

December 22, 2021

TOKAI Holdings Corporation

Katsuhiko Tokita, President & CEO

(Code No. 3167 Tokyo Stock Exchange First Section)

## TOKAI Group Sustainability Declaration

TOKAI Holdings Corporation today announced that it has adopted the TOKAI Group Sustainability Declaration.

Under its corporate philosophy, which states “For customers’ livelihood, and together with local communities and the earth, we will continue to grow and develop,” the TOKAI Group has been striving to provide customers with *safety and security, convenience and comfort, and joy and meaningfulness of life.*

At present, society faces diverse issues, including climate change, growing concern about safe, secure lives, further progress in technological innovation, changes in the social structure attributable mainly to the declining birthrate and the aging of the population, and changes in lifestyle that have resulted from the COVID-19 pandemic. The TOKAI Group has been proactive in taking initiatives on Sustainable Development Goals (SDGs) and environmental, social, and governance (ESG) measures. The Group has taken the 10th anniversary of its transition to a holding company structure as an opportunity to discuss social issues it should address, solutions that are expected, and other steps for building a sustainable society in the future, by once again reviewing its past activities. Based on the above, the Group has adopted the TOKAI Group Sustainability Declaration. By following this Declaration, the Group will strive to solve social issues through its business activities.

TOKAI Holdings Corporation has set the following six material issues (priority issues):

- 1) Decarbonization and clean energy
- 2) Building a smart society
- 3) Creating the foundation of life
- 4) Harmonious coexistence with local communities and social contribution
- 5) Highly motivating workplace environment with a high level of job satisfaction
- 6) Governance

The company has set action assignments and targets to achieve by 2030 for the respective material issues.

The company also passed a resolution today to set up a Sustainability Promotion Committee as an advisory body to its Board of Directors, so as to evaluate and review initiatives taken to achieve the targets.

Outline of the TOKAI Group Sustainability Declaration is as follows.

# Outline of the TOKAI Group Sustainability Declaration

## 1. Basic Sustainability Policy

**Passing down *safety and security, convenience and comfort,*  
and *joy and meaningfulness of life* as the foundation of life to future generations**

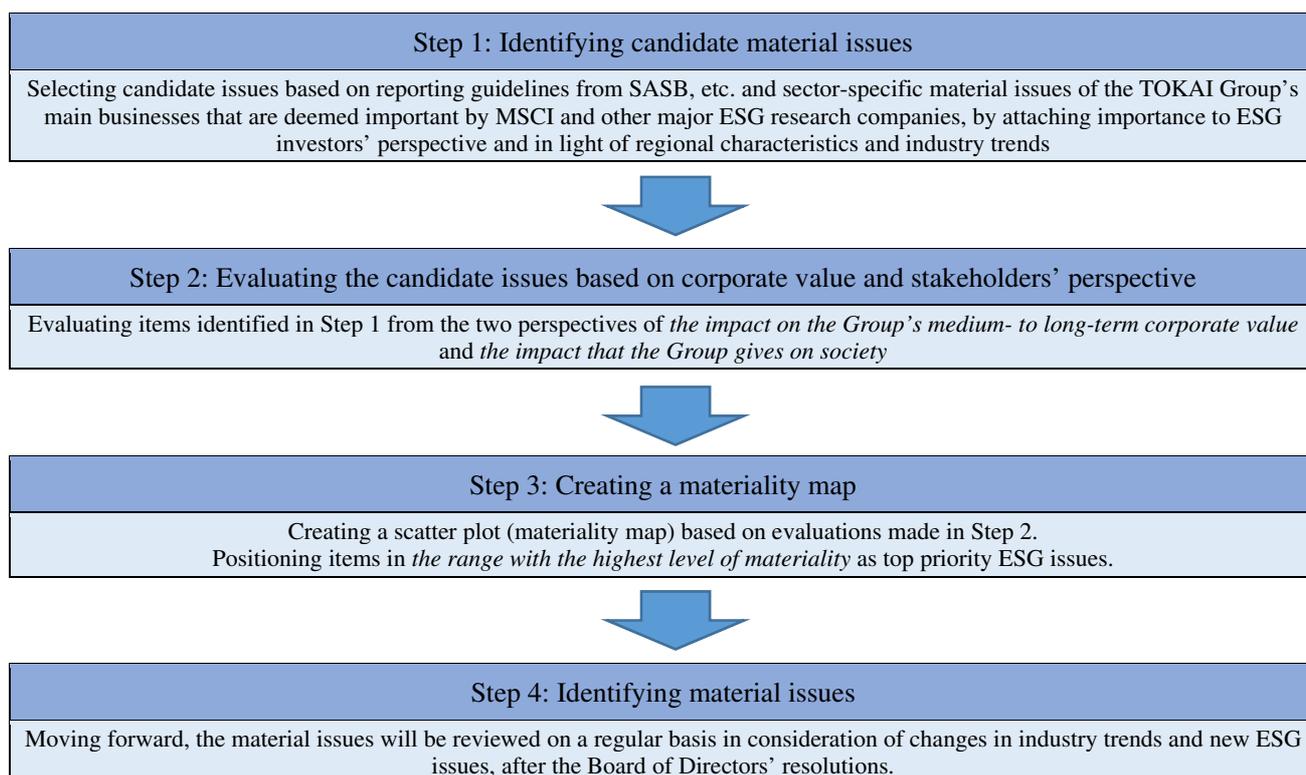
As a corporate entity that provides comprehensive support for lifestyles, we contribute to building a society in which all people can feel *safety and security, convenience and comfort,* and *joy and meaningfulness of life* and in which the younger generation can develop themselves by pursuing their dreams, while being actively involved in solving social issues, including global environmental challenges, in our efforts to improve our corporate value.

