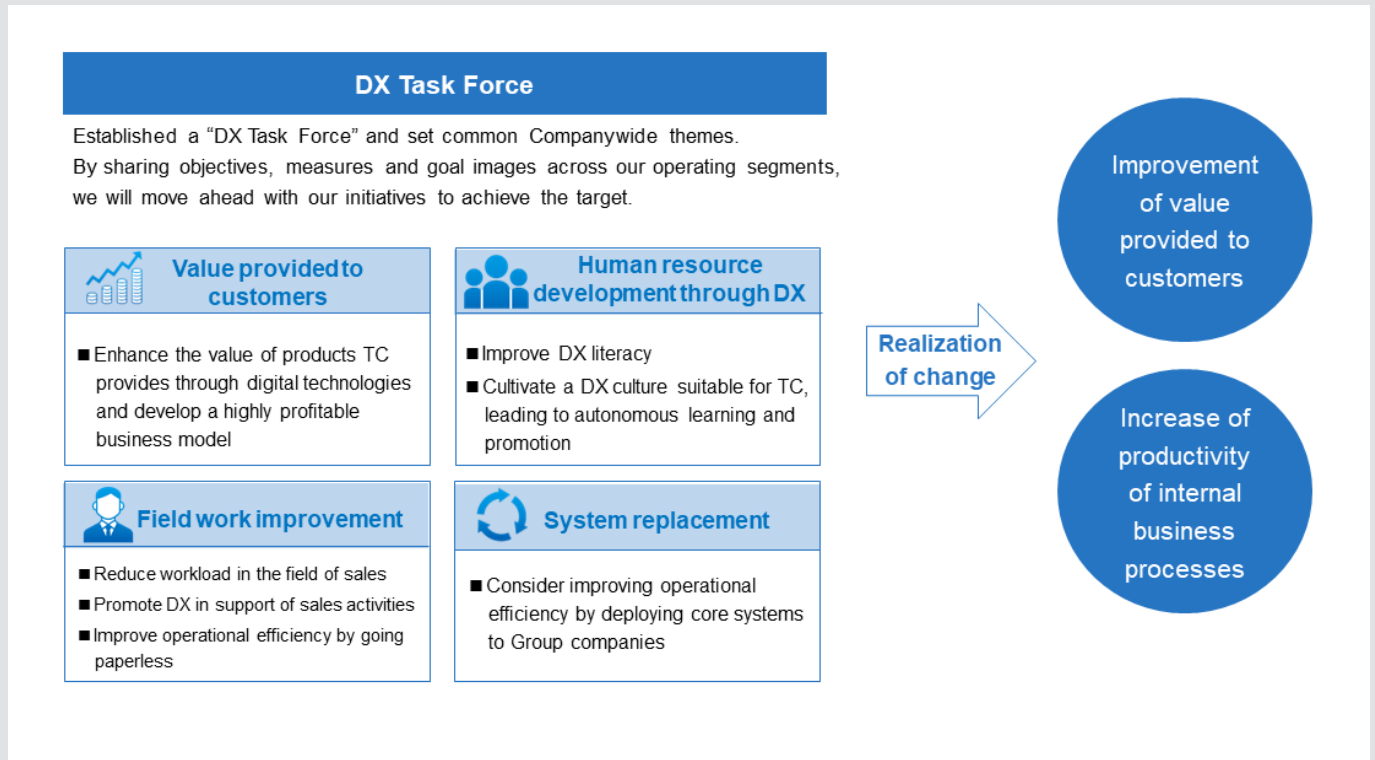
GX Task Force

- Create carbon-neutral-related businesses in each operating segment and promote cross-organizational collaboration



GX Task Force

- Development of a business base adaptable to the environmental changes that the Company, partner companies and customers will face in the future through effective use of digital technologies
- Launch of a DX Task Force to progress to achieve the target beyond the bounds of the operating segments



Environment

Environmental Policies

<p>Policies related to the environment</p>	<p>Basic Environmental Policy</p>	<p>Basic Environmental Policy</p> <p>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.</p> <p>1. Global Environmental Preservation through Business</p> <p>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 track the impact of our operating activities on ecosystems and engage in activities that contribute to biodiversity conservation.</p> <p>2. Contribution to Creating an Environmentally Sound, Sustainable Economy and Society</p> <p>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.</p> <p>3. Promotion of Resource and Energy Conservation Activities</p> <p>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 in our supply chain.</p> <p>4. Legal Compliance</p> <p>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.</p> <p>5. Efforts for Continuous Improvement</p> <p>We will seek to prevent environmental pollution and engage in environmental 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.</p> <p>6. Information Disclosure</p> <p>We will strive to disclose information on this policy and our environmental initiatives to our various stakeholders and encourage their understanding and cooperation.</p>
<p>Management system</p>	<p>Chief executive</p>	<p>President & CEO, Representative Director</p>
	<p>Oversight organization</p>	<p>Environmental Management Committee</p>
	<p>Climate change-related oversight by the Board of Directors</p>	<p>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 Risk Management Unit, who is also the environmental oversight representative.</p> <p>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.</p> <p>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.</p>

Acquisition of ISO 14001 certification

The Tokyo Century Group recognizes that it has a social responsibility to help address environmental issues. Accordingly, it has acquired ISO 14001 certification, the international standard for environmental management systems, for the following companies (certification was received from BSI Group Japan K.K.).

Scope of ISO 14001 Certification

ISO 14001 certification has been acquired for the following Tokyo Century Group entities.

- Tokyo Century Corporation (head office, Okachimachi office, Akihabara UDX office)
- TRY Corporation
- TC Agency Corporation
- FLCS Co., Ltd. (head office)



EMS 506044 / ISO 14001

In addition, the following three consolidated subsidiaries have received certification on an individual basis.

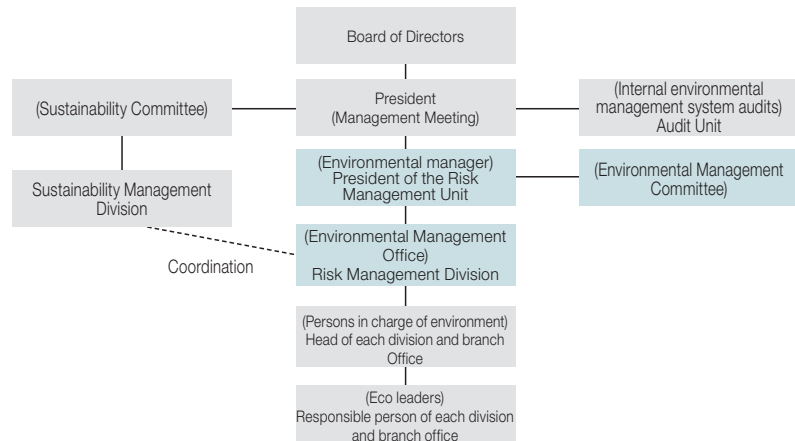
- Nippon CarSolutions Co., Ltd. (head office)
- Amada Lease Co., Ltd.
- Executive Personal Computers, Inc. (subsidiary of CSI Leasing, Inc., of the United States)

Scope of Application of Environmental Management System

Tokyo Century Corporation; TRY Corporation; TC Agency Corporation; TC Business Service Corporation;* TC Business Experts Corporation;* TC Property Solutions Corporation; FLCS Co., Ltd.; S.D.L. Co., Ltd.; ITEC Leasing Co., Ltd.; and IHI Finance Support Corporation

* Effective April 1, 2023, TC Business Service Corporation and TC Business Experts Corporation were absorbed by the Company.

Environmental Management System



Acquisition of ISO 9001 certification

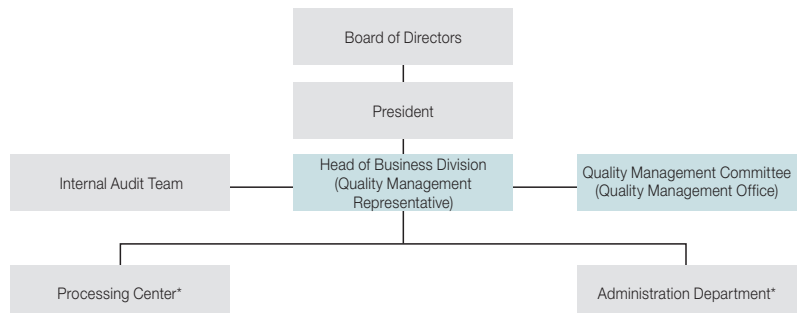
In August 2023, Tokyo Century subsidiary TRY Corporation acquired certification under ISO 9001, the international standard for quality management systems.

For information on the basic quality management policy of TRY Corporation, please refer to the following website (in Japanese only). https://www.tokyocentury.co.jp/assets/pdf/company/try_quality.pdf



FS 787014 / ISO 9001

Quality Management System of TRY Corporation



* The ITAD Group of the Processing Center and the Digital Transformation Strategy Group of the Administration Department are not included within the scope of ISO 9001 certification.

Management system	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 2022 audit found no nonconforming organizations.														
	Long-term quantitative greenhouse gas emissions reduction targets (intensity targets)	<p>Tokyo Century participates in the Japan Leasing Association's plan for achieving a low-carbon society and has set proprietary targets for contributing to the accomplishment of association's long-term targets for fiscal 2030. Figures for fiscal 2022 cover the period from April to October 2022 in reflection of the switch to renewable energy for our head office building undertaken in November 2022.</p> <p>Long-Term Targets Per head office floor space electricity use Fiscal 2030: 70.00 kWh/m² (23% reduction compared with fiscal 2009)</p> <table border="1"> <thead> <tr> <th>Item</th> <th>Unit</th> <th>Fiscal 2020</th> <th>Fiscal 2021</th> <th>Fiscal 2022</th> </tr> </thead> <tbody> <tr> <td>Per head office floor space electricity use</td> <td>kWh/m²</td> <td>59.75</td> <td>64.84</td> <td>67.69</td> </tr> <tr> <td>Annual CO₂ emissions from per head office floor space electricity use</td> <td>t-CO₂/m²</td> <td>0.029</td> <td>0.030</td> <td>0.017</td> </tr> </tbody> </table>	Item	Unit	Fiscal 2020	Fiscal 2021	Fiscal 2022	Per head office floor space electricity use	kWh/m ²	59.75	64.84	67.69	Annual CO ₂ emissions from per head office floor space electricity use	t-CO ₂ /m ²	0.029	0.030
Item	Unit	Fiscal 2020	Fiscal 2021	Fiscal 2022												
Per head office floor space electricity use	kWh/m ²	59.75	64.84	67.69												
Annual CO ₂ emissions from per head office floor space electricity use	t-CO ₂ /m ²	0.029	0.030	0.017												
Environmental education		<ul style="list-style-type: none"> 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, eco news, three to four times a year since fiscal 2011, renaming it Sustainability Communication in January 2020. The newsletter has been used to communicate on environmental issues and sustainability topics pertaining to management strategies. The redesigned sustainability newsletter is currently distributed to Tokyo Century Corporation and to Group companies, being issued four times in fiscal 2022, in both Japanese and English. 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 initiatives	Biodiversity-Related Guidelines	See Basic Environmental Policy on page 25														
	Woodland Banking Project	<p>Tokyo Century is participating in a woodland banking project in partnership with Tsubaki Farm, an organization that conducts verification tests of woodland preservation (woodland banking) activities in Shisui Town, Chiba Prefecture. These woodland banking activities use a framework designed to offset the negative environmental impacts of development and other economic activities with the positive effects of conservation activities based on market principles to create a Japanese version of biodiversity preservation.</p> <p>For more information, please refer to the following press release (in Japanese only). https://www.tokyocentury.co.jp/jp/newsroom/news/pdf/58105ee0d259efdd95ea649543643920.pdf</p>														
	Coastal Forest Restoration Project	<p>Planting area: 103.05 ha; Aggregate number of trees planted: 370,198 (As of March 31, 2023)</p> <ul style="list-style-type: none"> 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. 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). 														
	Mangrove Tree Planting	<p>Scope: 5 countries; Planting area: 8,670.4 ha (As of March 31, 2023)</p> <ul style="list-style-type: none"> 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. 														

Biodiversity Initiatives

Kodomo no Mori Plan Scope: 5,468 schools in 37 countries and regions (As of March 31, 2023)

- 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.

PaperLab

Tokyo Century has installed the PaperLab A-8000, an office papermaking system developed by Seiko Epson Corporation. This system uses the waste paper collected in recycling boxes at the Company's offices to produce new paper.

Using this system, we aim to reduce our environmental impact by cutting down on waste paper, including shredded waste paper, and by recycling used office paper.

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

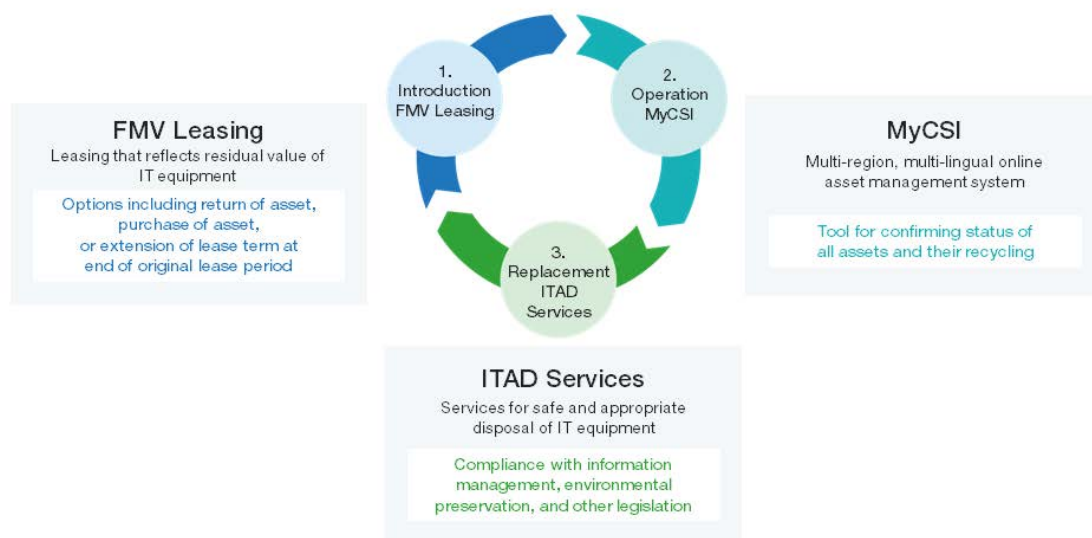
Tokyo Century engages in fair market value (FMV) leasing, a highly flexible form of leasing that offers customers options such as returning an asset, purchasing an asset, or extending the lease term at the end of the original lease period based on FMV derived from the assessed residual value of the asset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

Sustainable Resource Use

IT Life Cycle Management Services of CSI Leasing



Environmental Performance

			Scope	Unit	Fiscal 2020	Fiscal 2021	Fiscal 2022		
Greenhouse gas emissions	Scope 1 (direct emissions)			Gr	t-CO ₂	3,613	10,963	✓ 1,082,758 ¹¹	
	Scope 2 (location-based indirect emissions originated from energy use)			Gr	t-CO ₂	7,964	9,177	✓ 14,784 ¹¹	
	Scope 2 (market-based indirect emissions originated from energy use)			Gr	t-CO ₂	—	—	✓ 15,368 ¹¹⁻¹²	
	Scope 3 (emissions from supply chain, etc., not included in Scope 1 or Scope 2)				t-CO ₂	1,043,996	6,195,446	7,727,580	
	Total of Scope 1 and Scope 2 (location-based) and Scope 3				t-CO ₂	1,055,573	6,215,586	8,825,123	
	Total of Scope 1 and Scope 2 (market-based) and Scope 3				t-CO ₂	—	—	8,825,706 ¹²	
	Scope 3 Emissions by Category								
	Category 1 Purchased goods and services			Tc	t-CO ₂	843,494	617,405	✓ 650,423	
	Category 2 Capital goods			Tc	t-CO ₂	100	71	42	
	Category 3 Fuel- and energy-related activities (not included in Scope 1 or Scope 2)				t-CO ₂	1,739	3,820	97,728 ¹³	
	Category 4 Upstream transportation and distribution				t-CO ₂	0	0	✓ 2,341 ¹⁴	
	Category 5 Waste generated in operations			Tc	t-CO ₂	1,247	593	309	
	Category 6 Business travel			Tc	t-CO ₂	120	121	122	
	Category 7 Employee commuting			Tc	t-CO ₂	221	222	225	
	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	5,452	19,104	39,086		
Category 12 End-of-life treatment of sold products			Tc	t-CO ₂	148	575	808		
Category 13 Downstream leased assets				t-CO ₂	181,292	5,544,166	✓ 6,923,346		
Category 14 Franchises			Tc	t-CO ₂	0	0	0		
Category 15 Investments			Tc	t-CO ₂	10,183	9,369	✓ 13,150 ¹⁵		
Other environmental performance data					Unit	Fiscal 2020	Fiscal 2021	Fiscal 2022	
	Environmental contributions through office activities	Electricity use and related CO ₂ emissions	Environmental targets	kWh	1,550,000	1,650,000	1,600,000		
			Use volume	kWh	1,578,546	1,539,011	1,593,216		
			Emissions volume	t-CO ₂	770	723	546		
		Paper use	Environmental targets	Thousands of sheets	13,500	13,000	10,000		
			Use volume	Thousands of sheets	9,262	8,278	9,457		
			Gasoline use, CO ₂ emissions, and fuel efficiency for business vehicles and rent-a-car fleet	Environmental targets	L	72,000	69,000	65,000	
	EMS		Use volume	L	43,768	45,360	49,937		
			Emissions volume	t-CO ₂	102	105	116		
			Fuel consumption volume	km/L	14.3	14.5	16.1		
			Environmental contributions through business activities	Renewable energy generation operations	Environmental targets	MWh	355,000	400,000	410,000
				Annual generation volume	MWh	388,084	447,619	✓ 456,008	
	CO ₂ emissions reductions	t-CO ₂			162,025	178,824	✓ 176,703		
	EMS	Refurbishment operations (Annual number of secondhand computers sold)	Environmental targets	Units	230,000	260,000	209,000		
Unit sales			Units	405,055	247,456	327,017			

