

CSR

Fuyo Lease
Group's
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Environmental
Report



Social
Report



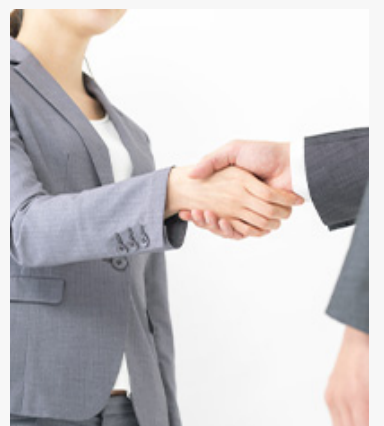
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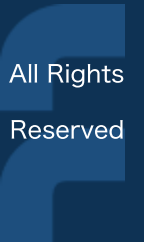
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Message from the President

We aim to achieve sustainable growth by creating both social and corporate value through new businesses that respond to the changes in society.



President & Chief Executive Officer Yasunori Tsujita

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Sustainable Growth through Frontier Expansion

Fuyo Lease Group's five-year Medium-term Management Plan, Frontier Expansion 2021, is now in its third year. For the first three years, including this fiscal year, which marks the halfway point of the Plan, we have been working to deliver results in our existing businesses, including lease and finance, and expanding our strategic areas as well as building a new business platform. We have been developing a framework that allows us to grow sustainably by incorporating the concept of zone management into business portfolio management and working proactively to create new business value by solving social issues. Building on the activities carried out to date, we will pursue significant growth in new business areas, which will enable us to further deploy our corporate slogan "Go where no one has gone before" towards FY 2021, the final fiscal year of the Plan.

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Fiscal Year 2018 Review

During the FY 2018 Japan's economy maintained moderate growth, due to progress in streamlining and labor-savings through capital investments to address labor shortages, in addition to a recovery in consumer spending driven by improvements in employment and income. In the leasing industry, lease transactions in FY 2018 increased by 2.8% year-on-year to ¥5,012.9 billion (statistics provided by the Japan Leasing Association).

Based on this background, the Group continued to post record earnings in FY 2018, following the trend from FY 2017, with total revenue of ¥618.1 billion, up 4.7% year-on-year, and operating profit of ¥39.2 billion, up 11.3% year-on-year. This result was mainly due to the accumulation of assets in the Real Estate and Aircraft businesses together with the conversion of INVOICE Inc., a Business Process Outsourcing (BPO) service provider, into a consolidated subsidiary.

Together with growth in the Mediumterm Management Plan's strategic areas, new developments have started to appear on the horizon in the third year.

Under the Medium-term Management Plan, Frontier Expansion 2021, based on the concept of zone management, we are operating our businesses while looking towards the future in order to select strategic areas on which to focus (see figure on the following page). Zone management entails segmenting our business operations into four zones that are managed in different ways. More specifically, following a comprehensive assessment of factors such as future business prospects, the Group's strengths, and business foundations, we have positioned the following six strategic areas of Real Estate, Medical/Social Welfare, Energy/Environment, Aircraft, Overseas, and New Domains as parts of the Transformation Zone (a zone in which to expand new businesses). These six areas continue to expand steadily as drivers of profit growth.

The most significant result achieved in the past year is that the BPO service began to take shape as a specific strategic area of New Domains. The BPO service is a service that processes some or all of business operations on behalf of other companies. Through outsourcing these operations, the client company can concentrate their business resources, including employees, on high value-added core activities in order to streamline their operations and improve their productivity.

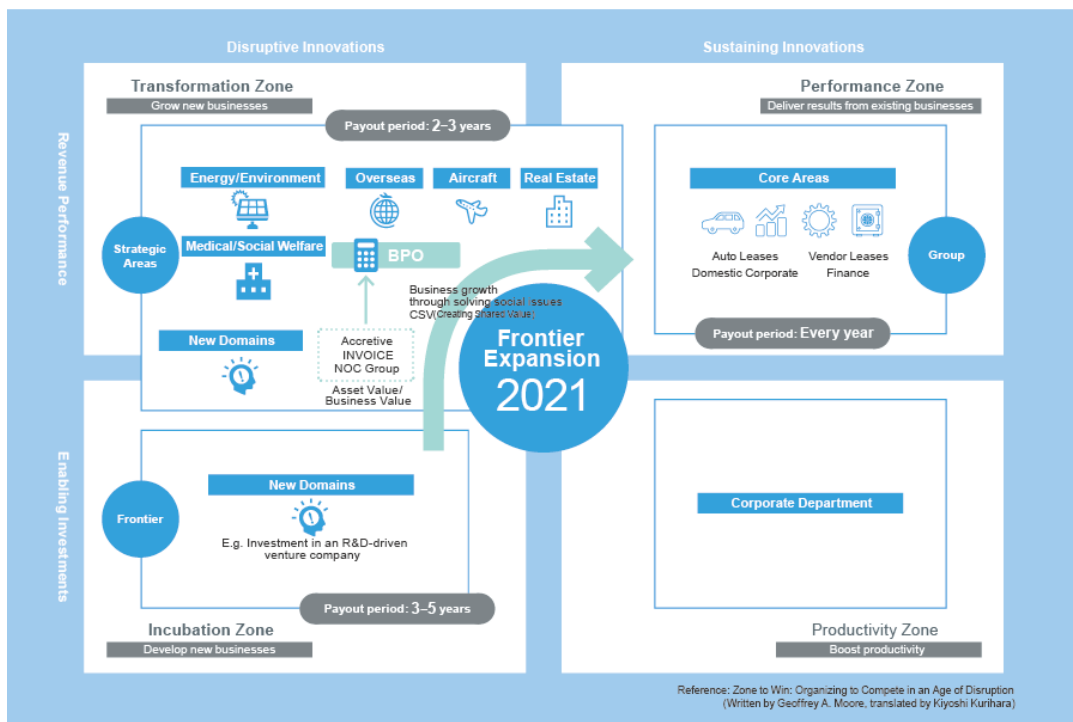
With the aim of enhancing our BPO services, we converted INVOICE Inc. and NOC Outsourcing & Consulting Inc. into consolidated subsidiaries in October 2018 and August 2019, respectively. In addition to Accretive Co., Ltd., an early payment factoring services provider, both INVOICE Inc., an integrated billing service provider, and NOC Outsourcing & Consulting Inc., a back-office service provider with a wide range of operations, joined the Group. Consequently, we aim to establish a leading position in BPO services in the accounting and settlement fields. While Japanese

companies face urgent challenges including labor shortages and responding to work-style reform, we are confident that the Group's BPO services can provide solutions to these challenges.