## 2. TOKAI Group's material issues (priority issues)

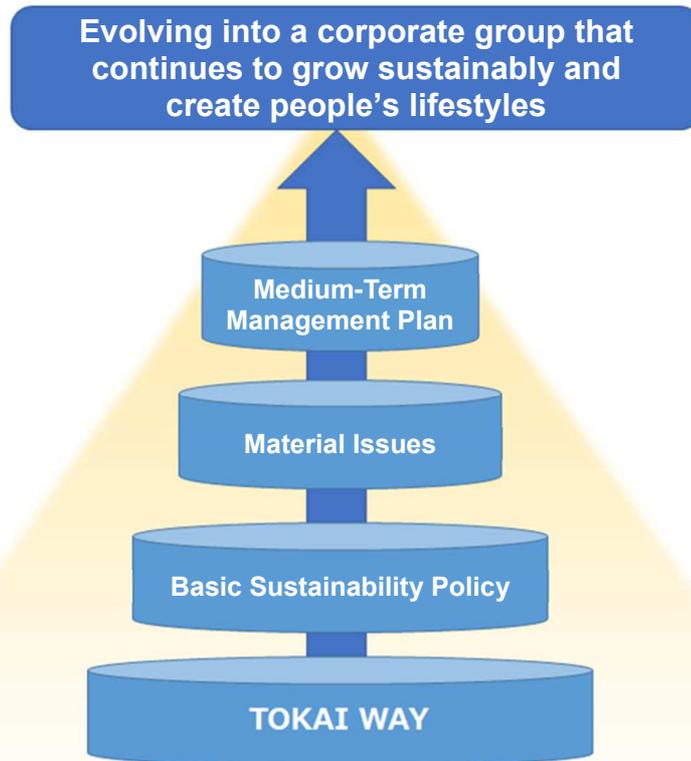
The TOKAI Group has identified six material issues (priority issues) for driving its sustainability initiatives.