Other environmental performance data			Unit	Fiscal 2020	Fiscal 2021	Fiscal 2022
	Waste	Total waste emissions		t	2,670	1,350
Valuable materials (material recycling volume)		t	985	526	1,127	
Industrial waste emissions		t	1,685	824	566	
Water resources	Water intake (only head office and Okachimachi Bldg.)		Thousands of m ³	22	18	17.7
	Water intake (per unit of production)		m ³	16.43	12.87	11.9
Compliance	Number of environmental law violations EMS		Cases	0	0	0
Environmental accounting	Environmental preservation costs TC					
	Item	Specific Expenses	Unit	Fiscal 2020	Fiscal 2021	Fiscal 2022
	1. Costs within business area	Costs for transition to ecofriendly vehicles and network equipment upgrades	Millions of yen	33	147	107
	2. Upstream and downstream costs	Waste disposal expenses	Millions of yen	98	50	27
	3. Administrative costs	ISO 14001 certification maintenance and related costs	Millions of yen	28	35	41
		Secretariat, environmental, and CSR expenses	Millions of yen			
Total				159	231	175
Green revenue	Breakdown		Unit	Fiscal 2020	Fiscal 2021	Fiscal 2022
	Sales of solar power generation businesses	10 solar power generation business companies (Total for Kyocera TCL Solar LLC and nine other companies)	Billions of yen	14.7	18.4	18.6
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)	%	80.2	81.6	84.7
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	34,547	35,457	38,343
Aviation business fuel-efficiency initiatives	Ratio of fuel-efficient aircraft assets (Seven aircraft models with high fuel efficiency compared with conventional models)	Ratio of fuel-efficient aircraft assets (Ratio of fuel-efficient aircraft to all aircraft)	%	40.4	45.7	51.8
Introduction of eco-friendly vehicles	Rate of electrified vehicle use (EVs, FCEVs, PHEVs, HVs)	Three auto business companies (Nippon Car Solutions Co., Ltd.; Nippon Rent-A-Car Service, Inc.; and Orico Auto Leasing Co., Ltd.)	%	18.4	19.3	20.6

Changes to the Scope of Data Collection

The following changes to the scope of data collection were implemented in fiscal 2022 (see pages 3 and 4 for more information on the scope of data collection).

- *1. The scope of data collection for Scope 1 and Scope 2 emissions comprises eight domestic companies, including Shunan Power Corporation and TC Hotels & Resorts Beppu Co., Ltd. (down three companies year on year due to mergers and reorganizations of subsidiaries), and 25 overseas companies, including 15 group companies of CSI Leasing, Inc. (excluding those in Japan and the United States), and five group companies of EPC Inc. (excluding those in the United States).
- *2. Figures for Scope 2 (market-based) greenhouse gas emissions are after deduction of 152.4 t-CO₂ in emissions associated with purchase of non-fossil certificates.
- *3. Shunan Power Corporation has been included in the scope of data collection following the start of commercial operation of its biomass-coal co-firing power plant.
- *4. Ferry flying of unleased and repossessed aircraft of Aviation Capital Group LLC has been included in the scope of data collection.
- *5. The Scope 1 and Scope 2 CO₂ emissions of cross-shareholding counterparties disclosed by CDP or in materials provided by the respective counterparties are included in the scope of data collection.

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>

Scenario Analysis of Environment and Energy Businesses (Solar Power Generation, excerpt) Risk Severity Assessment

Risks	Subcategory	Business impact		
		Indicator	Risks	Opportunities
Transition risks	Carbon prices	Expenditures	Solar power generation businesses are not expected to be impacted by risks related to carbon pricing.	Our competitive advantage in terms of renewable energy prices may increase following rises in costs of generating energy from fossil fuels.
	Recycling regulations	Revenue, expenditures	Legal restrictions regarding the collection and recycling of solar panels may have a financial impact and may tarnish our medium- to long-term reputation.	Panel recycling and hazardous material recycling technologies and services may be developed ahead of competitors and introduced to, and ultimately expand, the market.
	Subsidy policies including renewable energy	Revenue	The profitability of a business operated under the feed-in tariff program may deteriorate if grid parity is not achieved before the program ends.	A stricter CO ₂ emissions reduction policy may be adopted, and the feed-in tariff program may provide opportunities for business expansion over the long term.
	Changes in energy mix (including energy demand)	Revenue	The number of renewable energy power generation companies may increase, and the competitive environment may become increasingly severe. Also, sales prices may fall.	The portion of electricity sourced from renewable energy may expand as a result of the Japanese government's decarbonization targets.
	Spread of renewable energy and energy-saving technologies	Revenue, assets	Declines in the value of equipment and power generation costs of power generation facilities may intensify competition with other companies.	Business opportunities for solar and biomass power generation may expand as the use of renewable energy increases.
Physical risks	Intensification of abnormal weather events	Revenue, expenditures	Damage to employees and power plants caused by natural disasters may result in additional investments to restore facilities. In addition, insurance premiums and other costs may increase for power plants and other assets, which could have an impact on performance.	The development of resilient equipment through the accumulation of expertise may lead to new opportunities via the external supply of this equipment.

Note: Only items that were assessed as "large" in regard to the potential business impact of the associated risks and opportunities are shown above.

Definition of Countermeasures

Targets of measures	Concrete measures
Profitability improvement	Increasing profitability by improving facility efficiency <ul style="list-style-type: none"> Strengthening asset management Maximizing power generation efficiency through accumulated asset management expertise
Prevention of sales decline after end of FIT program	Expanding into non-FIT projects <ul style="list-style-type: none"> Developing new businesses in areas such as corporate power purchase agreements, self-wheeling models, and virtual power plants (VPPs)
Capturing of new opportunities	Examining renewable energy businesses other than solar power generation <ul style="list-style-type: none"> Expanding business into renewable energy businesses other than solar power generation (e.g., hydropower, biomass power, and wind power) Entering the VPP business, supply and demand adjustment market, capacity market, etc., using storage batteries Growing business by investing in companies that provide new technologies and business models Exploring new needs through the use of secondhand solar panels, for example, by entering the recycling business

■ Scenario Analysis of the Solar Power Generation Business
https://www.tokyocentury.co.jp/assets/pdf/sustainability/sa_solarpower_e.pdf

Scenario Analysis of Aviation Business (Aircraft Leasing, excerpt)
Risk Severity Assessment

Time frame	Risks	Opportunities
Medium term (2030)	<ul style="list-style-type: none"> ➔ It is possible that government or aviation industry CO₂ emissions regulations will lead to reduced demand for older aircraft. ➔ The popularization of next-generation aircraft*1 could result in lower asset value for older aircraft. 	<ul style="list-style-type: none"> ➔ A sufficient fleet of next-generation aircraft may lead to increased earnings opportunities. ➔ Higher evaluations among investors may result in preferential interest rates for next-generation aircraft and new-generation aircraft.*2
Long term (2050)	<ul style="list-style-type: none"> ➔ The popularization of new-generation aircraft could cause sharp decreases in the value of existing next-generation aircraft. ➔ Declines in ESG ratings could impede fund procurement activities. 	<ul style="list-style-type: none"> ➔ If new-generation aircraft represent a large portion of the Company's fleet, it may contribute to higher earnings and asset value.

*1 Low-carbon aircraft with improved fuel efficiency, lighter body, and other features
 *2 Blended wing body (passenger aircraft, alternative fuel aircraft, electric aircraft, hydrogen-powered aircraft, etc.)

Definition of Countermeasures

Issues	Major ongoing initiatives	Countermeasures for future consideration
Contraction of demand	<ul style="list-style-type: none"> ➔ Capturing opportunities for expanding assets that are in high demand through orders and purchase commitments for newly build aircraft (orderbook delivery slots available through 2028) ➔ Expanding part-out and conversion businesses 	<ul style="list-style-type: none"> ➔ Investing in new assets related to bio-jet fuel, hydrogen-powered aircraft, electric aircraft, and other assets and participating in related businesses
Rise in impairment rate	<ul style="list-style-type: none"> ➔ Restructuring portfolio by addressing asset risk (focusing on narrow-body aircraft with low average age and high liquidity, diversifying maturity dates, and implementing other measures) ➔ Periodically monitoring asset value volatility through value at risk model on a consolidated basis ➔ Setting ratio of next-generation aircraft (fuel-efficient aircraft) in the portfolio as a key performance indicator 	<ul style="list-style-type: none"> ➔ Reducing portfolio risk by diversifying and expanding lessee base and shifting toward next-generation aircraft ➔ Enhancing asset turnover business to realize the swift sale of owned aircraft and improve profitability ➔ Expanding asset management services for managing aircraft after sale to third parties

■ Scenario Analysis of Aircraft Leasing Business
https://www.tokyoCentury.co.jp/assets/pdf/sustainability/sa_aircraft_e.pdf

Scenario Analysis of the Corporate and Individual Auto Leasing Business (excerpt)
Risk Severity Assessment

Items	Risks	Opportunities
National carbon emissions targets and policies	<ul style="list-style-type: none"> ➔ Further shifting to EVs may result in lower prices for used gasoline and diesel vehicles. 	<ul style="list-style-type: none"> ➔ Regulations and subsidies could encourage replacement of older vehicles with newer vehicles and increase demand for new vehicle leases.
Changes in customer behavior	<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.
Products and services	<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"> ➔ The shift to EVs could generate new earnings opportunities, such as those related to recharging services and businesses for second-life EV batteries.

Definition of Countermeasures

Issues	Major ongoing initiatives	Countermeasures for future consideration
Shift to EVs	<ul style="list-style-type: none"> ➔ Promote the introduction of EVs to customers, such as by providing EVs to the NTT Group, which has declared its commitment to transition completely to EVs (participation in EV100 initiative) ➔ Propose BCP measures to use EVs as emergency power sources in the event of a natural disaster ➔ Accumulate know-how on EV leasing by starting to handle EV taxis, EV buses, and electric micro-mobility 	<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 ➔ Expand the use of preferential interest rates for procuring EVs through the issuance of green bonds
Sale of assets	<ul style="list-style-type: none"> ➔ Set residual values after considering fluctuations in the price of used gasoline and diesel vehicles and diversify prospective buyers 	<ul style="list-style-type: none"> ➔ Strengthen monitoring of changes in the used vehicle market for gasoline, diesel, and electric vehicles and set appropriate residual values

■ Scenario Analysis of the Corporate and Individual Auto Leasing Business
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.

Item	Unit	Fiscal 2020*	Fiscal 2021*	Fiscal 2022*
Number of environmental impact assessment checks		36	48	64

* Figures for fiscal 2020 only include projects in Japan. Trial overseas projects are included in the figure for fiscal 2021. The full-fledged operation of overseas projects was commenced in fiscal 2022.

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 meeting rooms and during lunch breaks. 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 January 2023, three buildings in the Akihabara area of Tokyo that house offices of the Company and of Group companies 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 and by holding paperless meetings through the utilization of thin-client computers and tablets.

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 Tokyo's list of disclosed tenants.

Tokyo Bureau of Environment

Evaluations and list of global warming response measures 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.html

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 to 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 carbon-free society • Cutting-edge energy-saving investment support subsidy • Advanced factory and workplace decarbonization support programs
		<p>Corporate power purchase agreements (in-house generation support services)</p>	<p>In June 2022, Kyocera Corporation, KYOCERA Communication Systems Co., Ltd., and Tokyo Century launched a donation-oriented corporate power purchase agreement (in-house generation support) service as a new 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 (in-house generation support) that allow them to introduce solar power generation systems with no upfront investment. Moreover, the service supplements conventional corporate power purchase agreement contracts with donations to public welfare organizations and NPOs that contribute to 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 press release (in Japanese only). https://ssl4.eir-parts.net/doc/8439/tdnet/2150317/00.pdf</p>
		<p>Leases with attached carbon credits</p>	<p>Tokyo Century has begun offering 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>

Since 2018, Tokyo Century has been promoting fund procurement through green bonds, sustainability-linked loans, positive impact finance, and the DBJ Employees' Health Management Rated Loan Program. A total of ¥453.8 billion has been procured through these activities as of March 31, 2023.

Fund procurement vehicle	Instances	Amount procured (billions of yen)
Green bonds	1	10.0
Sustainability-linked loans	7	233.7
Positive impact finance	3	200.1
DBJ Employees' Health Management Rated Loan Program	1	10.0
Total	12	453.8

Green Bonds

Green bonds are issued by companies for the purpose of procuring funds for green projects around the world, and conditions are defined stating that the funds procured through these bonds can only be used for green projects. Another characteristic of green bonds is the effective traceability management of the procured funds. Tokyo Century has issued green bonds, and the procured funds were allocated to the leasing of solar power generation equipment by consolidated subsidiary Kyocera TCL Solar LLC.

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.

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.

Third-Party Assessment Concerning Compliance

Tokyo Century receives third-party opinions regarding the compliance of its green bonds, 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.

For sustainability-linked loans, for example, the following sustainability performance targets were chosen based on Tokyo Century's materiality key issues of "Contribution to decarbonized society" and "Enhancement of work environment, leading to strengthening of human resources."

- Annual power generation volume and CO₂ emissions reductions associated with solar power generation business of Kyocera TCL Solar LLC
- Accomplishment of targets for aggregate greenhouse gas emissions reductions when choosing Joint Crediting Mechanism (JCM) Model Projects
- Maintenance of status as DX-certified operator under the DX Certification system organized by the Ministry of Economy, Trade and Industry
- Annual paid leave acquisition rate of 70% or more
- Rate of childcare acquisition by male employees of 100%

For more information, please refer to the following press release (in Japanese only).
<https://www.tokyocentury.co.jp/jp/ir/>

Sustainable financial products

Projects for realizing a decarbonized society

JCM system

*Joint Crediting Mechanism

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.

Over the period from fiscal 2017 to fiscal 2022, Tokyo Century has engaged in 12 projects in four countries (Indonesia, the Philippines, Thailand, and Myanmar) that have been selected for the JCM system. In fiscal 2022, we took part in two such projects, one pertaining to a 1.6 MW solar power generation system for use by plastic container and cosmetics manufacturers in Thailand and another related to an 0.8 MW solar power generation system for aluminum product, packaging material, and automotive parts manufacturers in the Philippines.

The two of the projects undertaken in fiscal 2022 were recognized under the new JCM Eco Lease Scheme, which Tokyo Century was involved in designing.

For more information, please refer to the following website.

<https://www.tokyocentury.co.jp/en/sustainability/materiality/decarbonized-society.html>

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	56,000

Environment-related awards

Receipt of special award in Chiyoda Ward Global Warming Awareness Program

In recognition of its efforts to contribute to energy and resource conservation, environmental education, and communities through its business, Tokyo Century was presented with a special award in the fiscal 2022 Chiyoda Ward Global Warming Awareness Program. This is our second time being recognized under this program as an award of excellence was received in the 2016 program.

The Chiyoda Ward Global Warming Awareness Program is designed to encourage and recognize excellence in the efforts of business operators located in Chiyoda Ward to address climate change. In this program, awards are presented for superior examples of environmental, educational, community outreach, and other climate change response initiatives and plans at applicable business sites.

Our receipt of this honor is in part a reflection of the high evaluation of our efforts to respond to climate change. These efforts include contributing to the popularization and spread of clean energy through the development of solar power generation businesses together with partners and through the adoption of corporate power purchase agreements that entail the supply of renewable energy to customers. Other praised efforts were our environmental education and awareness-raising activities, which include coordination with organizations to which we donate to arrange global warming prevention seminars as well as solar car workshops for elementary school students at the Yabasekihanto megasolar power plant owned by a Group company in Shiga Prefecture.