Energy/Environment is another strategic area where progress has been made over the past year. In the solar power business, two additional solar power plants started commercial operation in FY 2018, bringing the total number of solar power plants currently in operation to 32. These solar power plants generate a total of 140 MWdc of electricity, enough to power some 40,000 households. We also plan to operate a new power plant in Fukushima Prefecture in FY 2019, which will be the first solar power business in a "difficult-to-return zone" affected by the Great East Japan Earthquake.

We believe that disseminating renewable energy is our social mission. In September 2018, we became the first Japanese general leasing company to join RE100^{*1}. By participating in RE100, we set a goal of switching 100% of the electricity consumed in the Group's business activities to renewable energy.

As part of our efforts to spread renewable energy, we announced the Fuyo RE Action Support Program in June 2019, which is a new way to raise funds through green bonds^{*2} from investors who are interested in ESG investments. The raised funds can be used to fund companies and organizations that participate in the 100% Renewable Electricity Declaration RE Action, a new framework for the 100% renewable energy initiative, which small- and medium-sized enterprises can participate in. The significance of this program has been recognized by the Ministry of the Environment and it was selected as a model case for issuing green bonds. Through this program, we will financially support the spread of renewable energy across the country.



Our View on Creating Shared Value (CSV) to Promote Growth

It is important to proactively continue zone management for the Group's sustainable growth. We will actively develop new business areas for the future in an Incubation Zone, which we will use to establish and secure high-performance businesses that can capture clients and markets.

The key to achieving this goal is the concept of CSV^{*3}. CSV is about being actively involved in solving social issues and at the same time aiming for business growth. Growth in the business areas of BPO services and Energy/Environment over the past year was achieved based on the idea of looking at social issues from a CSV perspective and providing solutions to the issues through businesses.

In order to externally show our willingness to play an active role in solving social issues, we signed the UN Global Compact^{*4} in January 2018. We believe that we can capture the growing blue ocean market if we can provide solutions that leverage our strengths for the social issues presented in the Sustainable Development Goals (SDGs)^{*5} and respond to the new requests of society.

In April 2019, we established the Creating Shared Value (CSV) Promotion Office and started carrying out activities that will enable these ideas to take root across the Group. I continuously deliver messages to employees myself on the concept of CSV, and how to put it into practice.

We believe the ideal way for the Group to grow its businesses is to create more profit opportunities for sustainable growth by continuing to provide solutions to multiple social issues with the concept of CSV in mind, like flowers that bloom and bear fruit throughout the four seasons.



Towards the Long-Term Distribution of Profits to Shareholders and Sustainable Growth

With performance and management indicators taken into account, we paid a cash dividend of ¥188 per share for the fiscal year ended March 2019, which is an increase of ¥42 year-on-year with a payout ratio of 22.1%. For the fiscal year ending March 2020, we forecast a cash dividend of ¥200 per share, an increase of ¥12, with a payout ratio of 23.2%. With the aim of promoting business strategies such as M&A and achieving further growth, we will work on returning profits to shareholders by continuing to pay stable dividends on a long-term basis while strengthening our management foundation and financial health by enhancing shareholders' equity.

Typical of a non-manufacturing company, our people are important assets. We have introduced various systems that contribute to work-style reform in order to improve productivity and create a pleasant working environment, thus retain personnel. We have established a working group with the participation of employees to incorporate their views into the process of building various systems, resulting in the introduction of the staggered hours program. In FY 2018, about half of our employees used this program. It is crucial to secure diverse personnel in order to respond to the changing society. The Group focuses on inhouse employee training to develop personnel with expertise and actively recruits from outside of the company.

We are committed to striving for continuous growth by expanding our business horizons in response to the changes in society, with a focus on leasing and financing. Under our corporate slogan, “Go where no one has gone before,” we will work to put the concept of CSV into practice and devote ourselves to becoming a company that continues to provide value to stakeholders.

- *1 RE100: An international initiative aimed at sourcing 100% renewable energy for all business activities.
- *2 Green bonds: Bonds issued by companies and organizations to fund projects that generate environmental benefits and preventing environmental pollution, including constructing and retrofitting businesses with renewable energy and energy-saving facilities. Due to the limited usage purposes of the raised funds, green bonds clearly illustrate the intent of funders.
- *3 CSV: Creating Shared Value, a concept that aims to capture and balance both economic and social value.
- *4 UN Global Compact: An international framework to achieve sustainable growth, comprising of 10 principles including approaches to environmental challenges and protecting human rights.
- *5 SDGs (Sustainable Development Goals): Goals to achieve a sustainable world advocated by the UN. The agenda includes a set of 17 goals, 169 targets and a pledge to “Leave No One Behind.”

Management Philosophy

- We support corporate activities through our leasing business with view to contributing to development of the society.
- We maintain customer's first philosophy, providing best services.
- We aim to earn high marks from shareholders and markets while pursuing creativity and innovation.
- We create a challenging and rewarding workplace where employees think and act on their own.

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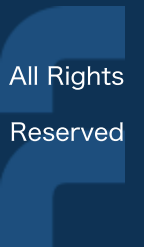
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Our Thoughts on CSR

Practicing CSR based on our Management Philosophy

Based on our Management Philosophy, the Fuyo Lease Group focuses on supporting "corporate activities through our leasing business with view to contributing to development of the society" as the foundation of CSR activities that need to be prioritized and addressed. We are working together as a group to carry out these activities.

Contributing to the society through leasing business

We use various financial functions including leases to support customers' capital investments to solve environmental and social issues. We also contribute to the creation of a closed loop society through the 3Rs (reduce, reuse, recycle) of assets whose leases have expired.

Through the use of various financial functions, we support customers' capital investments to solve environmental and social issues

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Fuyo Lease supports customers' capital investments through the use of various financial functions, which leads to solving of the various issues society faces.