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| 1) Decarbonization and clean energy  | Take on challenges in pursuit of achieving carbon neutrality by 2050.                              |
| 2) Building a smart society  | Create people's lifestyles through DX and collaborative creation.                                  |
| 3) Creating the foundation of life   | Help people lead lives with <i>safety and security</i> as well as <i>convenience and comfort</i> . |
| 4) Harmonious coexistence with local communities and social contribution         | Bring <i>joy and meaningfulness of life</i> to local communities.                                  |
| 5) Highly motivating workplace environment with a high level of job satisfaction | Build an environment where anyone can enjoy working.   |
| 6) Governance  | Ensure sound corporate management.   |

### ● Process of identifying material issues (priority issues)



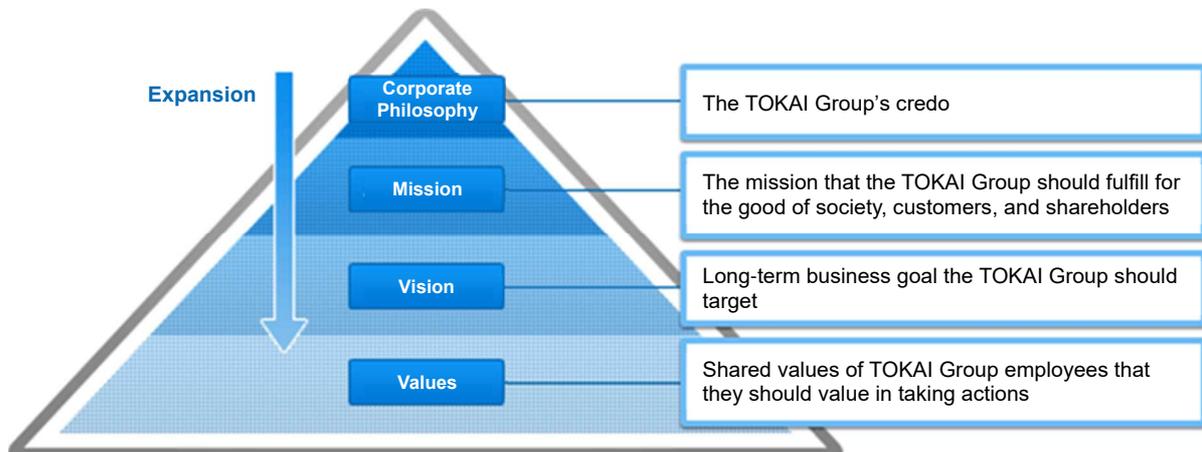
- Basic policy for sustainability and positions of material issues



At the same time as its transition to a holding company structure in April 2011, the management and employees of the TOKAI Group worked together and formulated the TOKAI-WAY as its corporate philosophy. The TOKAI-WAY consists of four layers: Corporate Philosophy, Mission, Vision, and Values. All employees of the Group share it and strive to put it into practice.

Based on this TOKAI-WAY, the Group has formulated its Basic Sustainability Policy and identified material issues (priority issues). The TOKAI Group will reflect the material issues (priority issues) in its medium-term management plan (Innovation Plan 2024 “Design the Future Life”) and take a direction that is in step with the times, aiming to be a corporate group that continues to grow sustainably and create people’s lifestyles.

- TOKAI-WAY



<https://www.tokaiholdings.co.jp/corporate/philosophy.html>

### 3. Major targets (non-financial indexes)

The company has set the following major targets for proceeding with the above initiative.

#### 2030 targets

- Reduce CO<sub>2</sub> emissions generated from our operating activities by the equivalent of 70% (compared with FY2020 levels)
- Reduce household gas CO<sub>2</sub> emissions by the equivalent of 50% (compared with FY2020 levels)
- Reduce paper usage by 90% (compared with FY2020 levels)
- Reduce the turnover rate of long-term care to 0%
- Maintain zero serious industrial accidents
- Increase the ratio of female managers to 10% (FY2020: 1%)

### 4. Establishment of Sustainability Promotion Committee

The company has set up a Sustainability Promotion Committee as an advisory body to its Board of Directors, so that the management of the TOKAI Group will plan, propose, implement, evaluate, and review initiatives based on the material issues.

The Group will continue to drive sustainability initiatives to help solve social issues, including climate change, as a business operator that offers local communities support for comfortable lifestyles.