Social

Human Rights

<p>Position on Human Rights</p>	<p>The Tokyo Century Group’s position on human rights is expressed in its Human Rights Policy as well as its Corporate Code of Conduct (4. Respect for Human Rights) and Our Action Guidelines (3. We will respect human rights and human dignity and create a rewarding working environment.). We have declared our commitment to promoting respect for human rights in our business activities and expect our customers, suppliers, and other stakeholders to do so as well.</p> <p>In our Credit Policy, which defines our basic approach to assessing transactions, we strive to uphold the Public Good Principles and examine whether or not providing credit in a specific case contributes to resolving social issues, such as by promoting respect for human rights, as a condition for doing business, and we require confirmation in this regard for each transaction.</p>
<p>Policies</p>	<p>Tokyo Century Group Human Rights Policy</p> <p>We are mindful of corporate social responsibility, offer high expertise and a wide range of unique financial services by leveraging our flexible business domain, and have set out in our management philosophy that we will contribute to the creation of an environmentally sound, sustainable economy and society that enables economic development through the effective use of resources.</p> <p>We have formulated this Human Rights Policy in accordance with our management philosophy and promote respect for human rights throughout our business activities. Recognizing respect for human rights as a key issue, we will cultivate a corporate culture that allows diverse human resources to fully demonstrate their skills and individual characteristics to become a company where all officers and employees can hone their expertise and experience growth as well as a sense of pride.</p> <p>1. Scope</p> <p>This Human Rights Policy applies to all officers and employees of the Tokyo Century Group. We expect all of our stakeholders, including customers and suppliers of Group companies, to respect human rights.</p> <p>2. Affirmed international standards</p> <p>We endorse and have signed the United Nations Global Compact. We also refer to the International Bill of Human Rights (Universal Declaration of Human Rights and International Covenants on Human Rights), the UN Guiding Principles on Business and Human Rights, and the ILO Declaration on Fundamental Principles and Rights at Work* in implementing initiatives for respecting human rights.</p> <p><small>* Freedom of association and the right to collective bargaining, elimination of all forms of forced or compulsory labor, the effective abolition of child labor, elimination of discrimination in respect of employment and occupation, and equal remuneration for work of equal value</small></p> <p>3. Legal compliance</p> <p>We comply with the relevant laws and regulations in each country or region where we operate. Where there is a conflict between internationally recognized standards and regional laws or regulations, we will find a way to respect international standards.</p> <p>4. Where the policy stands</p> <p>This Human Rights Policy was established after deliberation by the Management Meeting followed by approval by the Board of Directors.</p> <p>5. Human rights of all officers and employees</p> <p>We respect the human rights of all officers and employees and strive to create a vibrant, rewarding working environment where everyone’s human rights and human dignity is respected. Furthermore, we promote diversity and inclusion in accordance with the separately established Basic Diversity Policy and foster a corporate culture that enables diverse talent to thrive in an environment free from discrimination based on race, religion, gender, age, sexual orientation, disability, and nationality.</p> <p>6. Human rights due diligence</p> <p>We recognize that our businesses and services have the potential to cause or contribute to adverse impacts on human rights in any domain, and we conduct appropriate due diligence to prevent or mitigate such impacts associated with our business activities.</p> <p>7. Remedy</p> <p>If we find that our business has caused or contributed to adverse impacts on human rights, we will strive to provide a remedy to those affected.</p>

<p>Policies</p>	<p>8. Dialogues with stakeholders We will conduct dialogues with stakeholders on our human rights initiatives.</p> <p>9. Communication and education We engage in communication and education to ensure that all officers and employees understand the importance of respecting human rights and that the Human Rights Policy is incorporated in all aspects of our business activities. Additionally, we will conduct compliance-related training to confirm that we will not tolerate any discrimination or harassment and that our officers and employees will fully comply with related laws.</p> <p>10. Information disclosure We strive to ensure that shareholders understand our initiatives based on the Human Rights Policy by disclosing information on our website and other media.</p>								
<p>Corporate Code of Conduct and Our Action Guidelines (human rights)</p>	<p>The following provisions related to respect for human rights can be found in Tokyo Century's Corporate Code of Conduct and Our Action Guidelines.</p> <p>Corporate Code of Conduct 4. Respect for Human Rights The Tokyo Century Group respects the human rights of all people and promotes diversity to nurture a corporate culture that encourages personnel with diverse characteristics to thrive.</p> <p>Our Action Guidelines 3. We will respect human rights and human dignity and create a rewarding working environment. We will respect our mutual human rights and human dignity and strive to create a vibrant, rewarding working environment where discrimination and harassment have no place.</p>								
<p>Signing of the United Nations Global Compact</p>	<p>Tokyo Century is a signatory to the United Nations Global Compact and endorses the compact's Ten Principles* in the four areas of human rights, labour, environment, and anti-corruption. Through ongoing efforts to live up to these principles, we aim to contribute to the creation of an environmentally sound, sustainable economy and society.</p> <p><small>* The Ten Principles of the United Nations Global Compact are based on the Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention against Corruption.</small></p>								
<p>Human rights training and educational activities</p>	<p>All officers and employees submit a Compliance Confirmation Form each year, pledging their commitment to the Corporate Code of Conduct and Our Action Guidelines, which include our human rights policies. In addition, the Compliance Handbook, which has been published in Japanese, English, and Chinese, can be read at any time by all domestic and overseas officers and employees on the Company intranet. We also conduct the following training and educational activities to foster awareness of respect for human rights.</p> <table border="1" data-bbox="416 1487 1453 1749"> <thead> <tr> <th>Target</th> <th>Major Themes</th> </tr> </thead> <tbody> <tr> <td>All officers and employees</td> <td> <ul style="list-style-type: none"> ■ Human rights risks in business activities, business and human rights, and human rights initiatives ■ Prohibition of harassment (sexual harassment; abuses of power; harassment for pregnancy, childbirth, childcare leave, family care leave, etc.; harassment associated with teleworking) </td> </tr> <tr> <td>Members of divisions and branch offices (individual workplaces)</td> <td>Prohibition of harassment, related laws and regulations, prevention guidelines, basic stance on prevention of occurrence, etc.</td> </tr> <tr> <td>Staff responsible for human rights at Group companies</td> <td>Basic knowledge of human rights</td> </tr> </tbody> </table>	Target	Major Themes	All officers and employees	<ul style="list-style-type: none"> ■ Human rights risks in business activities, business and human rights, and human rights initiatives ■ Prohibition of harassment (sexual harassment; abuses of power; harassment for pregnancy, childbirth, childcare leave, family care leave, etc.; harassment associated with teleworking) 	Members of divisions and branch offices (individual workplaces)	Prohibition of harassment, related laws and regulations, prevention guidelines, basic stance on prevention of occurrence, etc.	Staff responsible for human rights at Group companies	Basic knowledge of human rights
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Members of divisions and branch offices (individual workplaces)	Prohibition of harassment, related laws and regulations, prevention guidelines, basic stance on prevention of occurrence, etc.								
Staff responsible for human rights at Group companies	Basic knowledge of human rights								
<p>Management of Human Rights Risks</p>	<p>Tokyo Century manages human rights risks as part of comprehensive risk management through a system for understanding and evaluating risks associated with the Group as a whole, including human rights risks, and for responding appropriately from both a qualitative and quantitative perspective as needed. The system is implemented by the Comprehensive Risk Management Committee, which periodically reports on the status of its activities to the Management Meeting and to the Board of Directors.</p> <p>We monitor human rights risks as a facet of this system by classifying them as "human rights and workplace environment risks" under "operational risks" and verify the appropriateness of our response thereto.</p>								

System for addressing human rights violations (grievance mechanism)

1. Officers and Employees of Group Companies

As a means of addressing actual compliance violations, including harassment and human rights violations, or concerns over possible compliance violations, the Tokyo Century Group operates an internal reporting system available to all officers and employees at Group companies in Japan and overseas (directors, executive officers, employees, contract employees, temporary employees, seconded employees, part-time employees, and others), as well as to former employees up to a year after their resignation.

Moreover, we make the utmost effort to ensure the anonymity of whistleblowers and maintain the confidentiality of their reports, and we will take remedial measures for victims in cases where human rights violations are found as a result of investigations into the cases reported.

We conduct an annual compliance survey of all officers and employees, which features questions regarding compliance concerns including about human rights violations, and conduct hearings depending on the content of the responses to prevent problems from occurring.

2. Customers and External Stakeholders

As part of our efforts to promote respect for human rights in our business activities, we have established contact points for human rights consultation for customers and other external stakeholders.

Regardless of whether you do business with the Group or not, if you have noticed any human rights violations by Group companies or their officers or employees, please notify the following contact points. We will look into the matter and reply to you with the results of our investigation.

Contact Point for Human Rights Consultation
Compliance Office in the Risk Management Division of Tokyo Century
For consultations, please refer to the following website.
<https://www.tokyocentury.co.jp/en/contact/humanrights/>

Human rights due diligence

We implement PDCA (plan-do-check-act) cycles to effectively analyze, identify, and assess the negative human rights impacts associated with the Tokyo Century Group's business activities and take corrective action to prevent or mitigate such impacts.

In fiscal 2022, Tokyo Century and all of its consolidated subsidiaries in Japan carried out human rights due diligence activities.

○Fiscal 2022 Due Diligence Process

With third-party assistance, we began by generating a long list of human rights risks, and after considering the nature of our business and our stakeholders, we identified key risks in this area.

To gain an understanding of the current status of these key risks, we conducted a survey and interviews at Tokyo Century and its consolidated subsidiaries in Japan while also analyzing the content of consultations and reported cases as well as the results of employee awareness and compliance surveys.

○Identified Issues

No material risks were revealed through this process of risk identification, which confirmed that Tokyo Century has properly established and maintained its human rights policies, its internal reporting system as a grievance mechanism, its systems for reporting not only compliance violations during contingencies but also incidents and accidents, and its e-learning and other educational systems.

Conversely, we did acknowledge the need for improvement in our efforts to maintain an understanding of conditions pertaining to awareness of issues related to harassment, occupational health and safety, working hours, and other human rights risks at Group companies under normal circumstances as a parent company. There is also room for improvement in how we disseminate our policies across the Group and the regularity with which we monitor Group companies.

○Future Actions

In fiscal 2023, we will conduct human rights due diligence activities at overseas consolidated subsidiaries and begin doing likewise at investee companies on a trial basis with the goal of developing a mechanism for evaluating the human rights risks associated with our business partners.

Tokyo Century will continue its efforts to ensure respect for human rights and to realize sustainable businesses by verifying human rights issues as they arise in the course of corporate activities and by consistently implementing PDCA cycles to prevent or mitigate any negative impacts to human rights, with the guidance of expert consulting organizations.

<p>Policies</p>	<p>Basic Diversity Policy The Tokyo Century Group will work alongside customers in pursuit of their growth as a highly specialized and unique financial services company and further expand its business domains and develop its global business. We will promote diversity to enable employees with diverse capabilities and personalities to demonstrate flexible thinking and dynamic action to better serve the varied needs of our customers by consistently providing services with high added value.</p> <p>1. Nurturing Our Corporate Culture Each employee will understand the importance of diversity and nurture a corporate culture that encourages personnel with diverse characteristics to thrive.</p> <p>2. Promoting the Active Participation of Diverse Human Resources We will promote the hiring, development, and appointment of human resources from diverse backgrounds, regardless of race, religion, gender, age, sexual orientation, disability, or nationality.</p> <p>3. Supporting Career and Ability Development We will support the career and ability development of each employee to encourage each individual to fully demonstrate their ability and individuality.</p> <p>4. Enhance Balance Between Work and Private Life We will enhance support for balancing work and private life so that each employee can work flexibly as appropriate to their life circumstances.</p>										
<p>Promotion system</p>	<p>The Diversity Promotion Office has been established within the Personnel Division to plan and promote Companywide diversity initiatives.</p>										
<p>Diversity training</p>	<p>Diversity training is conducted to foster greater understanding of diversity among all officers and employees. Topics related to diversity are incorporated into basic onboarding training for new-graduate and mid-career hires, and diversity-related e-learning programs are administered to all officers and employees. In addition, diversity seminars are arranged at which external instructors are invited to hold lectures and lead discussions.</p> <table border="1" data-bbox="411 1155 1455 1594"> <thead> <tr> <th>Target</th> <th>Topics</th> </tr> </thead> <tbody> <tr> <td>All officers and employees</td> <td>Basic diversity knowledge, fostering of understanding regarding diversity Diversity promotion and management strategies Tokyo Century's Basic Diversity Policy Flexible workstyles Balancing of work and long-term care for family members and Tokyo Century's support systems Understanding of the LGBTQ+ community</td> </tr> <tr> <td>Female employees</td> <td>Fostering of understanding regarding diversity Women's career development Understanding of importance of viewing issues from a broader perspective Development of action plans for addressing issues</td> </tr> <tr> <td>Employees with up to nine years of service (rank-based training)</td> <td>Workstyle reforms (high-productivity workstyles)</td> </tr> <tr> <td>Non-Japanese staff</td> <td>Fostering of mutual understanding and enhancement of communication</td> </tr> </tbody> </table>	Target	Topics	All officers and employees	Basic diversity knowledge, fostering of understanding regarding diversity Diversity promotion and management strategies Tokyo Century's Basic Diversity Policy Flexible workstyles Balancing of work and long-term care for family members and Tokyo Century's support systems Understanding of the LGBTQ+ community	Female employees	Fostering of understanding regarding diversity Women's career development Understanding of importance of viewing issues from a broader perspective Development of action plans for addressing issues	Employees with up to nine years of service (rank-based training)	Workstyle reforms (high-productivity workstyles)	Non-Japanese staff	Fostering of mutual understanding and enhancement of communication
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<p>Support for the LGBTQ+ community</p>	<p>The Tokyo Century Group distributes its Compliance Handbook to all officers and employees. This handbook clearly indicates our stance against all forms of harassment, including sexual harassment, abuse of power, and the negative treatment of women in relation to pregnancy or child-rearing. It also describes our prohibition of discrimination of members of the LGBTQ+ community. Factual awareness in this regard is promoted through concrete examples, and training is conducted for all officers and employees to foster an accurate understanding of the LGBTQ+ community.</p>										
<p>Promotion of active participation of global human resources</p>	<p>Tokyo Century has expanded its overseas network to more than 30 countries and regions around the world through an alliance strategy in collaboration with prime local partners overseas. As developing global human resources is essential for its continued growth, Tokyo Century continues to proactively hire non-Japanese employees with the aim of developing and appointing diverse human resources who thrive around the globe. In addition, Tokyo Century is working to develop human resources who can play an active role globally in the future by establishing an international course for new graduates and actively promoting an overseas trainee system and overseas assignment for junior employees.</p>										

Employment of people with disabilities

Tokyo Century seeks talented individuals from an extensive array of backgrounds and actively employs people with disabilities in order to provide a workplace where highly motivated people can flourish. The Company also meets the requirements for the ratio of employees with disabilities, as established in the Act to Facilitate the Employment of Persons with Disabilities (non-consolidated ratio of employees with disabilities of 3.40% as of June 1, 2023).

As an effort to further promote the employment of people with disabilities, in April 2019 Tokyo Century hired six staff members (people with mental disabilities) and opened the TC Work Happiness Farm in Funabashi City, Chiba Prefecture, with two teams. In conjunction with the expansion of this plantation, Tokyo Century hired an additional three people with disabilities in February 2021, and this plantation is currently operated by five teams from the Company (as of June 2023).

The TC Work Happiness Farm provides a secure and fulfilling working environment for people with disabilities on a long-term basis. Specifically, the plantation grows vegetables in a farm house designed under the motto of safety and cleanliness and donates the harvested vegetables to the Second Harvest Japan (2HJ) as part of our social contribution activities.

Established in March 2002, [2HJ](#) was Japan's first food bank. A food bank is a charitable organization that distributes food to those who are going hungry. In the case of 2HJ, this organization redistributes a variety of food donated from food manufacturers, wholesalers, farmers, and individuals that would normally be disposed of, despite still being edible, to welfare agencies, orphanages, and women's shelters; people with disabilities; impoverished individuals; and others in need. Amid the COVID-19 pandemic, 2HJ supplied food to households with children who were suffering from a lack of school lunches resulting from school closures and to impoverished individuals who had lost their jobs because of the pandemic.

Empowerment of female employees

Based on the Act on the Promotion of Female Participation and Career Advancement in the Workplace, Tokyo Century empowers its female employees and has drawn up an action plan designed to enable each and every employee to work flexibly and in a diverse number of ways.