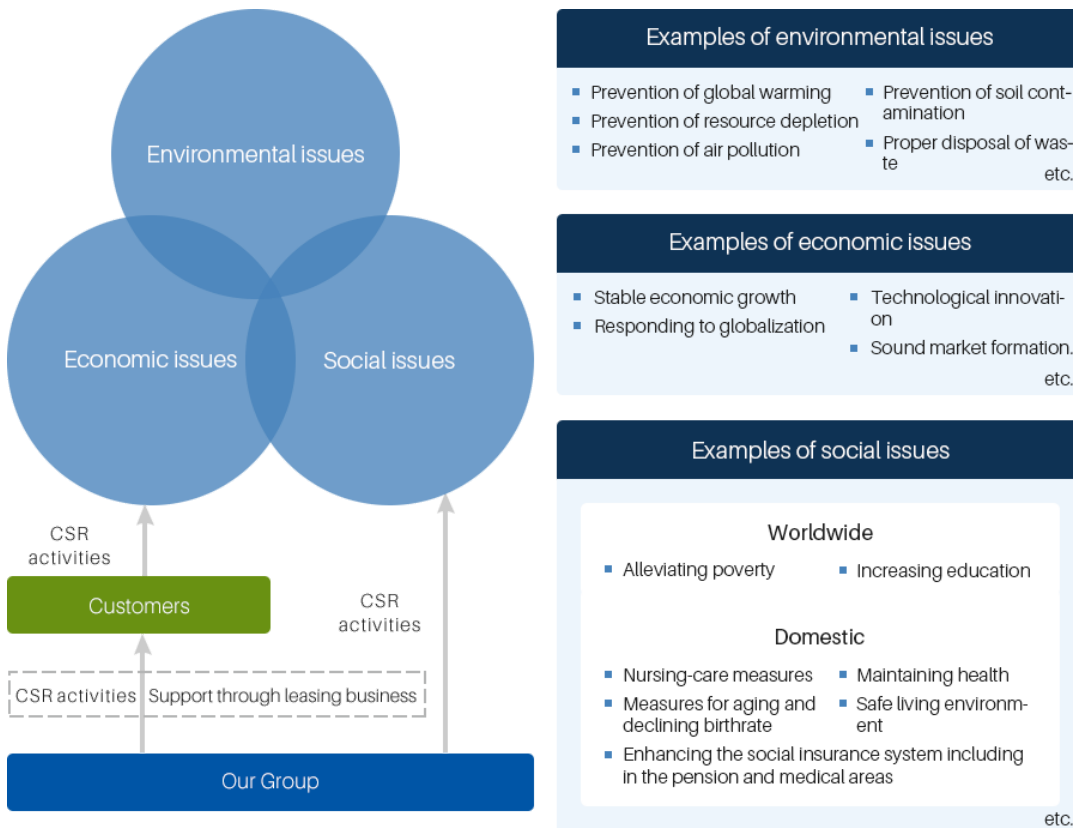
We support environmentally-friendly, healthy, and safe lives. For example, in regards to the environmental impact, we engage in the leasing of energy-saving equipment, renewable energy equipment, leasing eco-cars and the ESCO (Energy Service Company) service among others. In regards to support for social life, we lease medical equipment, food-related equipment, aircraft, railroad equipment, and disaster prevention- and crime prevention-related equipment.

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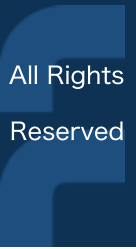
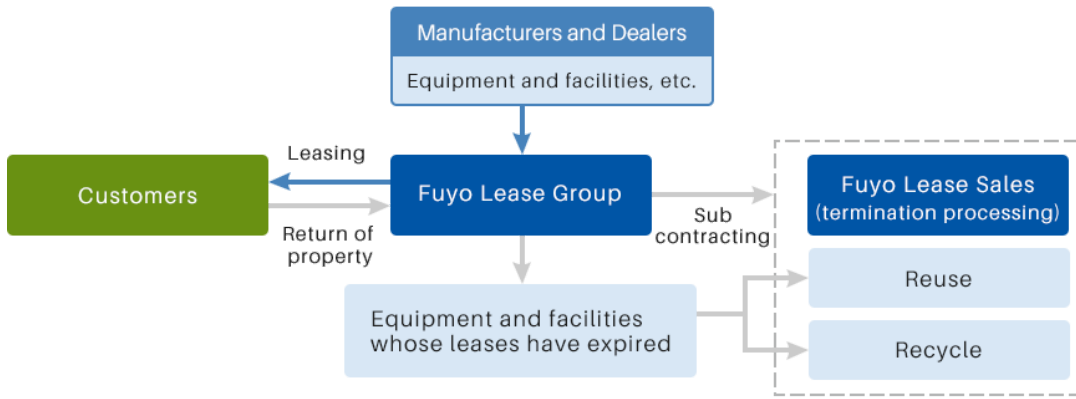
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Promote 3Rs for assets whose leases have expired and contribute to the creation of a closed loop society

We contribute to the creation of a closed loop society by promoting the reduction of industrial waste, as well as the reuse and recycling of equipment and machinery that have been returned after the end of their lease periods.



Materiality

In order to realize a sustainable society, the Fuyo Lease Group has identified issues to be solved through the Group's businesses as Material Issues (important issues to be addressed), taking into consideration their impacts on society and stakeholders with reference to the SDGs proposed by the United Nations. We will contribute to creating a prosperous and sustainable society by enhancing shared values between society and companies through our efforts along with identified Materiality.

Identifying Materiality

STEP 1 Identifying issues

Based on the SDGs, we created a list of issues relevant to our corporate group from a global standpoint. We then conducted an external environment analysis referring to ESG indexes to identify issues which could influence our group.



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STEP 2 Assessing materiality from the stakeholders' point of view

We quantitatively analyzed the magnitude of the impact that the issues identified in Step 1 could have on our company from the viewpoint of investors and other stakeholders.



STEP 3 Assessing materiality for our business operations

We conducted an internal environment analysis on the issues identified in Step 1 while giving due consideration to our Medium-term Management Plan, Code of Corporate Conduct and other guidelines. The analysis evaluated how big a contribution each of our businesses could make to solving these issues and the potential impact on our financial performance.



STEP 4 Identifying priority issues

After prioritizing issues in light of Steps 2 and 3, we identified priority issues. Finally, the top management reviewed and approved the identified priority issues.

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Materiality for Fuyo Lease Group

Following the Materiality identification process shown above, we identified Goal 3, 5, 7, 8, 11, 12, and 13 as the most important strategic goals.




KPIs and Targets of Materiality (Creation of Shared Value through Business Activities)


Responding to climate change issues and renewable energy

Themes of Initiatives	KPIs			Contributing to society and the environment (outcome)	Relevant SDGs
	Results and plan (output)				
		FY 2018 Results	Targets		
Expand supply of renewable energy	Supplying clean energy through the solar power generation business	140MWdc	FY 2021 target: 200MWdc	Estimated CO2 reduction 70,242 t-CO2 (FY 2018)	 
Convert power consumed by the Fuyo Lease Group into renewable energy	Setting targets and promoting the use of renewable energy in business operations	Participated in RE100 Started reviewing utilization of renewable energy	2030 target: 50% 2050 target: 100%	Promoting the use of renewable energy through showcasing customer's experiences	
Provide support for the wider use of renewable energy through the provision of financial services	Providing financial services to companies participating in "the 100% Renewable Electricity Declaration RE Action"	-	FY 2019 target: Starting service provision for "the Fuyo RE Action Support Program"	Providing financial services to companies participating in the RE Action in support of their renewable energy initiatives	
	Operating assets of the Energy/Environment businesses (excluding solar power generation business)	¥24.6 billion	FY 2021 target: ¥36 billion	Promoting renewable energy and energy saving	
Promote cutting-edge renewable energy-related technologies	Offering support to renewable energy-related technology venture companies	Invested in Exergy Power Systems (June 2018) and NExT-e Solutions (March 2019)	Offering support for selling and providing services for new technologies and products	Disseminating advanced renewable energy-related technologies	