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# TOKAI Group's material issues (priority issues)

Materiality (priority issues)	Challenges to address	Goal to be achieved by 2030
<b>1 Decarbonization and clean energy</b> Take on challenges in pursuit of achieving carbon neutrality by 2050. 	<b>1</b> Reduction of CO <sub>2</sub> emissions <b>2</b> Spread of clean energy <b>3</b> Promotion of resource recycling	Reduce CO <sub>2</sub> emissions generated from our operating activities by the equivalent of 70% (compared with FY2020 levels) Reduce household gas CO <sub>2</sub> emissions by the equivalent of 50% (compared with FY2020 levels). Achieve carbon neutrality (2050) Switch electricity consumption related to our own business activities to renewable energies at 100%. Install household solar power systems to 48 thousand households. Expand solar power generation project through additional installation of mega-solar power systems. Expand sales of carbon-neutral city gas. Maintain the 100% reuse rate of aqua servers and returnable bottles.
<b>2 Building a smart society</b> Create people's lifestyles through DX and collaborative creation. 	<b>4</b> Development of digital workplace <b>5</b> Sophistication of digital marketing <b>6</b> Creation of open innovations	Promote paperless * Reduce paper usage by 90% (compared with FY2020 levels). Reduce the attendance rate by 50% and the office floor area by 40% through promotion of teleworking. Pursue customer understanding and improve customer experiences by using D-sapiens (number of customers: 3.56 million; number of TLC members : 1.5 million * In 2024) Providing new value through collaborations and co-creation with start-ups, etc. Expand investments in new areas. Enrich new services as the foundation of life.
<b>3 Creating the foundation of life</b> Help people lead lives with safety and security as well as convenience and comfort. 	<b>7</b> Stable procurement and supply of gases and aqua <b>8</b> Satisfaction of overseas energy demands <b>9</b> Optimization of information communication networks <b>10</b> Provision of a dwelling environment in which people can live for a long time <b>11</b> Protection of privacy and data security	Decentralize gas suppliers. implement 100% earthquake resistance of city gas pipes. Decentralize water sources and aqua manufacturing facilities. Maintain and strengthen disaster preventive measures and BCP countermeasures. Expand our business to Southeast Asia such as Vietnam. Extend optical fiber trunk cables. Promotion optical CATV networks (FY2020: 90%) Popularize OTS houses. Form a smart community village where people live by using natural energy + autonomous distributed energy. Expand the business of reform for earthquake resistance and caretaking. Keep certified by the ISO27001 standards Maintain zero information-related incidents (level 3) that affect individual projects.
<b>4 Harmonious coexistence with local communities and social contribution</b> Bring joy and meaningfulness of life to local communities. 	<b>12</b> Dialogues with local communities and contribution to development <b>13</b> Social contribution activities	Expand cooperation with autonomous bodies in our projects to a total of 150 bodies to contribute to local communities (FY2020: total 95 autonomous bodies in 17 projects) Promote welfare and clean-up activities through cooperation with local organizations. Contribute to education, cultures, and arts, etc. Enhance the scholarship system by TOKAI Group Fujisan Scholarship Foundation.
<b>5 Highly motivating workplace environment with a high level of job satisfaction</b> Build an environment where anyone can enjoy working. 	<b>14</b> Creating pleasant workplaces <b>15</b> Diversity & inclusion and equal opportunity <b>16</b> Human resource development	Reduce the turnover rate of long-term care to 0%. Maintain zero serious industrial accidents. Enhance responses to changes in labor environment (e.g. flex, remote, and short-time working). Strengthen promotion of healthy management Increase the ratio of female managers to 10% (FY2020: 1%). Actively promote women. Actively employ foreign nationals. Enhance stratified human resource development training and E-learning. Improve qualification allowance.
<b>6 Governance</b> Ensure sound corporate management. 	<b>17</b> Enhancement of corporate, group governance <b>18</b> Compliance, risk management, and corruption prevention, etc. <b>19</b> Implementation of ethical procurement based on environmental conservation, etc.	Establish advisory boards when needed. Assign outside directors at 1/3 or higher of the board members. Diversify the directors. Implement regular training for management provided by the Group Compliance & Risk Management Committee. Establish and comply with the Human Rights Policy and CSR Procurement Policy, etc. by the end of FY2022.