Action Plan for the Promotion of Women's Active Participation*

Plan Period	Quantitative Targets
April 1, 2023–March 31, 2028	<ul style="list-style-type: none"> ● Maintain a ratio of women among new hires of at least 40% ● Increase the ratio of women in management positions to at least 30% by 2030 ● Maintain a ratio of childcare leave acquisition by men of 100% ● Maintain a ratio of annual paid leave acquisition of at least 70%

* This plan has been disclosed through the Ministry of Health, Labour and Welfare's database of companies actively empowering female employees (in Japanese only).
<http://positive-ryouritsu.mhlw.go.jp/positivedb/detail?id=985>

Promotion of women to management and officer positions

Tokyo Century established its Action Plan on the Promotion of Women to Officer and Management Positions in October 2014 in order to steadily increase its number of female officers and managers through the active employment, training, and promotion of highly motivated and talented women.

Action Plan on the Promotion of Women to Officer and Management Positions*

Targets	
	<ul style="list-style-type: none"> ● Maintain a ratio of women among new hires of at least 40% ● Increase the ratio of women in management positions to at least 30% by 2030

Furthermore, in order to ensure that all employees can work comfortably through every stage of life, we are continuously striving to reform our workplace culture, support career and ability development, and enhance and promote the use of systems that aid in balancing work and private life.

(Two female directors and 57 female managers, making for a ratio of women in management positions of 11.8%, as of March 31, 2023)

* The Action Plan on the Promotion of Women to Officer and Management Positions is also disclosed on the website for Keidanren (Japan Business Federation) (in Japanese only).
<http://www.keidanren.or.jp/policy/woman/ap10425.html>

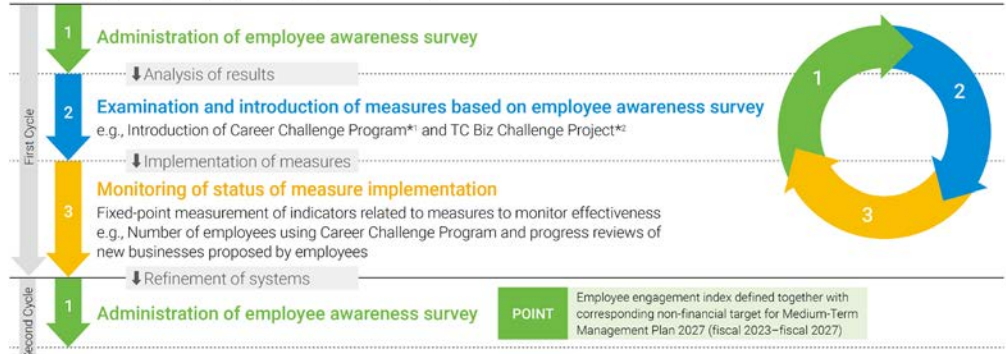
Human Resource Utilization

<p>Human resource development approach</p>	<p>Approach toward Human Resource Development Tokyo Century is committed to fostering human resources who can refine their fundamental skills for interacting with society while also growing and transforming to bring about change.</p> <ol style="list-style-type: none"> 1. Propensity for self-transformation: Exceptional ability to evolve and transform into the type of person one aspires to be 2. Creativity: An excellent capacity to overcome one's past limitations to create new value 3. Ambition: A force propelling one forward based on a robust sense of curiosity and drive
<p>Workplace development approach</p>	<p>Approach toward Workplace Development Tokyo Century endeavors to develop a workplace environment that ensures highly capable organizations while allowing employees to work based on unrestrained ideas.</p> <ol style="list-style-type: none"> 1. Development of a workplace environment in which diverse human resources can feel energized, motivated, and optimistic in their work 2. Provision of opportunities for education and reskilling based on changes in social trends, employee life stages, and the operating environment 3. Cultivation of an atmosphere conducive to smooth communication among employees
<p>Support for Career</p>	<p>Tokyo Century believes that personnel are the real assets and driving force for sustainable growth in a company. In order to encourage each and every employee to demonstrate their abilities and individuality, we support voluntary career and ability development and conduct various training programs.</p> <p>Types of Training Training for junior employees by year of employment, management training, career design training, global human resource cultivation (external training, overseas trainee dispatch), skills development support, etc.</p>
<p>Promotion system</p>	<p>To support employees in developing their careers throughout their professional lives, Tokyo Century has established the Career Design Office within the Personnel Division to help employees be the principal proponent in planning, designing, and developing their careers. In addition, Tokyo Century provides helpdesks for employees of specific age groups that can be used for training, interviews, or voluntary training as part of its efforts to support employee career development.</p>
<p>Skills development support</p>	<p>Tokyo Century aids employee learning through a bonus system for employees who have completed distance learning courses and through a subsidy system for employees who have obtained qualifications relevant to their work.</p>
<p>360° evaluations</p>	<p>We implement 360° evaluations as part of our efforts to improve employee engagement, which is imperative to reinforcing our management foundation, and to develop section managers who underpin organizational management with a focus on smooth workplace relationships. The results of these evaluations are communicated to the individuals in question and to their supervisors.</p>
<p>Career Challenge Program</p>	<p>The Career Challenge Program is an internal recruitment system designed to provide employees with opportunities for charting their own career course.</p>
<p>TC Biz Challenge Project</p>	<p>The TC Biz Challenge Project is a new business proposal initiative. In the first iteration of this project, many proposals were received, from among which a proposal for an integrated aquaculture–agriculture cultivation facility was selected for advancement to the verification testing phase. It was ultimately decided that this proposal would not be developed into a business, but we remain committed to tackling new challenges going forward.</p>
<p>Employee awareness surveys</p>	<p>Tokyo Century aims to create an environment in which individuals can fully demonstrate their talents based on mutual respect. To facilitate the creation of such an environment, we administer employee awareness surveys. The results of these surveys are analyzed to identify issues and shape future initiatives, and this information is incorporated into officer training and discussed on an ongoing basis by the Management Meeting and the Board of Directors so that issues can be addressed as top management priorities. At the same time, Tokyo Century is developing workplace environments that are conducive to the enhancement of our human resource-related capabilities in pursuit of ongoing improvements in employee engagement, and regular reports are issued to the Board of Directors with regard to the progress of these activities. Medium-Term Management Plan 2027, which was launched in fiscal 2023, puts forth the non-financial target regarding the employee engagement index* of “maintain and improve ratio of positive responses.”</p> <p>* Based on the employee awareness survey conducted at Tokyo Century in 2022</p>

Improvement of Employee Engagement

Based on the results of its first employee awareness survey, Tokyo Century has introduced the Career Challenge Program^{*1} and the TC Biz Challenge Project^{*2} to further improve employee engagement. The results of the second employee awareness survey will also be analyzed to facilitate effective measures going forward. By entrenching a cycle of appropriately incorporating employee input into management, we will endeavor to bolster employee engagement by building trust with employees and improving our workplace environment.

Cycle of Improving Employee Engagement through Dialogue



*1 Career Challenge Program: Internal recruitment initiative in which divisions and branch offices seeking to recruit human resources disclose the requirements of the relevant available positions so that they can be filled from among internal applicants
 *2 TC Biz Challenge Project: New business proposal initiative supporting employees' efforts to tackle new challenges without fear of failure

Work-life balance support

Tokyo Century promotes work-life balance so that all employees can work flexibly to suit their life circumstances.

Major Work-Life Balance Support Systems

Target	System	Period
Childbirth and childcare	Pre-childbirth leave	Six weeks prior to childbirth
	Post-childbirth leave	Eight weeks after childbirth
	Childbirth leave for fathers	Four weeks during first eight weeks after childbirth
	Childcare leave	Until child reaches the age of two years and six months
	Special leave to visit a hospital, such as for physical examinations	Until one year after pregnancy and childbirth (only days required)
	Special leave for childbirth by a spouse	One month prior to childbirth until two weeks after childbirth (five days in total)
	Nursing leave	Until child starts elementary school (five days per year per child; leave should be taken per day, half a day, or hour)
	Exemption from overtime	Until child reaches the third year of elementary school
	Bringing forward of work start/end time	Until child reaches the third year of elementary school (up to two hours)
	Pushing back of work start/end time	Until child reaches the third year of elementary school (up to two hours)
Nursing	Shortened working hours	Until child reaches the third year of elementary school (up to 75-minute reduction)
	Family care leave	Up to one year in total (the number of applications is not limited)
	Nursing leave	Up to five days per family member who is under care; leave should be taken per day, half a day, or hour
	Exemption from overtime	Until the care for the family member in question ends
	Bringing forward of work start/end time	Three years from the start date (up to two hours, but the number of applications is not limited)
	Pushing back of work start/end time	Three years from the start date (up to two hours, but the number of applications is not limited)
	Shortened working hours	Three years from the start date (up to two hours, but the number of applications is not limited)

Excessive overtime prevention and work-life balance support

Tokyo Century promotes work streamlining and strives to improve work-life balance through such means as ensuring sufficient time for self-development, family, and friends by reducing overtime hours. Particularly during summer (July–August), a time when the government urges electricity conservation, Tokyo Century encourages employees to leave the office on time and to dress cooler, in order to cut back on air-conditioner use.

In addition, based on the Labor Standards Act, Tokyo Century has concluded an Agreement on Overtime Work and Working on Holidays (so called “36 Agreement”) with its labor union. In relation to other working conditions, Tokyo Century complies with the Labor Standards Act. Tokyo Century fully complied with the act throughout fiscal 2022, and no penalties were imposed.

Complying with the laws of each country of operation, the Tokyo Century Group pays a living wage that exceeds the legally mandated minimum wage and does not practice unreasonable wage reduction.

Health and Productivity Management

Policies

Basic Policy on Health and Productivity Management

Tokyo Century will work alongside customers in pursuit of their growth as a highly specialized and unique financial services company and will contribute to the creation of an environmentally sound, sustainable economy and society. Under this management philosophy, we intend to achieve further growth and increase our corporate value by promoting partnership strategies to continue creating new businesses. To this end, it is important to develop an environment in which all of our human resources, who represent our greatest assets, can work vigorously in good health, both physically and mentally, and fully demonstrate their individuality and all their abilities. We therefore strive to maintain and improve the well-being of our officers and employees and their families with the recognition that health management is a corporate management issue.

1. Fostering health awareness

We will provide information on mental and physical well-being and support the self-sustaining efforts of each officer and employee to foster awareness of prioritizing health.

2. Identifying health issues

We will strive to understand issues identified from the results of physical checkups and stress checks.

3. Health management and measures

We will take action to improve and rectify each health issue and properly manage health-related information.

4. Supporting the balance between work and treatment of disease

We will promote initiatives for preventing and detecting diseases at an early stage while supporting the balance between work and treatment of disease.

Health and productivity management initiatives

Health and Productivity Management Initiatives

1. Fostering health awareness

- (1) Collaborate with health insurance associations to help form sound habits by providing applications that encourage healthy activities
- (2) Establish a basic policy on health and productivity management and publicly disclose health management initiatives both inside and outside the Company
- (3) Work with industrial physicians and occupational health nurses to continue to provide information through e-learning and other means to raise health awareness
- (4) Introduce a basic policy for affiliated companies to share information on the details of health management initiatives
- (5) Disseminate information on said initiatives both internally and externally through our corporate website

2. Identifying health issues

- (1) Conduct regular health check-ups, aiming for 100% participation
- (2) Implement stress checks, aiming for 100% participation
- (3) Disclose the results of regular health check-ups and stress checks both internally and externally

3. Health management and measures

- (1) Provide specific health guidance to officers and employees diagnosed with metabolic syndrome through regular health check-ups
- (2) Provide opportunities to see industrial physicians for employees who have been diagnosed with high stress via stress checks
- (3) Establish and publicize a health consultation service offered by the Human Resources Department, industrial physicians, and occupational health nurses for employees to consult about their mental and physical health concerns or questions
- (4) Properly manage the working hours of all employees to prevent long working hours
- (5) Recommend that employees telework, stagger their working hours, or take hourly leave to prevent COVID-19 infections
- (6) Subsidize the cost of medical examinations for officers and employees identified as needing a re-examination or more thorough examination through regular health check-ups
- (7) Set KPIs to improve dietary habits and reduce smoking rates and release the results both internally and externally

4. Supporting the balance between work and treatment of disease

- (1) Recommend that employees telework, stagger their working hours, or take hourly leave so they can continue to work while receiving treatment for disease
- (2) Establish and help with a return-to-work support system for employees on mental health leave so they can easily return to work
- (3) Adopt an orphans' pension program to provide educational funds for the children of employees in the event of death or severe disability so they can confidently work for their families without concern
- (4) Recommend and subsidize voluntary medical examinations such as complete medical checkups and cancer exams to detect and treat diseases at an early stage
- (5) Expand the special reserve leave system to help employees continue to work insofar as possible while undergoing infertility treatment

Social Contribution Activities

<p>Leave system for volunteer activities</p>	<p>In 2009, Tokyo Century introduced a system that can be used by employees to acquire special leave for volunteer activities that fall into one of the following four categories: 1. Environmental preservation activities, 2. Community outreach activities, 3. Social welfare activities, and 4. Other activities authorized by the Company.</p>
<p>Social Contributions through Donations</p>	<p>In accordance with its Management Policy and Management Philosophy, the Tokyo Century Group makes donations targeting the priority areas of the environment, social welfare, education, and disaster relief. The goals of these donations are to fulfill our social mission and responsibilities and to contribute to the development and advancement of society.</p> <p>The organizations in each priority area to which donations were made in fiscal 2022 are as follows.</p> <ol style="list-style-type: none"> 1. Environment: Nature Conservation Society of Japan (forest preservation, biodiversity preservation, marine environment preservation, and other nature preservation activities across Japan) 2. Social welfare: Japanese Foundation for Cancer Research (cancer research) 3. Education: Katariba (programs for supporting and providing spaces for children, classes performed at schools, and support programs for children who are reluctant to attend school) 4. Disaster relief: Central Community Chest of Japan (disaster relief volunteer and NPO support fund) <p>Note: Descriptions in parentheses represent the primary activities of each organization.</p> <p>For information on initiatives advanced together with local communities, please refer to the following website. https://www.tokyocentury.co.jp/en/sustainability/esg/social/community.html</p>
<p>Disaster relief</p>	<p>Tokyo Century donated a set of disaster stockpiles for 1,274 people that had been stored at its head office, in accordance with the Tokyo Metropolitan Ordinance on Measures for Persons with Difficulty Returning Home, to a total of eight food bank organizations nationwide through Kuradashi Co., Ltd., which operates the social contribution shopping site Kuradashi. These disaster stockpiles were distributed to underprivileged households, welfare facilities, refugee support groups, and other institutions through the respective food bank organizations to be used for good purposes.</p> <p>Meanwhile, the Automobility segment has been expanding its electric vehicle (EV) initiatives. One facet of these efforts is supplying business continuity products that utilize EVs as a source of emergency power. This approach has already been used to support post-disaster reconstruction, as we supplied such EVs to Chiba Prefecture during a prolonged blackout resulting from Typhoon Faxai in 2019. These EVs were used as an emergency power source for social welfare facilities. In July 2023, Nippon Rent-A-Car Service, Inc., concluded a disaster relief support coordination agreement with Yakushima Town, Kagoshima Prefecture. Under the agreement, the EV fleet of Nippon Rent-A-Car Service's office in Yakushima Town will be mobilized in the event of a large-scale earthquake, storm, flood, or other natural disaster to provide power to disaster response headquarters and evacuation sites. Other forms of coordination will also be pursued in times of disasters.</p> <p>Furthermore, Tokyo Century is 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).</p>
<p>Disaster preparedness measures</p>	<p>Tokyo Century was named a model company in Tokyo for limiting instances of all employees leaving work at the same time during a natural disaster in fiscal 2021. This honor was bestowed on Tokyo Century and 36 other companies among the 132 companies certified under Tokyo's system for recognizing companies at which all employees leave work at the same time during natural disasters prior to 2022 to recognize the highly effective and influential initiatives of these companies.</p> <p>For more information, please refer to the following website (in Japanese only). https://www.bousai.metro.tokyo.lg.jp/kitaku_portal/1000048/1006510/index.html</p> 
<p>Contributions through shareholder incentive systems</p>	<p>As a form of contribution through its shareholder incentive systems, Tokyo Century donates an amount equivalent to 5% of the value of shareholder incentives (Quo Card prepaid cards) each fiscal year to organizations engaged in social contribution activities. In fiscal 2022, Tokyo Century donated amounts equivalent to 2.5% of the value of shareholder incentives to the Japan Service Dog Association, which is engaged in the training of service dogs, and to the Japan Rescue Association, which facilitates the training and deployment of disaster search dogs.</p>
<p>Support for education of the next generation</p>	<p>The Tokyo Century Group takes part in the education of the next generation around the world through pro bono and other activities.</p> <p>Initiatives in Japan</p> <ul style="list-style-type: none"> • Dispatch of employees as lecturers to teach universities' industry research seminars (finance, leasing, etc.) and career design and other seminars • Internship programs for junior high school students <p>Overseas Initiatives</p> <ul style="list-style-type: none"> • Arrangement of financial literacy lectures for elementary and high school and university students in Indonesia, etc. <p>Another part of our efforts to support the education of the next generation is the provision of children's reading subsidies and the promotion of digital library services through donations to the ITOCHU Foundation.</p>