Promoting health and wellbeing

Themes of Initiatives	KPIs			Contributing to society and the environment (outcome)	Relevant SDGs
	Results and plan (output)				
		FY 2018 Results	Targets		
Expand access of medical, elderly nursing-care, and welfare services	Operating assets of Medical/Social Welfare businesses	¥74.5 billion	FY 2021 target: ¥80 billion	Improving both the quantity and quality of medical, elderly nursing-care, and welfare services	
Support medical institutions with their management	Balance of factoring for medical and nursing-care receivables (balance of FPS Medical by Accretive)	¥10.4 billion	FY 2021 target: ¥25 billion	Helping medical institutions to achieve financial stability by meeting their funding needs	
Promote cutting-edge healthcare technologies	Offering support to medical venture companies	Acquired FUJITA as a subsidiary	FY 2019 results: Invested in Japanese Organization for Medical Device Development	Disseminating advanced medical technologies	


Developing safe and livable cities and providing transportation

Themes of Initiatives	KPIs			Contributing to society and the environment (outcome)	Relevant SDGs
	Results and plan (output)				
		FY 2018 Results	Targets		
Promote environmentally-friendly urban scape and residential space	Operating assets of real estate leases (Hotels, leisure and service facilities, commercial facilities, distribution facilities, etc.)	¥421.9 billion	FY 2021 target: ¥480 billion	Supplying environmentally-friendly assets	
Contribute to expanding the volume of safe, inexpensive, and fast transportation	Number of aircraft owned by the Group	35	FY 2021 target: 70	Transportation capacity: 8.8 million people *1 per year (FY 2018)	



Achieving economic growth and fulfilling work

Themes of Initiatives	KPIs			Contributing to society and the environment (outcome)	Relevant SDGs
	Results and plan (output)				
		FY 2018 Results	Targets		
Support corporate activities through leasing business, contribution to social development	Operating assets	¥2,262.8 billion	FY 2021 target: ¥2,500 billion	Providing right-to-use and/or possessory rights to customers through leases, and outsourcing of processes and procedures associated with ownership	
Improve management efficiency, overcome labor shortage, and address work-style reform	Expansion of BPO business	Acquired INVOICE as a subsidiary Collaborated with MerryBiz	FY 2019 results: Acquired NOC Outsourcing & Consulting as a subsidiary Building of the BPO promotion system	Assisting customers to improve productivity and to shift to high-value added business operations	

Contributing to the creation of a circular society

Themes of Initiatives	KPIs			Contributing to society and the environment (outcome)	Relevant SDGs
	Results and plan (output)				
		FY 2018 Results	Targets		
Promote 3Rs (reduce, reuse, and recycle) for leased assets after the end of their lease period	Reuse and recycle rate for returned PC	100%	FY 2019 target: 95% or more	Reducing waste and promoting a circular society	
Reduce the impact on the environment through proper waste disposal	Proper disposal of industrial waste	Proper disposal of all waste	Same as column to the left	Reducing our environmental impact by ensuring proper disposal of waste	

Diversity and work-style reform

Themes of Initiatives	KPIs			Contributing to society and the environment (outcome)	Relevant SDGs
	Results and plan (output)				
		FY 2018 Results	Targets		
Improve work-style to pursue efficiency and productivity	Rate of taking annual paid leave (non-consolidated)	68.4%	FY 2021 target: 80%	Improving work-style to pursue efficiency and productivity	 
Promote work-life balance	Platinum Kurumin certification (non-consolidated)	Maintained Certification		Creating a work environment where employees can keep a good work-life balance and supporting the development of the next generation of workers	
Empower women in workplaces and develop human resources with diverse strengths	Number of female managers (non-consolidated)	36	FY 2021 target: 40	Ensuring that female employees can realize their full potential in the workplace	
Improve job satisfaction	Rate of job satisfaction ^{*2} (consolidated)	87.3%	Steady improvement	Increasing productivity and added value by enhancing job satisfaction	

*1 Calculated independently from the breakdown of aircraft possessed and figures published by aircraft manufacturers, etc

*2 Percentage of employees who rated 4 or above (on a scale of 1 to 5) for at least one job satisfaction question out of 6 in the Employee Satisfaction Survey

Fuyo Lease Group and Its Stakeholders

The Fuyo Lease Group aims to solve social issues through its business operations as it paves the way to a sustainable society and sustainable business growth, while responding to the expectations of its stakeholders.

Stakeholder Dialogue

We believe that communicating with stakeholders is the key to accurately understanding various social issues and the role we are expected to play. We see communication as the bridge that brings us closer to stakeholders, and we use it to ensure that we live in harmony with people from all walks of life.



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Customers	Our management philosophy is to "always give first priority to the customer and provide the best service." In putting that philosophy into practice we work to enhance the level of satisfaction of all our customers, including users of our leasing services.
Suppliers and partners	We work together with suppliers of leased assets, business partners, and vendors to build and maintain fair and equal relationships that serve as fertile ground upon which everyone involved can grow.
Shareholders	Our basic policy is to return stable profits to shareholders on a long-term basis. We also disclose information in a timely, appropriate, and fair manner to ensure the transparency of our operations.
Industry organizations and competitors	We work with competitors to enhance the leasing business, improve services, and share information, for example, through the initiatives undertaken by the Japan Leasing Association.
Communities and NPO	We value communication with people, companies, NGO/NPO and other organizations not only in the areas where we operate but also with a host of communities that lie beyond, and engage in community-based activities as a responsible corporate citizen.
Natural environment	To address environmental issues, we actively implement environmental initiatives through our business activities and strive to minimize our environmental footprint.
National government, administrative authorities, etc.	We maintain appropriate relationships with the government of Japan, relevant ministries and agencies, and local governments. We also maintain sound relationships with the central governments and administrative authorities of countries where our overseas subsidiaries operate.
Financial institutions	We raise funds necessary for our operations by maintaining strong relationships of trust with financial institutions.
Employees and their families	We work to create a safe, happy, and vibrant workplace environment for our employees. In addition, we are building a better occupational environment where all employees can find their own optimal work-life balance and enhance the quality of both life and work.

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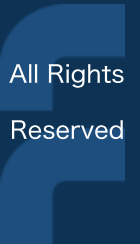
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Environmental Philosophy/ Environmental Policy

Environmental Philosophy

The Fuyo Lease Group acts with care to preserve the global environment based on its management philosophy of "supporting our customers' business activities, and contributing to the community through the leasing business," and promotes activities to address environmental issues in line with its environmental policy.

Environmental Policy

1. Protecting the global environment through leasing business

We endeavor to provide products and services that contribute to protecting the global environment in our business activities, including leasing, rental, and financial business.

2. Promoting resource and energy saving activities

We are aware of the environmental burdens associated with business activities and endeavor to engage in resource and energy saving activities and green procurement.