<p>Support for sports</p>	<p>Tokyo Century's sports support activities include acting as an official sponsor for the KAWASAKI FRONTALE J.League soccer team. Another such activity involves, via utilization of the corporate version of Japan's tax donation system, the Company's donating to a project tasked with constructing a soccer stadium for the FC. IMABARI soccer club and to the city, people, and work invigoration project (project in preparation for World Aquatics Championships - Fukuoka 2023) of Fukuoka City. In addition, we offer special sponsorship to the 13th annual Fukushima Prefectural swimming school competition and the 10th Tomoko Hagiwara Cup swimming competition, events aimed at improving the swimming skills of children in Fukushima Prefecture ranging from elementary school to high school students.</p>
<p>Support for the arts</p>	<p>The Company maintains a corporate membership to the Mitsubishi Ichigokan museum as part of its efforts to support the arts. In addition, we are supporting cultural activities through ongoing donations to the Shibusawa Eiichi Memorial Foundation, among other initiatives.</p>
<p>Clean-up activities, etc.</p>	<p>Tokyo Century Group officers and employees take part in clean-up activities as part of our efforts to coexist in harmony with local communities.</p> <p>Activities in Japan Early-morning volunteer clean-up activities around our head office (Chiyoda Ward) and our Okachimachi office (Taito Ward)</p> <p>Overseas Activities Participation in coral reef preservation and coastal clean-up activities at beach located inside naval base by employees of Thailand subsidiary and other voluntary clean-up activities in overseas countries of operation (clean-up activities at wildlife protection facility in Nakhon Nayok province, located in central Thailand, conducted in fiscal 2022, and coastal and river clean-up activities conducted by Aviation Capital Group LLC and CSI Leasing, Inc., subsidiary EPC Inc. in the United States)</p> <p>For information on other sustainability topics, please refer to the following website. https://www.tokyoCentury.co.jp/en/sustainability/topics/</p>

Human Resource Data

KPI TC	Target (Target year)	Subcategory	Fiscal 2020	Fiscal 2021	Fiscal 2022	
Ratio of women among new hires (As of March 31 of each fiscal year; does not include contractors and temporary staff)	-	Women	4	11	26	
		Total of men and women	33	43	88	
		Ratio of women	12.1%	25.6%	29.5%	
Ratio of women among new-graduate hires	Maintain rate of 40% (Fiscal 2027)	Women	4	9	16	
		Total of men and women	13	17	38	
		Ratio of women	30.8%	52.9%	42.1%	
Ratio of women among mid-career hires	-	Women	0	2	10	
		Total of men and women	20	26	50	
		Ratio of women	0%	7.7%	20.0%	
Ratio of women among newly hired employees (including mid-career hires)	-	Career track employees	12.1%	23.8%	29.5%	
		Administrative employees	-	100.0%	-	
		Contractors	50.0%	100.0%	0.0%	
		Total	17.9%	28.9%	29.2%	
Average years of continuous employment by gender (As of March 31 of each fiscal year)	-	Women	Career track employees	11.2 years	11.2 years	9.8 years
			Administrative employees	18.8 years	19.6 years	20.6 years
			Total	16.6 years	17.1 years	16.7 years
		Men	Career track employees	17.3 years	17.3 years	16.9 years
			Administrative employees	-	-	-
			Total	17.3 years	17.3 years	16.9 years
Ratio of women in management positions (As of March 31 of each fiscal year)	30% or more (Fiscal 2030)	Women	42	45	57	
		Total of men and women	460	466	482	
		Ratio of women	9.1%	9.7%	11.8%	
Ratio of women officers (As of March 31 of each fiscal year) (Includes non-full-time directors, corporate auditors, and executive offices)	-	Women	1	2	2	
		Total of men and women	43	42	38	
		Ratio of women	2.3%	4.8%	5.3%	
Ratio of women in assistant manager position or equivalent (As of March 31 of each fiscal year)	-	Women	113	115	119	
		Total of men and women	223	239	240	
		Ratio of women	50.7%	48.1%	49.6%	
Average overtime hours per month (labor outside legally designated hours)	-	Career track employees	14.9 hours	16.5 hours	17.2 hours	
		Administrative employees	3.2 hours	2.6 hours	2.5 hours	
		Total	10.2 hours	11.2 hours	11.8 hours	
Ratio of successful job applicants by gender (including mid-career hires)	-	Women	Career track employees	167.5 times	72.1 times	21.8 times
			Administrative employees	-	1.0 times	-
			Contractors	1.0 time	2.5 times	-
			Total	96.1 times	55.9 times	21.8 times
		Men	Career track employees	44.7 times	41.8 times	18.6 times
			Administrative employees	-	-	-
			Contractors	1.7 times	-	17.0 times
			Total	40.6 times	42.3 times	18.6 times

KPI ^{TC}	Target (Target year)	Subcategory	Fiscal 2020	Fiscal 2021	Fiscal 2022	
Ratio of men to women among new hires (including mid-career hires)	–	Career track employees	3.8	1.7	1.2	
		Administrative employees	–	–	–	
		Contractors	0.6	–	–	
		Total	2.4	1.3	1.2	
Ratio of women among employees (As of March 31 of each fiscal year)	–	Career track employees	11.3%	12.0%	14.6%	
		Administrative employees	100.0%	100.0%	100.0%	
		Contractors	24.3%	29.4%	31.3%	
		Temporary staff	81.3%	86.8%	90.5%	
		Total	30.6%	30.7%	32.0%	
Employee turnover rate	–	Women	0.7%	0.9%	0.9%	
		Men	3.7%	4.5%	3.6%	
		Total	4.4%	5.3%	4.4%	
Number of people leaving work for nursing care reasons	Maintain a nursing care turnover rate of zero (Fiscal 2027)	–	0	0	0	
Ratio of employees with disabilities (As of June 1 of each fiscal year)	Maintain rate above legally mandated level of 2.7% (Fiscal 2027)	–	2.61%	3.22%	2.86%	
Rate of employees undergoing regular health check-ups	100% (Fiscal 2027)	–	100.0%	100.0%	100.0%	
Rate of employees undergoing stress checks	100% (Fiscal 2027)	–	94.3%	98.6%	100.0%	
Rate of employees receiving specific health guidance	80% or more (Fiscal 2027)	Officers and employees subject to specific health guidance over age 40	76.4%	81.7%	Under calculation	
Ratio of employees remaining at the Company for 10 years or more (by gender) (Fiscal 2020: Newly hired employees between fiscal 2009 and fiscal 2011) (Fiscal 2021: Newly hired employees between fiscal 2010 and fiscal 2012) (Fiscal 2022: Newly hired employees between fiscal 2011 and fiscal 2013)	–	Women	Career track employees	36.8%	37.5%	60.0%
			Administrative employees	62.5%	50.0%	66.7%
			Total	48.6%	42.9%	61.5%
		Men	Career track employees	53.7%	58.3%	65.4%
			Administrative employees	–	–	–
			Total	53.7%	58.3%	65.4%
Rate of childcare leave acquisition by gender	Maintain rate of childcare leave acquisition by male employees of 100% (fiscal 2027)	Women	Career track employees	100.0%	100.0%	100.0%
			Administrative employees	100.0%	100.0%	100.0%
			Total	100.0%	100.0%	100.0%
		Men	Career track employees	100.0%	100.0%	100.0%
			Administrative employees	–	–	–
			Total	100.0%	100.0%	100.0%
Annual paid leave acquisition rate (Figures in parentheses represent average number of days of annual paid leave taken)	Maintain rate of 70% or more (fiscal 2027)	Career track employees	71.4%	73.6%	75.4%	
		Administrative employees	76.5%	80.3%	88.1%	
		Contractors	77.7%	92.4%	103.0%	
		Total	72.7% (14.0 days)	75.6% (14.5 days)	78.8% (14.8 days)	

KPI TC	Target (Target year)	Subcategory	Fiscal 2020	Fiscal 2021	Fiscal 2022	
Gender-based wage disparity ^{*1}	–	All employees	–	–	58.70%	
Occupational category and employment type change data by gender	–	Occupational category change	Nationwide → Tokyo	–	–	–
			Tokyo → Nationwide	–	–	1 (woman)
			Nationwide → Administrative staff	–	–	–
			Tokyo → Administrative staff	1 (woman)	–	–
		Employment type change	Temporary → Administrative staff	–	1 (woman)	–
		Total	1	1	1	
Re-employment and mid-career employment data by gender	–	Women	3	4	10	
		Men	23	24	41	
		Total	26	28	51	
Training expenses ^{*2}	–	All employees	¥37,442,000	¥51,036,000	¥70,921,000	
Training expenses per employee ^{*2}	–		¥40,000	¥55,000	¥74,000	
Training hours per employee	–		13.7 hours	22.5 hours	46.5 hours	
Diversity training data	–	Number of e-learning programs	2	3	5	
Career Challenge Program internal recruitment system data Note: Launched in fiscal 2020	–	Number of relocations	14	13	18	
Employee engagement index	Maintain and improve ratio of positive responses in employee engagement index (fiscal 2027)	All employees (Excluding dispatched employees and individuals seconded from other companies)	–	–	63.0%	

*1 Supplementary explanation regarding gender-based wage disparity

· There are no differences in the wage frameworks or systems between men and women.

· The Company sets different wage levels based on the career courses and qualifications of employees. There is a difference in the numbers of men and women in terms of the courses and qualifications, which creates a disparity in wage levels between genders.

*2 Figures for training expenses and training expenses per employee include venue rental expenses and transportation expenses.

Engagement with Shareholders, Investors, and Customers

IR	IR Policy	<p>Basic Policy Regarding Information Disclosure</p> <p>The Company will actively and consistently disclose its management strategy, status of business activities, financial condition, and other information to shareholders, investors, and other stakeholders in a timely, fair, and accurate manner.</p> <p>Standards on Information Disclosure</p> <p>The Company will disclose information based on the Companies Act, Financial Instruments and Exchange Act, and other laws and regulations as well as the Securities Listing Regulation defined by the Tokyo Stock Exchange (hereafter “the listing regulation”). In addition to information based on the above laws and regulations, we will disclose information that is useful for encouraging a clearer understanding of the Company. We may, however, withhold information that is deemed inappropriate for disclosure based on due consideration.</p> <p>Method of Information Disclosure</p> <p>We will disclose information relevant to the listing regulation based on designated procedures by holding a briefing at the Tokyo Stock Exchange, after which the information will be disclosed through the exchange’s Timely Disclosure Network (TDnet) as well as to media organizations. Following disclosure, the information will be promptly made available on the Company’s website. In view of the objective of timely disclosure, we will also disclose other information not covered by the listing regulation in an appropriate manner.</p> <p>Future Outlook</p> <p>Information disclosed by the Company may include content concerning future forecasts and outlooks. Such information is based on the Company’s judgment as of the time the reference material was compiled. Such forecasts and outlooks involve risks and uncertainties, and the Company does not guarantee they will come to pass as described.</p> <p>Silent Period</p> <p>To prevent leakage of financial information and to ensure fairness, the Company designates the period between the settlement date and the reporting date, including those for quarterly disclosures, as a silent period. During this period, the Company will, in principle, refrain from commenting or replying to queries related to financial information. However, in the event that the Company expects any change, as defined by the standards of the Securities Listing Regulation, to occur with regard to its current earnings forecast, the Company will disclose such information as required in a timely manner, even during the silent period.</p>																							
	Shareholder returns	<p>In principle, the Company issues dividend payments twice a year in the form of an interim and year-end dividend.</p> <p>Tokyo Century’s basic dividend policy is to provide stable, long-term returns to shareholders, and we are pursuing increases in the payout ratio founded on continuous earnings growth.</p> <table border="1"> <thead> <tr> <th>Dividends per Share</th> <th>Fiscal 2017</th> <th>Fiscal 2018</th> <th>Fiscal 2019</th> <th>Fiscal 2020</th> <th>Fiscal 2021</th> <th>Fiscal 2022</th> </tr> </thead> <tbody> <tr> <td>Annual dividend</td> <td>¥114</td> <td>¥124</td> <td>¥136</td> <td>¥138</td> <td>¥143</td> <td>¥143</td> </tr> <tr> <td>Payout ratio</td> <td>23.5%</td> <td>25.1%</td> <td>25.9%</td> <td>34.2%</td> <td>34.7%</td> <td>367.1%</td> </tr> </tbody> </table>	Dividends per Share	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Annual dividend	¥114	¥124	¥136	¥138	¥143	¥143	Payout ratio	23.5%	25.1%	25.9%	34.2%	34.7%	367.1%		
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Communication activities	<p>Tokyo Century advances its investor relations (IR) activities with a focus on generating a cycle of proactive dialogue with shareholders and other investors and communicating the input and requests solicited thereby to management and employees. The input gained during the course of IR activities is used to improve information disclosure and respond to management issues in order to build trust with shareholders and other investors as well as to ensure that capital markets accurately appraise the Company, which in turn is anticipated to contribute to higher corporate value over the medium to long term.</p> <p>Major IR Activities</p> <table border="1"> <thead> <tr> <th></th> <th>Activities</th> <th>Frequency in Fiscal 2022</th> <th>Details</th> </tr> </thead> <tbody> <tr> <td rowspan="5">Analysts and institutional investors</td> <td>Earnings calls</td> <td>4 times</td> <td>Quarterly earnings calls (Three-month and nine-month calls led by officer responsible for investor relations; six-month and full-year briefings led by the president)</td> </tr> <tr> <td>Meetings with the president</td> <td>Approx. 25</td> <td>Meetings between the president and analysts and institutional investors in Japan and overseas (including small meetings)</td> </tr> <tr> <td>Meetings with IR representatives</td> <td>Approx. 230 times</td> <td>(Of which, approx. 50 meetings with overseas institutional investors) Meetings with analysts and institutional investors in Japan and overseas</td> </tr> <tr> <td>Business strategy briefings</td> <td>1 time</td> <td>Business strategy briefing on joint businesses with the NTT Group</td> </tr> <tr> <td>Overseas roadshows</td> <td>1 time</td> <td>Face-to-face meeting between the president and overseas institutional investors</td> </tr> <tr> <td>Private investors</td> <td>Company briefings for private investors</td> <td>2 times</td> <td>Briefings on the Company, business strategies, shareholder return policies, etc.</td> </tr> </tbody> </table>		Activities	Frequency in Fiscal 2022	Details	Analysts and institutional investors	Earnings calls	4 times	Quarterly earnings calls (Three-month and nine-month calls led by officer responsible for investor relations; six-month and full-year briefings led by the president)	Meetings with the president	Approx. 25	Meetings between the president and analysts and institutional investors in Japan and overseas (including small meetings)	Meetings with IR representatives	Approx. 230 times	(Of which, approx. 50 meetings with overseas institutional investors) Meetings with analysts and institutional investors in Japan and overseas	Business strategy briefings	1 time	Business strategy briefing on joint businesses with the NTT Group	Overseas roadshows	1 time	Face-to-face meeting between the president and overseas institutional investors	Private investors	Company briefings for private investors	2 times	Briefings on the Company, business strategies, shareholder return policies, etc.
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Customers	Our Action Guidelines (customer trust)	<p>The following provisions related to customer trust can be found in Our Action Guidelines.</p> <p>Our Action Guidelines</p> <ul style="list-style-type: none"> We will continue creating solutions that earn customer trust and recognition. We will strive to resolve the issues faced by our customers by harnessing our high level of expertise and foresight to provide optimal products and services that earn their trust and recognition. We will stringently manage personal information and customer information. We will stringently manage the personal information and customer information we obtain through our operations to prevent leakage outside the Company and use for unintended purposes.
	Solicitation Policy for Financial Products	<p>Solicitation Policy for Financial Products</p> <p>1. Legal Compliance We will comply with social norms and with laws and regulations, including those governing the sale of financial products and the Consumer Contract Act, and appropriately conduct business operations that satisfy our customers.</p> <p>2. Proper Solicitation We will recommend appropriate financial products for customers based on their knowledge, experience, purpose of purchase (investment), financial condition, and other considerations. When explaining our products, we will endeavor to do so at a time and place and in a manner convenient for our customers.</p> <p>3. Explanation of Important Matters We will make every effort to provide explanations that enable our customers to fully understand important matters, such as the nature of the product and associated risks, so that they can exercise their own judgment regarding the transaction.</p> <p>4. Protection of Privacy We will properly and strictly manage information related to our customers.</p> <p>5. Education and Training Our employees will strive to acquire and improve their knowledge and skills so as not to fall short of the trust and expectations of our customers.</p> <p>This is our solicitation policy based on Japan's Act on the Provision of Financial Services.</p>
	Responsibilities to customers	<p>Responsibilities to Customers</p> <p>1. Policies and Basic Concept The Tokyo Century Group, which is engaged in corporate activities centering on financial services businesses in many regions around the world, believes that resolving social and ethical issues through its business activities will help it remain sustainable and lead to further growth.</p> <p>We will fulfill our responsibilities to customers under the Group's Management Policy, which stipulates that "we will provide the best products and services around the world to contribute to the success of our customers' businesses while pursuing all possibilities by collaborating with customers and uniting the overall strengths of the Group." We will also further improve our management system and conduct educational and training programs based on the Corporate Code of Conduct, Our Action Guidelines, and Solicitation Policy to provide the best possible products and services that satisfy our customers.</p> <p>Due to the nature of the leasing business, the Tokyo Century Group's transactions are mainly with corporate customers. With regard to products and services directly provided to consumers, such as individual auto leasing and individual car rentals, we comply with the laws, regulations, and quality standards related to safety and strive to continuously improve safety and quality. In the unlikely event that a quality issue should arise with a product or service that the Group provides, we will act promptly to identify the cause and prevent a recurrence.</p> <p>The Tokyo Century Group advocates sustainability management and will fulfill its responsibilities to customers in accordance with its Management Philosophy and Management Policy.</p>

2. Provision of Appropriate, High-Quality Products and Services

The Tokyo Century Group complies with all laws and regulations related to the products and services that it handles, and it provides appropriate, high-quality products and services for the success of its customers' businesses.

With regard to the provision of financial products as defined by Japan's Act on the Provision of Financial Services, we have established a Solicitation Policy for Financial Products and will act in accordance therewith.

As for the provision of products and services other than the hitherto mentioned, we will act in accordance with our Corporate Code of Conduct, which compels us to accurately respond to customer needs with high-quality products and services.

To ensure proper conduct during the course of such activities as the solicitation and contracting of financial products, customer management, and the reliable delivery of products and services and to thereby earn customer trust and recognition, we conduct educational and training programs for officers and employees on responsible business activities and compliance through e-learning and other instructional formats.

As an example of a financial product sale, Tokyo Century, as a Type II Financial Instruments Business Operator, offers customers the opportunity to invest in its Japanese-style operating lease projects.

3. Responsible Advertising and Marketing

With regard to businesses that directly provide products and services to consumers, such as individual auto leasing and individual car rentals, we are fully aware of the impact that advertising expressions may have on consumers. We therefore give the highest priority to customer confidence and safety and engage in responsible advertising and marketing by fully considering our social responsibilities. Paying due respect to the consumer's standpoint, we use fact-based expressions and never use statements that may mislead consumers about the characteristics or quality of our products and services. We also engage in dialogues with stakeholders to understand the expectations and demands of society and reflect them in our business activities.

4. Management System for the Solicitation and Sale of Financial Products

(1) Internal Management System

The Internal Management Unit monitors, verifies, and provides guidance on the overall day-to-day operations of the financial instruments business to ensure appropriate operations in accordance with the Financial Instruments and Exchange Act, other relevant laws and regulations, and internal rules. This unit also formulates and implements improvement measures as necessary.

(2) Sales Management System

Activities such as the solicitation and contracting of financial products and customer management are placed under the guidance and supervision of the sales manager to ensure proper implementation. The sales manager directs and supervises sales personnel, oversees sales operations in the financial instruments business, and reports to the Management Meeting on matters related to said business as necessary.

(3) Response to Complaints

When a customer submits a complaint regarding a transaction, officers and employees respond in accordance with complaint-handling procedures. When calling upon a dispute settlement body, we will comply with the rules the body stipulates and strive to resolve the dispute in accordance with complaint-handling and mediation procedures.

To submit opinions and complaints, please refer to the following website.

<https://www.tokyocentury.co.jp/en/contact/>

5. Targets and KPIs

The Tokyo Century Group is dedicated to the success of its customers' businesses by accurately responding to their needs with high-quality products and services and thereby forging solid relationships of trust therewith. Furthermore, the Group conducts employee training programs to continuously provide appropriate, high-quality products and services.

For information on training program attendance, please refer to the following website.
https://www.tokyocentury.co.jp/en/sustainability/esg/social/responsibilities.html#anc_kpi

Governance

Corporate Governance

Management Structure

Basic policy

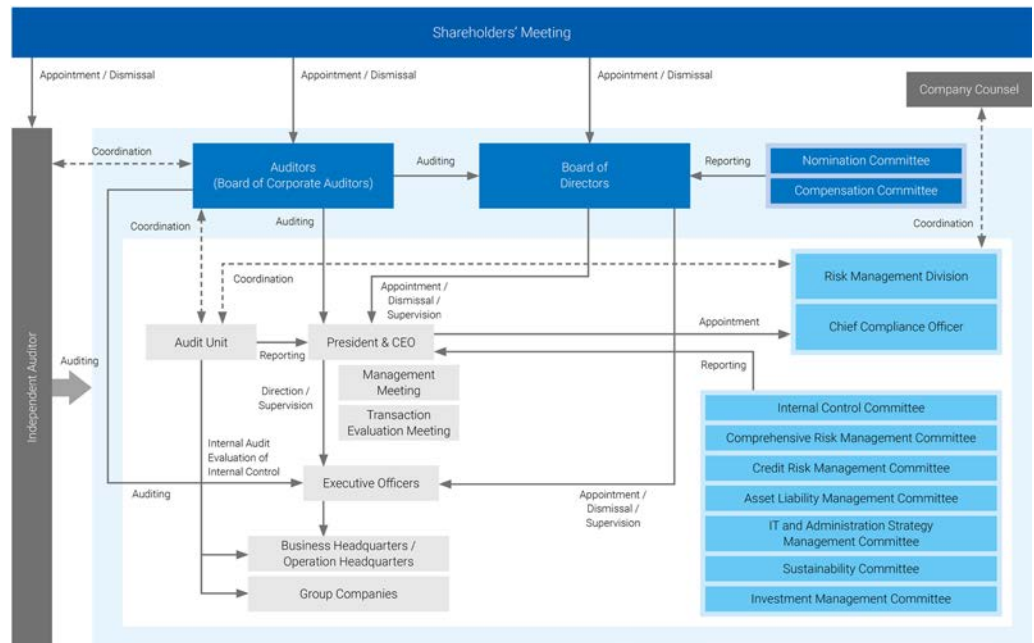
Tokyo Century recognizes that effective corporate governance is an important management issue to be addressed in order to maximize corporate value. We therefore strive to maintain a sound and highly transparent management system that enables swift and accurate decision-making in response to changes in the operating environment. We also work to enhance the soundness and transparency of corporate management through the implementation of effectively functioning internal control and risk management systems.

Internal control system and corporate governance system

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.

The Company has two female directors among its 13 directors and one female officer among its 24 executive officers (as of June 26, 2023).

Internal Control System and Corporate Governance System (As of June 26, 2023)



Corporate Governance Report

Corporate Governance Report (Last Update: June 30, 2023) (234 KB)
https://www.tokyocentury.co.jp/assets/pdf/sustainability/governance_en230630.pdf

Board of Directors

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.

Chairperson	Number of Members (after Shareholders' Meeting held in June 2023)	Meetings Held in Fiscal 2022
Koichi Baba President & CEO, Representative Director	Directors: 13 (including 5 external directors)	15

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 (after Shareholders' Meeting held in June 2023)	Meetings Held in Fiscal 2022
Futoshi Okada Standing Corporate Auditor (External 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 2022
Koichi Baba President & CEO, Representative Director	8	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 2022
Ko Nakagawa Managing Executive Officer	8	Once a week, in principle

Committees

Name	Purpose	Meetings Held in Fiscal 2022
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.	4
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.	3
Sustainability Committee	The Sustainability related to the Tokyo Century Group's sustainability activities to the Board of Directors; plans, promotes, and oversees said sustainability activities; discusses important issues related to sustainability; and reports to the Management Meeting.	3
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.	15

Director skills Matrix

Director Skills Matrix (As of June 26, 2023)

Position	Name	Age	Background	Areas of expertise and expected contributions					
				Corporate Management	Global Operations	Finance / Risk Management	Legal Affairs / Accounting / Taxation	Sustainability	IT / Digital Transformation
Chairman & co-CEO, representative director	Masataka Yukiya	67		●		●		●	●
President & CEO, representative director	Koichi Baba	62		●	●	●		●	●
External director	Masao Yoshida	74	Former president and representative director of Furukawa Electric Co., Ltd.	●	●	●	●		
	Akio Nakamura	67	Former director-general of the Financial Bureau, Ministry of Finance	●		●	●		
	Toshio Asano	70	Former president and representative director of Asahi Kasei Corporation	●	●			●	
	Miho Tanaka	48	Partner of Shiba & Tanaka Law Offices			●	●	●	
	Tsuyoshi Numagami	63	Professor of Graduate School of Business Administration, Hitotsubashi University	●	●			●	
Deputy president, director and executive officer	Akihiko Okada	63		●	●	●			
	Hiroshi Sato	63		●	●			●	●
Director and senior managing executive officer	Toshio Kitamura	60			●	●		●	●
	Mahoko Hara	58			●	●		●	●
Director and managing executive officer	Tatsuya Hirasaki	55				●	●	●	●
Director	Shunichi Asada	74		●	●	●			

Policies and method for determining officer compensation

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.

Regarding director compensation, the Company maintains a framework linked to sound incentives toward its sustainable growth and the medium- to long-term development of its businesses. It has established a director compensation system to align the interests of the directors with those of the shareholders, raise the awareness of directors regarding enhancing shareholder value, attract outstanding talent, and secure and develop human resources who can drive the improvement of the Company's corporate value.

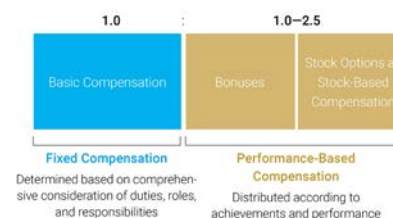
Draft proposals on matters such as the policy, systems, and levels of officer compensation are referred to the Compensation Committee, and the Board of Directors makes the final decision based on the committee's recommendations.

Officer compensation comprises basic compensation, officer bonuses, and stock options as stock-based, non-monetary compensation. Basic compensation, which is fixed compensation, is determined through a comprehensive consideration of the duties, roles, and responsibilities and other factors of each officer.

Compensation for directors responsible for business execution comprises performance-based compensation including basic compensation, officer bonuses, and stock options as stock-based compensation. The ratio for the amount of basic compensation to performance-based compensation is set at approximately 1.0 to 1.0-2.5, determined by comprehensively accounting for achievements and performance based on each director's expected duties.

The content of compensation for each director is referred to the Compensation Committee, which deliberates on aspects including adherence to the policy on determining officer compensation, and the president, CEO, and representative director approves the content due consideration for the committee's recommendations; and with this final decision, the content is formally deemed to adhere to the policy by the Board of Directors.

The compensation of external directors and corporate auditors, who are in a position independent from business execution, consists entirely of basic compensation based on their roles, and the compensation of corporate auditors is determined through deliberations by the corporate auditors within the prescribed limits.



Compensation and Eligible Officers in Fiscal 2022

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)	498	267	79	151	11
Corporate auditors (excluding external corporate auditors)	41	41	—	—	3
External directors and corporate auditors	132	132	—	—	8

Notes: 1. Stock options provided as stock-based compensation are accounted for under "Non-monetary compensation," although they constitute performance-based compensation. Accordingly, amounts of stock options provided as stock-based compensation are not included under "Performance-based compensation."
2. Although the total number of directors and the total number of corporate auditors as of March 31, 2023, were 13 and 4, respectively, the above compensation amounts also include payments to four directors and one corporate auditor who retired on June 27, 2022.

Major Items Raised at Meetings of the Board of Directors in Fiscal 2022

General Management

Policies of Medium-Term Management Plan 2027, profit target formulation and progress management, discussions on stock acquisitions and sales and investments exceeding predefined amounts, reports on results of investment management framework monitoring, and investor relations activity reports

ESG

Evaluation of Board of Directors' effectiveness and report on evaluation, details of meetings of the Nomination Committee and the Compensation Committee, progress and results of medium- to long-term sustainability management initiatives (Sustainability Road Map), and carbon-neutrality initiatives

Other Matters

Compliance initiative plans and progress reports, audit plans and implementation reports, and risk management reports

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 conducts an analysis and review 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 proceedings, taking into account the self-evaluations submitted by each director.

Important Themes and Evaluation in Fiscal 2022

Medium- to Long-Term Discussions Looking toward 10 to 15 Years in the Future	Lively discussions are taking place on the Tokyo Century Group's medium- to long-term vision and management strategies based on the circumstances surrounding the Group and its operating environment.
	Discussions were held as part of the process of formulating Medium-Term Management Plan 2027, which began in fiscal 2023, at meetings of the Board of Directors as well as at free discussion forums arranged as a facet of officer training sessions and on other occasions.
Risk Management and Group governance	Improvements with regard to risk management and internal control systems are being seen with each passing year, and discussions are taking place at meetings of the Board of Directors based on appropriate reporting.
	The Investment Management Committee is engaging in brisk discussions while identifying issues, thereby advancing the implementation of investment management frameworks.
	Business expansion and significant losses are creating a need for more rigorous Groupwide management of geopolitical and other risks.

Important Themes for Fiscal 2023

Overall Business Portfolio Structure and Vision

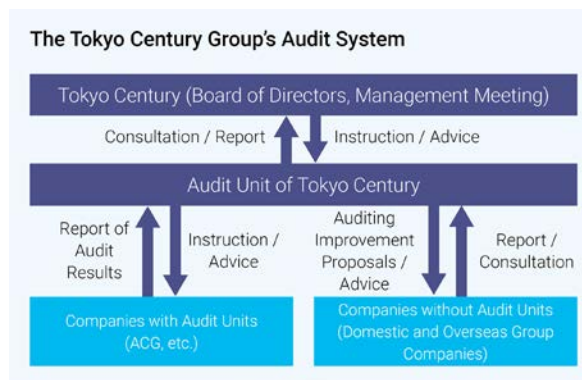
Discussions will be advanced from a medium- to long-term perspective at free discussion and other forums on the overall structure of the Company's business portfolio and our vision for this portfolio with consideration paid to factors such as allocations of management resources and capital efficiency.

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.

Audit System for Major 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.



Basic Audit Policies

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

1. Identification of latent risks to provide proposals and advice for improving operations and preventing misconduct
2. Enhancement of risk identification, analysis, and verification capabilities through ongoing skills improvement by Audit Unit staff
3. Support for and coordination among Group companies to strengthen the Groupwide audit system

Policies

The Tokyo Century Group has established the Basic Risk Management Policy for its risk management activities. In addition, we have defined the Comprehensive Risk Management Rules for comprehensive risk management activities as well as various other individual risk-specific rules based on the Basic Risk Management Policy. Risk management is promoted in accordance with these rules. Our risk management approach focuses on strengthening visual risk management, controlling non-financial risks, and enhancing consolidated Group governance in Japan and overseas through the use of consolidated enterprise risk management (ERM) and management information system (MIS) measures.

Comprehensive Enterprise Risk Management

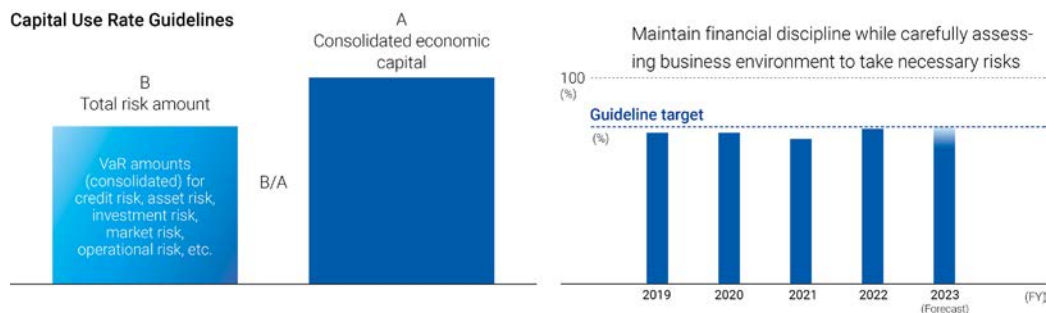
The Tokyo Century Group will continue to practice comprehensive ERM in accordance with its management guidelines for capital use rates based on quantitative risk control on a consolidated basis. The capital use rate is used to assess risk resilience, an important criterion for rating financial institutions. We have therefore sought to keep the risk amount within a certain level of capital buffers by adhering to the aforementioned management guidelines. As our business domain continues to expand, the relationship between the amount of capital and level of risk receives greater attention from investors and other interested parties. For this reason, the capital use rate has become a key indicator for objectively determining prospects for our sustainable growth and investment capacity.