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3. Contributing to the development of a recycling society

We promote the reuse and recycling of goods no longer leased, restrict the generation of waste, and ensure proper disposal of waste.

4. Complying with environmental laws

We comply with environment-related laws and agreements to which the Fuyo Lease Group has agreed.

5. Establishing an environmental management system

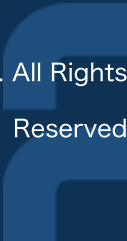
We promote continuous improvement of an environmental management system and endeavor to prevent environmental pollution by setting environmental targets.

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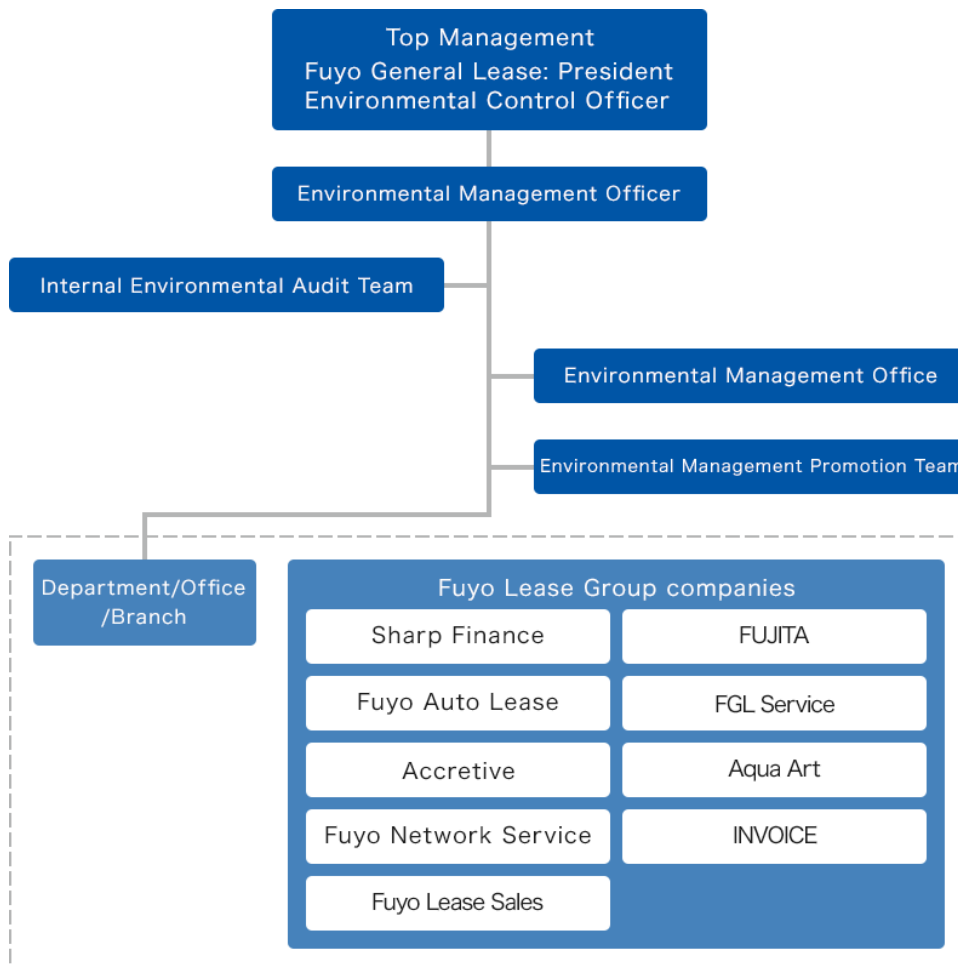
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Environmental Management

Environmental management system

Within the Fuyo Lease Group, the President of Fuyo General Lease serves as Chief Executive, and the Director responsible for the Creating Shared Value Promotion Office serves as Environmental Control Officer. The Group has an environmental management system structure that covers the Fuyo Lease Group companies.



Environmental management system structure

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Acquired ISO14001 certification

Fuyo Lease and Fuyo Lease Group companies acquired [ISO14001](#)

[See Glossary](#) certification for their main business offices in July 2006, passed a renewal audit for the fourth time in June 2018, and passed a regular audit in June 2019.

The current scope of certification is described below. In order to practice environmentally conscious management, we will continue striving to robustly implement our environmental management system.

ISO14001: 2015 scope of the acquired certification

- Fuyo General Lease: Head Office and Osaka branch (engaged in leasing business, installment sales, financing, and other financial service operations)
- Fuyo Lease Sales: Head Office and Tokyo 3R Center (processing re-leasing contracts as an agent, selling and disposing of lease-expired properties, and purchasing and selling used properties)
- Fuyo Network Service: Head Office and Hachioji Technical Center (selling computers, software and networking devices)
- FGL Service (engaged in non-life insurance agent business, contract sales administration, and contracted general affairs operations)

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ISO14001: 2015 Management System Certificate



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Appendix 1



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Internal environmental audit and external audit

The Fuyo Lease Group strives to continuously improve its environmental management system through activities such as internal environmental audits and external audits.

Internal environmental audit

Initially, after the introduction of the environmental management system, all the departments, offices, branches and Group companies were subject to an internal environmental audit every year. Over time, the environmental management system was spread throughout all of the Group companies. Therefore, since FY 2012, we have been conducting internal environmental audits on about half of the departments, offices, branches, and Group companies every year in rotation.

■ Audited departments and audit results

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Head Office Departments/ Offices	19 departments/ offices	9 departments/ offices	23 departments/ offices	14 departments/ offices	18 departments/ offices
Branches	-	-	1 branch	-	-
Group companies	1 company	None	3 companies	1 company	None
Major non-conformance	None	None	None	None	None
Minor non-conformance	None	None	None	None	None
Opportunities for improvement*	None	None	None	None	None
Good performance	5 cases	2 cases	None	None	None

* Opportunities for improvement: advice on making future improvements

External audit

In June 2019, we received an external audit for ISO14001 certification. We will continue making improvements by taking into consideration the audit results and advice we receive.

■ External audit results

Audit results	June 2015	June 2016	June 2017	June 2018	June 2019
Strong point	1 case	None	None	None	1 case
Good point	6 cases	2 cases	1 case	3 cases	1 case
Opportunities for improvement*	3 cases	2 cases	3 cases	1 case	1 case
Findings for improvement	None	None	None	None	None

* Opportunities for improvement: advice on making future improvements

Environmental education

The Fuyo Lease Group regularly provides environmental training to deepen the understanding of the environmental management system and to increase environment-related knowledge and skills.

The following table shows the implementation status for FY 2018.

Implementation status of environmental education (FY 2018)

	Training	Period	Number of Participants
Employee Training	Environmental e-learning	April 2018 – May 2018	999 employees
	Tokyo 3R Center Training Program	May 2018 and November 2018	44 employees
	Sanden Forest Biodiversity Training Program	May 2018	New employees 37 employees

In FY 2018, we conducted an environmental e-learning program targeting all employees to increase their knowledge of the latest environment-related information and environmental laws, and also implemented the Tokyo 3R Center Training Program targeting new employees and others who were interested, under which they had an opportunity to visit sites practicing 3R for lease-expired properties, in order to increase their understanding of the Group's environmental measures.



Tokyo 3R Center Training Program

■ Promoting taking the Eco Test

The Fuyo Lease Group is encouraging its employees to take the Certification Test for Environmental Specialists, Eco Test, in order to increase their environmental awareness.

In FY 2018, 11 employees passed the test, and as of the end of March 2019, a total of 282 employees have passed the test.

Promoting environmental education

■ Learning about biodiversity at Sanden Forest

Since FY 2013, Fuyo Lease has introduced an active learning module to the new employee training program in order to help participants learn about biodiversity as part of their environmental education. With the full cooperation of Sanden Co., Ltd., which has a 25-percent share of the global market for car air-conditioner compressors, we organized a visit to Sanden Forest's Akagi Plant for new employees in May each year. The number of new employees who visited the plant was 37 in 2018 and 31 in 2019. Leasing company employees learned about biodiversity, which they usually do not have an opportunity to experience.



Sanden Forest, located at the foot of Mt. Akagi in Gunma Prefecture, established in 2002, is the first major private plant using the neo-natural river reconstruction method* under the concept of the "harmonious coexistence of manufacturing plants and the natural



Sanden Forest's Akagi Plant

environment." Half of the site area, which is about fifteen times that of Tokyo Dome (a landmark in Tokyo for baseball games and various events, equivalent to 46,755m²), has been developed as a forest, and ongoing surveys have confirmed that biodiversity in the area has improved. In the training program, employees observe various environmental measures

incorporated in the production processes of the plant and then take a stroll around the surrounding forests and biotope. New employees learn about the advanced environmental activities of Sanden Co., Ltd. on-site in the training program, which provides a valuable experience for them to recognize the significance of environmentally conscious business activities.

- * Neo-Natural River Reconstruction Method: this is a method for manually creating the first stage of a process where nature restores an ecosystem using its original resilience.



Environmental Risk Management

In addition to ensuring compliance with laws and regulations concerning waste disposal, we conduct on-site surveys of companies contracted to dispose lease-expired properties in order to reduce environmental risks related to waste disposal.

Proper disposal of lease-expired properties

Fuyo Lease complies with laws such as Waste Management and Public Cleaning Law (Waste Management Act) and appropriately disposes of lease-expired properties that cannot be reused.

Furthermore, in addition to systematically conducting surveys to examine the waste disposal approaches and recycling activities performed by contracted disposal companies, we also thoroughly manage and utilize the manifests* of industrial waste management.

- * Manifest: a document or electronic data for examining whether waste has been disposed of appropriately. Waste generating business operators are required by the Waste Management Act to issue and collect, or register a manifest in order to confirm proper disposal of waste.

For more details, please refer to [the appropriate waste disposal](#) approaches being adopted by Fuyo Lease Sales, a group Company which have been contracted by Fuyo Lease to perform back-office tasks.

Compliance with environmental laws and regulations

Inspection Result	Cases
Violation of law	None
Environment-related complaints	None

The Fuyo Lease Group, through various environmental education activities, strives to ensure that all its officers and employees comply with environmental laws and regulations. Furthermore, the Group regularly conducts compliance checks concerning environmental laws and regulations, whereby the status of compliance with the environmental laws and regulations is confirmed. The FY 2018 compliance checks, covering the period between February 2018 and January 2019, were inspected in February 2019. In the checks, it was confirmed that there were no cases constituting a violation of laws and regulations, and that there were no cases involving environment-related complaints. Similarly, in previous years, there were no cases constituting violation of environmental laws and no cases involving environment-related complaints.

■ Obtained the highest-level ranking in the DBJ Environmental Rating for the eighth consecutive year

In FY 2018, as in the previous fiscal year, the Company obtained the highest-level ranking in the DBJ Environmental Rating* assigned by Development Bank of Japan, Inc. for the eighth consecutive year for its exceptionally advanced environmentally conscious approach.



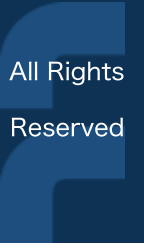
We were highly evaluated for our initiatives that are aligned with our management philosophy of “supporting corporate activities through our leasing business with a view to contributing to the development of society.” Specifically, the following initiatives received recognition: (1.) We reviewed our materiality and KPIs with a view of internal and external environmental changes that were identified based on the SDGs and specified materiality that is closely linked to our core businesses through discussions with management. (2.) We are actively promoting renewable energy, and we were the first general lease company in Japan to join RE100, thus making our position on climate change clear. Additionally, we set supplying clean energy as a KPI that is closely linked to materiality. (3.) This year for the first time, we published an Integrated Report using a disclosure framework and increased transparency for our stakeholders regarding how we are helping to solve environmental issues through our business operations, such as through activities that promote the 3Rs. We also made it clear that we are working to create value in many non-environmental areas, including medical and welfare. We will continue to pursue environmental initiatives and actively disclose the results.

* DBJ Environmental Rating is a rating system developed by the Development Bank of Japan, Inc. for the rating companies based on the level of their environmental management practices. Based on this, companies can receive loans from the bank at preferential interest rates according to their respective ratings.

■ Glossary

ISO14001

ISO14001 is a global standard for environmental management system specifications established by the International Organization for Standardization. The International Organization for Standardization, headquartered in Switzerland, is a private organization that creates international standards.



Fuyo Lease Group Key Environmental Targets and Results

The Fuyo Lease Group strives to achieve its Environmental Targets.

Long-term Environmental Targets

The Fuyo Lease Group has set long-term environmental targets of powering its operations with 50% renewable energy by 2030 and 100% by 2050.