We refer to the targeted level of the capital use rate only as a guideline, since the regulations regarding capital use levels for financial institutions are not applied to us. In operating a business, seizing business opportunities, such as the opportunity to take part in M&A activities, is also an important factor considered under the risk management framework. Rather than adopting a passive approach to the soundness of corporate management, we pay due consideration to the magnitude of increase in the amount of risk over a medium-term period of about three years, the projection for organic increases in the shareholders' equity ratio from profit growth, and the level of tolerance of our capital policy.

Medium-Term Management Plan 2027 prescribes the enhancement of our risk control framework aimed at the efficient allocation of management resources through an ERM approach. In fiscal 2023, the first year of the plan, we will introduce, on a trial basis, risk exposure guidelines (soft limits) for the categories that account for a large portion of our risk profile (aviation, investment, and real estate). These guidelines will be used to drive the diversification of the Company's business portfolio and otherwise enhance portfolio management (portfolio transformation).

The main objective of risk management at the Tokyo Century Group is to support growth and value creation by allowing for bold risk taking. We will continue to control the capital use rate to maintain it at the appropriate guideline level. At the same time, we will constantly improve on the level of our risk management framework in conjunction with the expansion of our business domain and changes in the operating environment in order to sustainably improve corporate value.

Management



Visual Risk Information Tracking at the Management Level

In addition to measuring risks on a consolidated basis and controlling the capital use rate, we implement a visual management information system (MIS). Under the system, the Credit Risk Management Committee and the Comprehensive Risk Management Committee take the lead in regularly monitoring risk information on multiple criteria and report the results to the Management Meeting and the Board of Directors.*

In our global operations, we pay particular attention to Aviation Capital Group LLC (ACG) and CSI Leasing, Inc. (CSI), our U.S.-based subsidiaries that specialize in leasing and for which the scale of investments and assets is quite large. ACG has achieved success as a textbook example of a resilient company made so through a unique risk management approach that includes introducing a risk appetite framework to clarify the risks to be accepted, such as aircraft asset risks, and the risks to be avoided (mitigated or transferred), such as interest, liquidity, and foreign exchange rates. In light of the extraordinary losses recorded in relation to operations in Russia, ACG has implemented a new risk management framework to be used in dispersing previously concentrated risks on a country and airline basis and ensuring an appropriate risk and return balance based on the characteristics of a given project. This framework will be introduced for managing individual projects on a trial basis in fiscal 2023.

* For information on the monitoring activities by the Company's committees, please refer to page 60 "Major Risks and Management Approaches"

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.

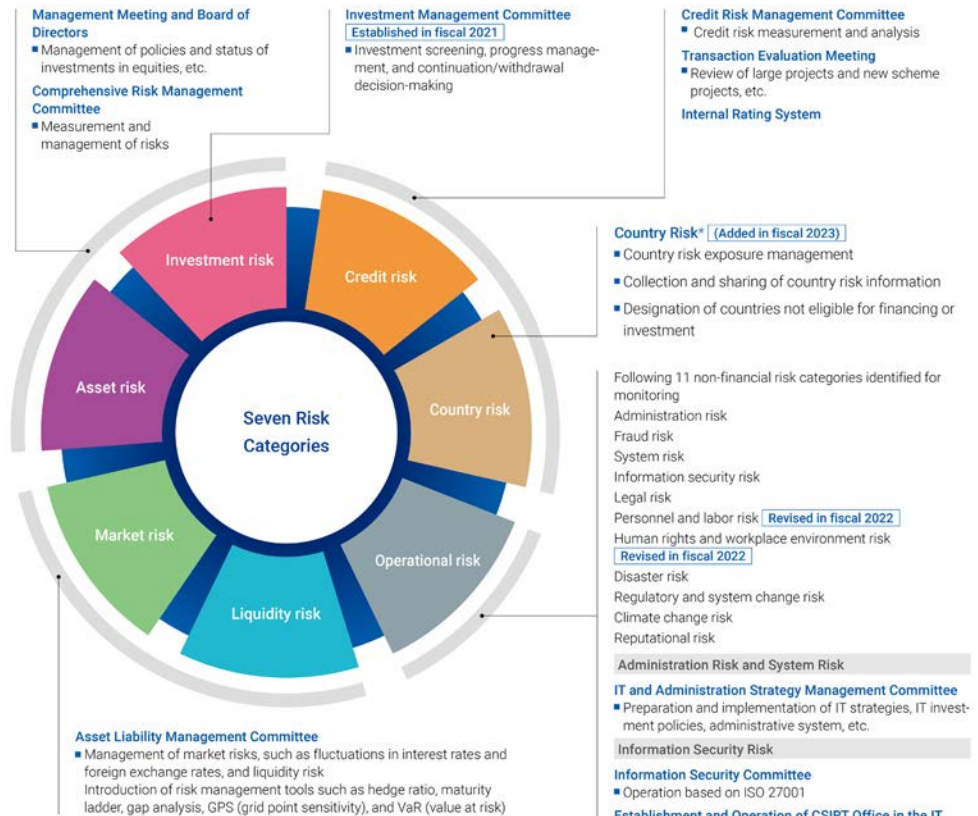
Scenario Analyses through Risk Materiality Assessments

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.



* For more information, please refer to "Climate-related risks and opportunities" in the Climate Change Response Strategy section on page 31.

Major Risks and Management Approaches



* **Country risk**, which was previously included under credit risk, was changed to an independent risk category in April 2023 to reflect recent geopolitical risks. Based on this new categorization, the Company is taking steps to accelerate the collection and internal sharing of country risk information, enhance monitoring of country risk exposure, designate countries not eligible for financing or investment, and implement more rigorous risk assessments of overseas business entities from the perspective of information security and anti-corruption measures.

Major risks and management approaches

Relationship between major Group companies and main risk categories

With respect to Group risk management, we mainly manage the following risks based on the characteristics of our business operations.

Relationship between Major Group Companies and Main Risk Categories

● High-weight risk category

Risk Category	Tokyo Century	Nippon Car Solutions	FLCS	Nippon Rent-A-Car Service	Orico Auto Leasing*	TC Kobelco Real Estate	Shunan Power	Orico Business Leasing*	IHI Finance Support	Aviation Capital Group	CSI Leasing	Tokyo Century (USA)	TC Skyward Aviation
Credit risk	●	○	○	○	○	○	○	○	○	●	○	○	○
Country risk	●	○	○	○	○	○	○	○	○	●	○	○	○
Market risk	●	○	○	○	○	○	○	○	○	○	○	○	○
Interest rate risk	●	○	○	○	○	○	○	○	○	○	○	○	○
Foreign exchange risk	●	○	○	○	○	○	○	○	○	○	○	○	○
Liquidity risk	●	○	○	○	○	○	○	○	○	○	○	○	○
Investment risk	●	○	○	○	○	○	○	○	○	○	○	○	○
Equity investment risk	●	○	○	○	○	○	○	○	○	○	○	○	○
Business investment risk	●	○	○	○	○	○	○	○	○	○	○	○	○
Asset risk	●	● Automobile	○ General residual value	○ Automobile	○ Automobile	● Real estate	● Biomass co-firing power generation	○ General residual value	○ Aircraft	● General residual value	○ General residual value	○ General residual value	● Aircraft
Operational risk	●	○	●	○	○	○	○	○	○	○	○	○	○

Note: The scope of management extends to all consolidated subsidiaries. The table above only lists Tokyo Century's significant subsidiaries subject to internal control under Japan's Financial Instruments and Exchange Act.

* Effective October 1, 2023, Orico Auto Leasing and Orico Business Leasing were excluded from the scope of management following a transference of equity in these companies to a non-Group entity resulting in their conversion into equity-method affiliates.

Investment management framework

For the purposes of effectively controlling diversifying investment risks and optimizing its business portfolio, the Tokyo Century Group has instituted an investment management framework. Primary focuses of this framework include clarifying investment screening, continuation, and withdrawal standards and developing standardized monitoring processes.

Under this framework, meetings of Investment Management Committee are held prior to discussions by the Management Meeting as part of the process for screening investments of a predetermined scale, in order to confirm the anticipated level of profitability after considering capital costs based on the inherent risks (quantitative standards) and the compatibility with Tokyo Century's strategies (qualitative standards). In addition, multifaceted evaluations are conducted by business divisions with regard to business plans, investment structures, and projected risk exposure and environmental impacts. Shared standards for determining when withdrawal from an investment should be discussed (withdrawal standards) are applied to all projects, and clear numerical values for financial indicators are defined on an individual project basis to serve as the trigger for commencing the withdrawal process. By clarifying the standards for withdrawal in this manner, the Company is practicing effective portfolio management.

After investment, projects will continue to be monitored through standardized processes, and the status of projects and their conformity to the scenarios formulated at the time of their selection will be confirmed regularly. Should a project become applicable under withdrawal standards, the Investment Management Committee will provide opinions and assess the appropriateness of continuation, and the Management Meeting will determine whether or not investment should be continued based on a comprehensive evaluation of such factors.

Overview of Investment Management Framework

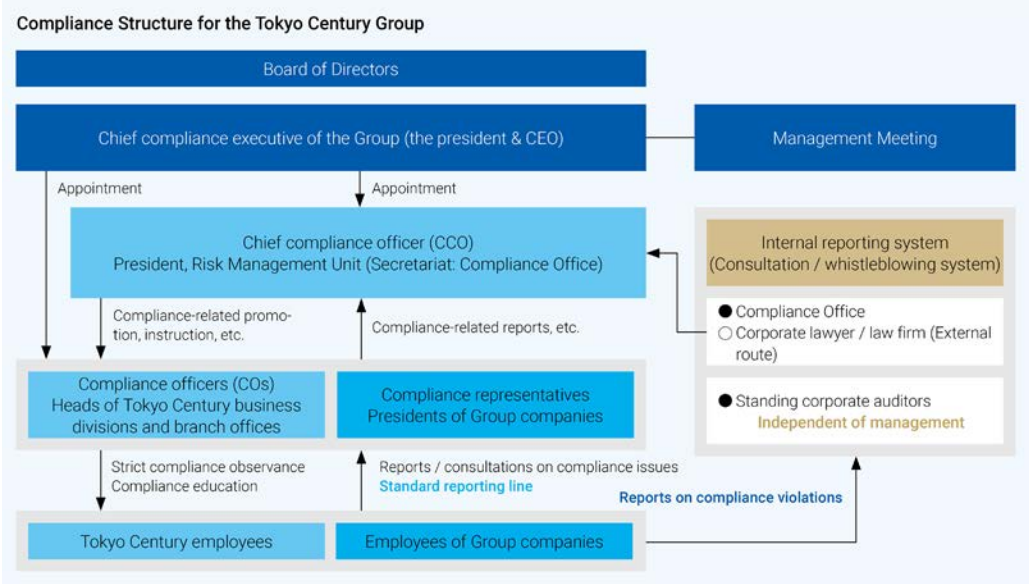
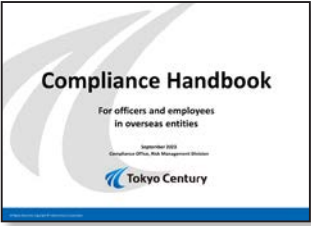


ROIC monitoring in five operating segments

Tokyo Century regularly monitors the return on invested capital (ROIC) spread (ROIC less weighted average cost of capital [WACC]) as a cost-of-capital-based indicator of the risk-and-return balance of specific business areas. Business and risk characteristics are accounted for in this monitoring. Moreover, this timing-based monitoring approach is used to promote management that emphasizes cost of capital along with sound financial discipline. Factors examined through this monitoring include whether an appropriate balance is being maintained between risks and returns in different operating segments and whether the necessary risks are being taken to generate value and stimulate growth. Under Medium-Term Management Plan 2027, the Company will continue its approach toward managing risks and returns with an emphasis on cost of capital. At the same time, enhancements to this approach will be pursued by reviewing methods for managing the ROIC spread by operating segment and incorporating this indicator into performance evaluations and portfolio allocation.

Compliance

Compliance

<p>Management</p>	<p>At the Tokyo Century Group, the Compliance Office promotes compliance measures under the supervision of the chief compliance officer (CCO) appointed by the president & CEO, who is also the chief compliance executive. The heads of each business division and branch office of the Company, along with the presidents of Group companies, act as compliance officers (COs) with the responsibility of coordinating with the Compliance Office to guarantee compliance with all relevant laws and regulations and ensure that business activities are kept in line with social norms.</p>
<p>Compliance structure</p>	 <p>The diagram illustrates the compliance structure for the Tokyo Century Group. At the top is the Board of Directors, which oversees the Chief compliance executive of the Group (the president & CEO). The Chief compliance executive appoints the Chief compliance officer (CCO), who is the President of the Risk Management Unit (Secretariat: Compliance Office). The CCO is supported by an internal reporting system (consultation/whistleblowing system) and an independent management system consisting of the Compliance Office, Corporate lawyer / law firm (External route), and Standing corporate auditors. The CCO provides compliance-related promotion, instruction, and reports to the Board and Management Meeting. Below the CCO are Compliance officers (COs) at the heads of Tokyo Century business divisions and branch offices, and Compliance representatives (Presidents of Group companies). The COs provide strict compliance observance and education to Tokyo Century employees, while the representatives provide reports and consultations on compliance issues to the CCO. Employees of Group companies report compliance violations to the Compliance Office.</p>
<p>Compliance activities</p>	<p>We report and review the Group's compliance structure and operation as well as identified compliance violations at the meetings of the Management Meeting and the Board of Directors every six months. Based on the results of these reviews, which look at effectiveness, we formulate and implement compliance promotion plans.</p> <p>Specific compliance activities include e-learning programs, face-to-face and online training sessions, distribution of compliance-related information, and compliance awareness surveys. We also arrange Groupwide forums for sharing compliance information.</p> <p>In addition to the above, we oblige all officers and employees to submit a compliance pledge once every year in order to underscore their commitment to adhering to our compliance regulations.</p> <p>In fiscal 2022, there were no major compliance violations, including human-rights violations, deserving of public announcement.</p>
<p>Compliance handbooks</p>	<p>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.</p> <p>The Group also strives to improve the compliance mindset at its local subsidiaries overseas and has created an English and Chinese edition of the handbook for these subsidiaries.</p>  <p>The image shows the cover of the 'Compliance Handbook' for officers and employees in overseas entities. It is dated September 2022 and published by the Compliance Office, Risk Management Division of Tokyo Century.</p>

Compliance education

Aiming to thoroughly instill a compliance-oriented mindset, the Tokyo Century Group provides systematic and continuous compliance education through such means as rank-based training programs; e-learning-based training targeting all officers, managers, and employees (including contractors and temporary staff); and workplace compliance training conducted by compliance officers (heads of divisions and branch offices) based on compliance information

Targets (Training Methods)	Major Subjects	No. of Training Sessions per Year
New employees	<ul style="list-style-type: none"> Introduction to Compliance • Meaning and nature of compliance • Impacts of compliance violations • Daily attitude based on compliance • Compliance in conducting business • Details and purposes of the internal reporting system • Importance of information security measures and defense against cyberattacks • Management systems, rules, and important points for information security, etc. 	1
New heads of divisions and branch offices	<ul style="list-style-type: none"> Roles and responsibilities of heads of divisions and branch offices concerning risk management and compliance • Organizational risk and compliance management system and promotion thereof • Responses to crises, incidents, and accidents • Business continuity measures • Information security and information management (personal information, insider information, etc.) • Prevention of bribery and corruption (non-association with antisocial organizations; prevention of money laundering and of provision of funds for terrorism; appropriate means of offering entertainment to public officials, political contribution control, etc.) • Environmental initiatives 	1
All officers and employees (e-learning)	<ul style="list-style-type: none"> • Internal reporting system • Prohibition of harassment (sexual harassment; abuses of power; harassment for pregnancy, childbirth, childcare leave, family care leave, etc.; harassment associated with teleworking) • Points to note on entertainment and the exchange of gifts with people working at private companies, domestic public officials, overseas public officials, etc. • Non-association with antisocial organizations • Prevention of money laundering and of provision of funds for terrorism • Appropriate management of personal information, My Number (social security and tax numbers in Japan), information assets, and insider information • Attendance management (workhours, teleworking, annual paid leave, etc.) • Fraud triangle (motivation, opportunity, and rationalization) • Appropriate use of copyrighted works • Prohibition of misuse of subsidies from the government and local governments • Compliance with fair trade practices • Self-checking of basic actions and behavior pertaining to Corporate Code of Conduct, Our Action Guidelines, etc. 	2
Employees at divisions and branch offices (workplace compliance training conducted by compliance officers / heads of divisions and branch offices)	<ul style="list-style-type: none"> • Internal reporting system (details, purposes, and appropriate use) • Prohibition of harassment—relevant laws and regulations and prevention guidelines, basic stance toward prevention, etc. • Prohibition of excessive offering of entertainment and exchange of gifts • Prevention of money laundering and of provision of funds for terrorism • Act on the Protection of Personal Information • Insider trading regulations • Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (Antimonopoly Act) • Intellectual property rights • Political contribution control • Risks associated with entertainment and the exchange of gifts to public officials and quasi-public servants • Unfair Competition Prevention Act (trade secrets, misleading acts, damage to credibility, etc.) 	About 4
Employees at overseas bases (training for overseas assignees, training conducted by the heads of compliance (base heads), e-learning)	<ul style="list-style-type: none"> • Training for overseas assignees (regulations related to compliance and risk management at overseas bases, management systems, internal reporting system and other systems, features of assigned bases, etc.) • Workplace compliance training conducted by heads of compliance (base heads) (internal reporting system, prohibition of harassment, prevention of bribery and corruption, non-association with antisocial organizations, prevention of money laundering and of provision of funds for terrorism, appropriate means of offering entertainment to public officials, personal information protection, information security, insider trading regulations, fraud triangle, etc.) 	As needed
	<ul style="list-style-type: none"> • E-learning (same as above) 	4 or more

Compliance training

	Unit	Fiscal 2020	Fiscal 2021	Fiscal 2022
No. of Training Sessions per Year ¹	Sessions	9	9	9
No. of Participants in e-Learning Programs ²	Participants	5,213	4,532	4,751

*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

The Tokyo Century Group strives to detect and address risks at the earliest possible stage, improve its organizational corrective capabilities, 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 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. In order to ensure independence, 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. Reports can be submitted through any of these channels, irrespective of content, and be submitted in any form, such as by email or in writing as well as by phone or otherwise verbally, to the contact points listed on the Company's intranet. Submitted reports are included in the Group's Compliance Handbook. Moreover, reports can be submitted in either English or Japanese.

The system covers a wide range of issues, including violations of the Antimonopoly 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 internal reporting system is open for consultation 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 given stringent protection. We strictly prohibit any disciplinary action, retaliation, or other disadvantageous treatment of whistleblowers by the Company and strive to thoroughly protect anonymity and maintain confidentiality concerning their reports. Personnel involved in responding to these reports are designated as being in charge of whistleblowing, as stipulated in Japan's Whistleblower Protection Act, and are obliged to maintain complete confidentiality with regard to the identity of the whistleblower and to eliminate the risk of their 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, if 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 following the submission of a report) as to whether an investigation will be conducted and to 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 therewith, 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 a 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 of the Tokyo Century Group (president & CEO of Tokyo Century Corporation) and 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 cases. 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 17 cases reported in fiscal 2022. 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

	Unit	Fiscal 2020	Fiscal 2021	Fiscal 2022
	Number of Reports Received	17	16	17
Number of reports received (consolidated basis)	Rule violations	0	1	0
	Harassment	9	6	8
	Workplace environment issues	7	3	9
	Other cases	1	6	0

4. Revision of the Internal Reporting System and Measures to Promote Use

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

We also encourage all officers and employees to use the internal reporting system through an annual compliance survey to ascertain their awareness of how contact points have been used, biannual e-learning sessions on the purpose and significance of the system, and various training programs that include sessions on the system.

Prevention of Money Laundering

Initiatives for preventing money laundering

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

The Group therefore works to prevent regulatory violations associated with ML/FT/PF 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 as well as to adhere to the laws and regulations of Japan and other countries, including those imposed by the U.S. Office of Foreign Assets Control.

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

1. Establishment of a Framework to Prevent Money Laundering and the Financing of Terrorism

The Company recognizes that implementing measures against ML/FT/PF is 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/PF.

3. Identification, Assessment, and Mitigation of Risks Associated with Money Laundering and the Financing of Terrorism

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

4. Customer Verification

To ensure public security and sound economic practices, the Company takes "Know Your Customer" measures in a timely and appropriate manner to prevent ML/FT/PF 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 perform pre-transaction screening and conduct checks during transactions in addition to monitoring contractual 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 regarding the prevention of ML/FT/PF and take appropriate action at any time necessary.

7. Compliance Auditing

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

Initiatives for preventing corruption

The Tokyo Century Group is committed to preventing corruption by conducting fair, equitable, and transparent transactions in all of its business activities.

1. Initiatives for Preventing Corrupt Practices

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

2. Prohibition of Bribery

Except when 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 profits 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.

* "Public officials" is understood hereafter to include public officials, quasi-public officials, foreign public officials, and officials and employees of special-status 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, English, and Chinese, 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, English, and Chinese 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 as part of the implementation of the Group's compliance system. In fiscal 2022, no fine was imposed on the Group and no officers or employees were dismissed or disciplined for corruption.

Policy on political funds

The Tokyo Century Group's Corporate Code of Conduct stipulates that we should 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.

Acquisition of ISO 27001 certification

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.).

Scope of ISO 27001 Certification

ISO 27001 certification has been acquired for the following Tokyo Century Group entities.

- Tokyo Century Corporation (head office, Okachimachi office, Akihabara UDX office)
- TRY Corporation
- TC Business Services Corporation

In addition, the following consolidated subsidiary has received certification on an individual basis.

- FLCS Co., Ltd. (all offices)



IS 91018 / ISO 27001

Basic Information Security Policy

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.

1. Protection of Information Assets

We will protect all information assets related to our business activities. In particular, we will designate information concerning our business partners and confidential information concerning the Group as vital information, and we will appropriately handle such information to protect it against illegal access, loss, leaks, falsification, and destruction.

2. System of Information Security Management

We will clarify the roles and responsibilities for information security through the Information Security Committee, as the organization for deliberating on information security, and a Chief Information Security Officer, as the person responsible for implementing related measures, and we will pursue these activities Group-wide.

3. Information Security Education

We will consistently conduct education and training on information security for officers and employees to maintain and deepen awareness of information security.

4. Response to Incidents and Accidents

We will strive to prevent incidents and accidents related to information security, and in the event of such an incident or accident, we will promptly respond with appropriate action, including preventive measures.

5. Legal Compliance

We will comply with laws and regulations on information security as well as rules and contractual security requirements.

6. Initiatives for Continuous Improvement

We will evaluate the security risks of information assets based on appropriate risk assessment to promote effective security measures. In addition, we will respond to changes in the management environment and progress in information technology by regularly reviewing our policies, rules, and measures to make continuous improvements.

Information security initiatives

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.

The TC-CSIRT (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 periodically having our cybersecurity measures assessed by third-party institutions, sharing information with external partners through membership in the Nippon CSIRT Association, and participating in drills for exercising the knowledge acquired in this manner.

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. In 2022, the services of external experts were enlisted to revise the security guidelines that act as the minimum standard for security at Group companies with the aim of reinforcing global security governance. Based on the revised guidelines, 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. In addition to these efforts, we conduct email drills targeting the Company and domestic and overseas Group companies with emails in Japanese, English, and Chinese several times a year. These drills have proved to be an effective training method for improving the information security awareness of officers and employees.

Personal Information Protection

Personal information protection initiatives

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.

The personal information of customers and shareholders will be used appropriately as required for the intended uses.

Privacy Policy

https://www.tokyocentury.co.jp/en/sustainability/esg/governance/personal-information.html#anc_privacy

Handling of Customers' Personal Information

https://www.tokyocentury.co.jp/en/sustainability/esg/governance/personal-information.html#anc_privacy-customer

Handling of Shareholders' Personal Information

https://www.tokyocentury.co.jp/en/sustainability/esg/governance/personal-information.html#anc_privacy-shareholder

Others

External Evaluations / Inclusion in ESG Indices

MSCI ESG Ratings

MSCI ESG Research LLC rates companies on a seven-tiered scale, from CCC to AAA, according to their exposure to ESG risks and other factors. Tokyo Century received an MSCI ESG Rating of AA in 2023.



For more information, please refer to the MSCI official website.

[TERMS AND CONDITIONS](#)

MSCI Japan ESG Select Leaders Index

The MSCI Japan ESG Select Leaders Index is based on the MSCI Japan IMI Index and composed of companies that have demonstrated outstanding ESG performance. Tokyo Century has been a constituent of the index since 2017.

2023 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

For more information, please refer to the MSCI official website.

[TERMS AND CONDITIONS](#)

MSCI Japan Empowering Women (WIN) Select Index

The MSCI Japan Empowering Women (WIN) Select Index comprises Japanese companies with relatively high levels of gender diversity relative to their peers in the same industry, as defined by the Global Industry Classification Standard (GICS®), selected from among the top 700 companies in terms of market capitalization. Tokyo Century was selected for inclusion in this index in 2022.

For more information, please refer to the MSCI official website.

<https://www.msci.com/our-solutions/indexes/japan-empowering-women-select-index>

MSCI Japan 700 SRI Select Index

The MSCI Japan 700 SRI Select Index is designed to represent the performance of companies that are consistent with specific values- and climate change-based criteria. Through a best-in-class approach, the index targets 25% of the free float-adjusted market capitalization within each GIS® sector of the Parent Index in order to give exposure to companies with high ESG ratings. Tokyo Century has been selected for inclusion in this index.

For more information, please refer to the MSCI official website.

https://www.msci.com/eqb/methodology/meth_docs/MSCI_Japan_700_SRI_Select_Index_Methodology_Apr2022.pdf

S&P/JPX Carbon Efficient Index

The S&P/JPX Carbon Efficient Index comprises companies that boast high levels of carbon efficiency and that actively disclose information on CO₂ and other emissions. Tokyo Century has been a constituent of the index since 2018.



FTSE4Good Index Series

Tokyo Century has been selected as a constituent of the FTSE4Good Index Series, a major global index series for socially responsible investment.

For more information, please refer to the FTSE official website. <https://www.lseg.com/en/ftse-russell/indices/ftse4good>



FTSE4Good

FTSE Blossom Japan Index

The FTSE Blossom Japan Index is designed as a tool to measure the performance of Japanese companies that have a track record of strong ESG practices. Tokyo Century has been a constituent of the index since 2017.

For more information, please refer to the FTSE official website. <https://www.lseg.com/en/ftse-russell/indices/blossom-japan>



FTSE Blossom Japan

FTSE Blossom Japan Sector Relative Index

The FTSE Blossom Japan Sector Relative Index is an index designed to be sector neutral, reflecting the performance of Japanese companies that demonstrate outstanding ESG practices in their respective sectors. Tokyo Century has been a constituent of the index since 2022.

For more information, please refer to the FTSE official website. <https://www.lseg.com/en/ftse-russell/indices/blossom-japan>



FTSE Blossom Japan Sector Relative Index

Morningstar Japan ex-REIT Gender Diversity Tilt Index

The Morningstar Japan ex-REIT Gender Diversity Tilt Index uses the data and evaluation methods supplied by [Equileap](#) to facilitate investments focused on companies that have entrenched established gender diversity policies as part of their corporate culture and companies that have promised to provide employees with equal opportunities regardless of gender. Tokyo Century has been selected for inclusion in this index.

For more information, please refer to the Morningstar Indexes official website. <https://indexes.morningstar.com/gender-diversity-indexes>

CDP

CDP is a U.K. nonprofit organization that encourages companies to disclose information regarding climate change and other environmental issues and that conducts surveys and analyses of such information. Tokyo Century has been disclosing information through responses to CDP's climate change and water security questionnaires since fiscal 2016.



	Category	Fiscal 2020	Fiscal 2021	Fiscal 2022
CDP score	Climate change	B-	B	B
	Water security	C	C	C

Digital Transformation Stock Selection

The Digital Transformation Stock Selection comprises listed companies selected by METI and the Tokyo Stock Exchange for having established internal frameworks to promote digital transformation aimed at improving corporate value and for having been highly successful in utilizing digital technologies. The Company has been included in this program in each of the nine years since the establishment of the Competitive IT Strategy Company Stock Selection program, the predecessor of the Digital Transformation Stock Selection program.



DX銘柄2023
Digital Transformation

DX Certification System

The DX Certification system is based on the Act on Partial Revision of the Act on Facilitation of Information Processing. In 2021, Tokyo Century was certified by the Ministry of Economy, Trade and Industry (METI) through this system, indicating that the Company is implementing superior initiatives based on the guidelines for information system implementation and management. This certification was renewed in March 2023.



Platinum Kurumin Certification

In 2017, Tokyo Century was accredited with Platinum Kurumin certification by the Ministry of Health, Labour and Welfare as a company pursuing high quality initiatives for supporting childrearing.



2023 Certified Health & Productivity Management Outstanding Organization

The Certified Health & Productivity Management Outstanding Organizations Recognition Program established by the Ministry of Economy, Trade and Industry recognizes corporations, particularly large enterprises, small and medium-sized enterprises, and other businesses, for their excellent health and productivity management. The program is assessed on the basis of initiatives tailored to local health issues and health promotion initiatives promoted by the Nippon Kenko Kaigi.



PRIDE INDEX

The PRIDE INDEX was established by work with Pride in 2016 to encourage the development of better workplace environments for members of the LGBTQ+ community. Tokyo Century received a rating of silver in the 2022 iteration of this index.



Certification as an Approved Operator Making Excellent Efforts in the ESG Lease Subsidization Program

Among the designated lease operators in the Ministry of the Environment's ESG lease subsidization program for building a decarbonized society, the Ministry of the Environment recognizes those operators whose ESG lease initiatives are outstanding as approved operators making excellent efforts. Tokyo Century is one such recognized company.



Tokyo's Model Company for Disaster Prevention Measures

The Tokyo Metropolitan Government certifies companies that actively work to prevent employees from returning home at the same time in the event of a disaster. The purpose of this measure is to prevent problems with lifesaving and rescue activities and secondary damage. Tokyo Century was selected as a model company for its work on this initiative in Tokyo in fiscal 2021, in recognition of its outstanding efforts that have a particularly large influence on society.



Participation in External Initiatives

<p>Signing of the United Nations Global Compact</p>	<p>Tokyo Century became a signatory to the United Nations Global Compact in May 2018. An international initiative spearheaded by the United Nations, the Global Compact invites companies and organizations to participate on a voluntary basis. Signatories exercise creative and responsible leadership and act as good citizens to contribute to the development of global frameworks for realizing sustainable growth.</p> <p>Moreover, the Global Compact requests that signatories adhere to its Ten Principles in the four areas of human rights, labour, environment, and anticorruption. Through ongoing efforts to live up to these principles, we aim to contribute to the creation of an environmentally sound, sustainable economy and society.</p>	<p>WE SUPPORT</p> 
<p>Endorsement of TCFD recommendations</p>	<p>Tokyo Century announced its endorsement of the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) in April 2021. We have since been disclosing information based on TCFD recommendations.</p> <ul style="list-style-type: none"> ■ For more information, please refer to the TCFD official website. https://www.fsb-tcfd.org/ 	
<p>Membership in the TCFD Consortium</p>	<p>An initiative advanced by corporations and financial institutions that endorse the TCFD recommendations, the TCFD Consortium was established to provide a forum for discussions on effective climate-related financial disclosure methods and initiatives to utilize disclosed information in making appropriate investment decisions by financial institutions.</p>	
<p>Joining of the GX League</p>	<p>Tokyo Century joined the GX League in April 2023.</p> <p>The GX League was established by the Ministry of Economy, Trade and Industry. It acts as a forum where a broad group of companies engaged in green transformation, including players in the governmental, academic, and economic spheres, cooperate to discuss the transformation of the overall economic and social system as well as to create new markets suitable for achieving carbon neutrality by 2050.</p>	
<p>Signing of Principles for Financial Action for the 21st Century</p>	<p>In May 2016, Tokyo Century signed the Principles for Financial Action toward the Formation of a Sustainable Society (Principles for Financial Action for the 21st Century), an initiative encouraging financial institutions to incorporate seven ESG principles into their financial activities.</p> <p>We take the environment and society into account in our activities based on these principles for contributing to the realization of a sustainable society.</p>	
<p>Support for Fun to Share initiative</p>	<p>Tokyo Century has been supporting the Fun to Share initiative since March 2014. The Fun to Share initiative is a climate change response campaign advanced by the Ministry of the Environment to contribute to the realization of a decarbonized society.</p> <p>The slogan of the Fun to Share initiative translates as, "Let's share the latest insights on global warming response measures to create a decarbonized society."</p>	
<p>Membership in Platinum Society Network</p>	<p>Tokyo Century became a member of the Platinum Society Network in August 2022.</p> <p>The Platinum Society Network defines a "platinum society" as a "a flourishing and sustainable society in which the global environment is protected and everyone is able to achieve self-actualization." A characteristic of the network in its quest to achieve such a strategy is how it aids in the formation of solutions by establishing networks among industry, government agencies, companies, academic organizations, and private citizens and encouraging coordination between regions and entities that share its platinum Society vision.</p>	