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Key Environmental Targets

Evaluation: ○ target achieved, × target not achieved

Objectives	Scope	FY 2018 targets	FY 2018 results	Evaluation	FY 2019 targets
Climate change initiatives	Fuyo General Lease & Group companies ^{*1}	Maintain the FY 2010 level of CO2 emissions (t-CO2) (Scope 1 & 2)	4.3% decrease from the FY 2010 level	○	10.0% decrease from the FY 2013 level of CO2 emissions (t-CO2) (Scope 1 & 2)
Promote energy conservation	Fuyo General Lease & Group companies ^{*1}	Maintain the FY 2010 level of energy consumption (kWh)	17.1% decrease from the FY 2010 level (kWh)	○	5.0% decrease from the FY 2013 level of energy consumption (kWh)
		Maintain the FY 2010 level of gasoline consumed by company vehicles (L)	34.0% decrease from the FY 2010 level (L)	○	10.0% decrease from the FY 2013 level of gasoline consumed by company vehicles (L)
Comply with environmental laws and regulations	Fuyo General Lease & Group companies ^{*1}	Assess compliance with environmental laws and regulations	Conducted compliance assessment. No non-compliance found	○	Assess compliance with environmental laws and regulations
Saving the environment through leasing	Fuyo General Lease	24 billion yen of assets in energy-efficient and environmentally-friendly properties ^{*2}	24.6 billion yen	○	28 billion yen of assets in energy-efficient and environmentally-friendly properties
Contributing to the creation of a circular society	Fuyo General Lease	More than 95% reuse and recycle rate for returned PC	100%	○	More than 95% reuse and recycle rate for returned PC

*1 Scope: all domestic locations of Fuyo General Lease and Group companies including Fuyo Auto Lease, Fuyo Network Service, Fuyo Lease Sales, FGL Service, and Aqua Art.

*2 Machines related to energy including boilers and turbines, industrial waste recycling equipment, pollution control devices, environmental equipment such as energy saving devices including combined heat and power systems and water purification systems, and renewable energy (i.e. solar power generation) supply facilities.

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Climate Change Initiatives

Basic Approach

Today, climate change is a universally recognized problem, and increasing greenhouse gas emissions are making it worse. As the Paris Agreement, an international framework for climate action beyond 2020, and other initiatives give momentum to efforts to reduce greenhouse gas emissions across the globe, renewable energy along with environmentally-friendly products and services are more important than ever. The Fuyo Lease Group is working towards climate change mitigation by reducing greenhouse gas emissions from our operations. We carry out business activities in view of risks and opportunities in the business environment that climate change brings. With a BCP in place, we are well prepared for any emergency in which our business activities could be disrupted by the destruction of social infrastructure caused by a natural disaster. We also recognize that business opportunities lie in renewable energy generation and energy-efficient assets leasing businesses. This is an area we will focus upon as one of the strategic areas of the Medium-term Management Plan. We aim to grow our businesses alongside activities to mitigate climate change.

Examples of the risks and opportunities that the Fuyo Lease Group perceives climate change will bring about are as follows:

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Risks	<ul style="list-style-type: none"> ▪ Impact on business results due to regulations such as carbon tax and major regulatory changes (medium-to-long term) ▪ Restrictions on business activities due to damage to social infrastructure etc. resulting from an increase in natural disasters (medium-to-long term) ▪ Decline in revenues from electricity sales in the mega-solar business due to the impact of unseasonal weather (medium-to-long term)
Opportunities	<ul style="list-style-type: none"> ▪ Increase in demand for renewable energy (medium-to-long term) ▪ Increase in demand for leasing energy-saving properties, etc. (medium-to-long term) ▪ Increase in demand for environmentally-friendly products and services (medium-to-long term)

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As with the other environmental issues, we have established a system for managing climate change countermeasures with the CEO (President of Fuyo Lease) and the Environmental Control Officer (Executive officer supervising the Creating Shared Value Promotion Office).

Initiatives to Reduce Greenhouse Gas Emissions

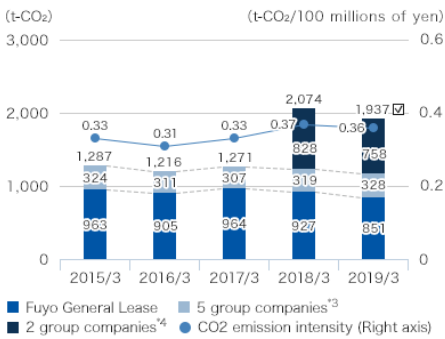
The Japan Leasing Association has formulated a voluntary low-carbon society action plan, which Fuyo Lease has signed on to as a member company.

The Fuyo Lease Group is making efforts to conserve the environment at all our locations by setting targets that lower our CO₂ emissions and energy consumption, and work to reduce power usage, as well as our company vehicles' fuel consumption and exhaust emissions. In 2018, we started to issue green bonds (available only to those businesses that are expected to improve the environment) to raise funds from a variety of sources while promoting renewable energy. In addition, we joined RE100, a business initiative which aims to source 100% renewable energy to power business activities, as the first comprehensive leasing company in Japan. In 2019, we endorsed the Task Force on Climate-related Financial Disclosures'

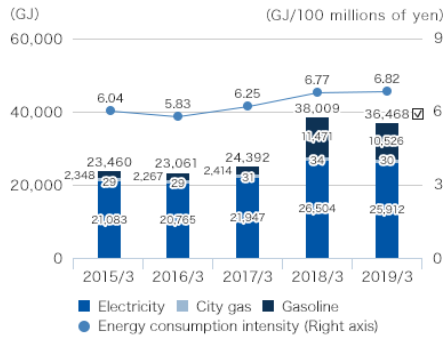
(TCFD) recommendations. Not only does the Group make direct efforts to reduce its own greenhouse gas emissions but also makes indirect contributions to reducing greenhouse gas emissions through promoting renewable energy by utilizing schemes of lease and finance.



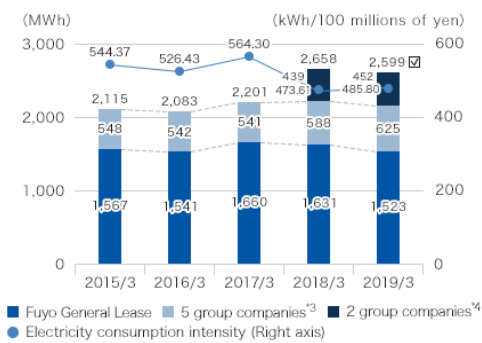
Total CO₂ Emissions (Scope 1, 2)^{*1 *2}



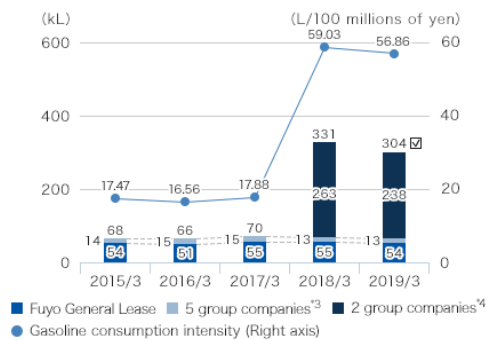
Total Energy Consumption^{*2}



Electricity Consumption^{*2}



Total Gasoline Consumed by Company Vehicles^{*2}



* A checkmark indicates that FY2018 figures have been assured by KPMG AZSA Sustainability Co., Ltd.

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- *1 Total CO₂ emissions were calculated with the emission factors specified by the government based on the Ministerial Ordinance Concerning GHG emissions Associated with Business Activities of Specified Emitters (The emissions associated with electricity are calculated based on the emission factor issued by power transmission and distribution business operators of where our regional operations and offices are located). Fuyo General Lease and the Groups' companies are not included in specified emitters. Our scope 1 and 2 emissions were 707 t-CO₂ and 1,230 t-CO₂ respectively.
- *2 Data coverage: all domestic locations of Fuyo General Lease, Fuyo Auto Lease, Fuyo Network Service, Fuyo Lease Sales, FGL Service, Aqua Art, Sharp Finance and Accretive. Before March 2017 do not include figures of Sharp Finance and Accretive as their data collection began in FY 2017.
- *3 5 group companies: all domestic locations of Fuyo Auto Lease, Fuyo Network Service, Fuyo Lease Sales, FGL Service, and Aqua Art.
- *4 2 group companies: all domestic locations of Sharp Finance and Accretive.

Adapting to climate change

The Fuyo Lease Group is not only engaged in mitigation activities for climate change, but the Group is also carrying out adaption measures for it. We have a business contingency plan in place for responding to extreme weather, which includes measures taken to prepare for massive flooding that could occur at our leased properties, business sites, or data centers, and we are working to minimize risks.

Energy Conservation via Products and Services

We have partnered with energy-saving equipment manufacturers, construction companies, and companies in other various sectors to help customers save energy through the ESCO service and other programs.

The ESCO service provides everything needed to improve energy efficiency, including technology, equipment, personnel, and funding, and achieves energy conservation without compromising a customer's current environment or convenience. As the ESCO service provider, we receive a portion of the actual energy cost savings generated through the service as compensation. In addition, we help our customers reduce costs and CO₂ emissions by introducing various energy saving solutions tailored to their energy usage. Examples of the solutions include energy-saving control and operational improvement for air-conditioning systems and LED lightings, and subsidized leasing.

Promotion of Renewable Energy

As climate change risks increase, the renewable energy market continues to grow with a focus on solar, wind, biomass, small and medium hydro, and geothermal power. Fuyo Lease leverage the know-how gained through our power generation business to offer a host of power generation equipment installation plans that meet a wide array of customer needs. Those include everything from large-scale power plants to rooftop solar panels of distribution warehouses and other commercial facilities as off-grid schemes for self-consumption. Along with various financing options, we introduce them to customers with the aim of taking the use of renewable energy to new heights.

■ Initiatives in the Solar Power Business

In September 2018, Fuyo Lease started commercial operation of new solar power plants located in Naraha-machi,



Fukushima Prefecture and Shichikashuku-cho, Miyagi Prefecture. The new mega-solar plants*1 are large-scale power plants nearly ten times larger than conventional ones, and it is expected that the electricity supplied by the two plants combined will be equivalent to the power consumption of approximately 10,000 households.*2

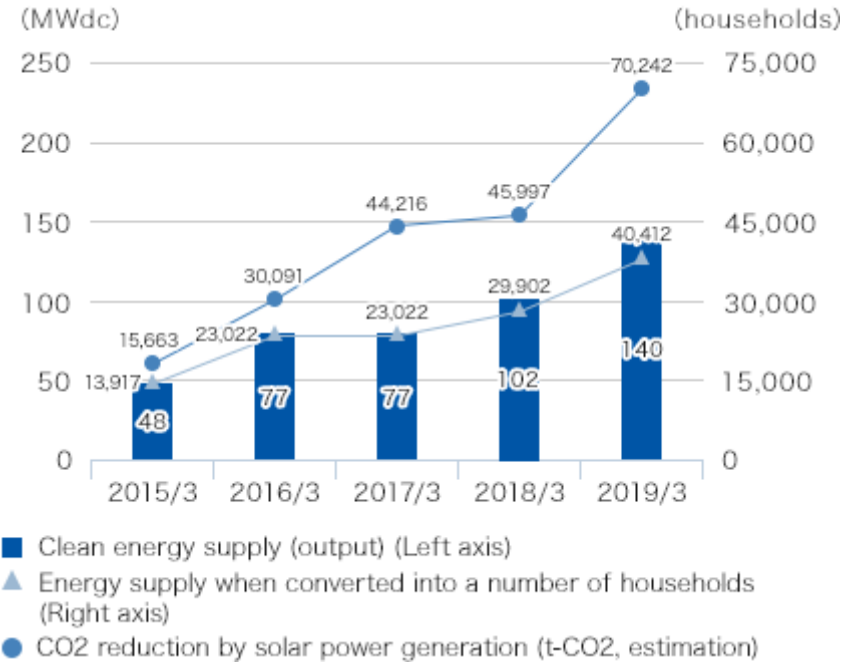
Fukushima Prefecture, which suffered significant damage due to the Great East Japan Earthquake and the nuclear power plant accident, is aiming to be a pioneering region in terms of renewable energy and has set a vision to generate at least 100% of primary energy demand within the prefecture using renewable energy by around 2040.

Our mega-solar plants are already operating in five locations in Fukushima Prefecture. Going forward, our solar power business plans are to continue promoting the establishment of mega-solar plants in the prefecture to help achieve this vision. We promote the construction of mega-solar plants in FY 2019 in Fukushima Prefecture.

*1 A large-scale solar power plant with output of at least 1MW (megawatt = 1,000kW)

*2 Calculated based on 3,600kW per household

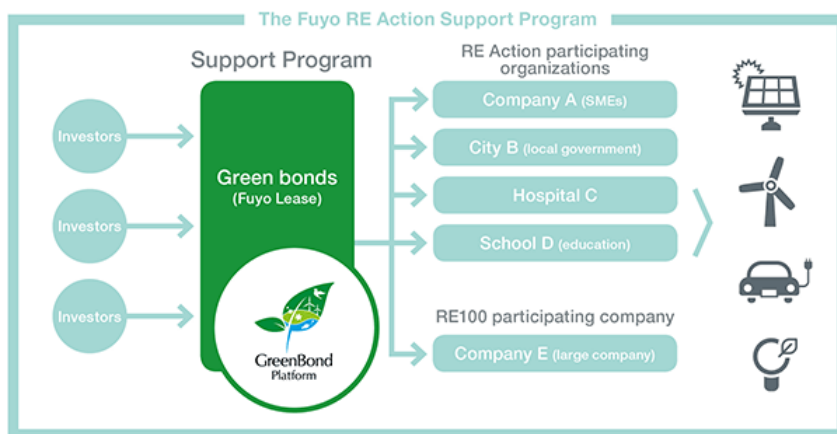
Solar Power Generated (output)/Power Supplied/CO₂ Reduction (estimation)



■ Promoting Renewable Energy-Related Infrastructure

Recently, more and more Japanese companies have been joining RE100. However, small- and medium-sized enterprises, administrative agencies, hospitals, and educational institutions do not meet the requirements for joining RE100. To enable these organizations to implement renewable energy initiatives and raise public awareness throughout Japan, efforts are being made to develop a new framework for the 100% renewable energy initiative, “the 100% Renewable Electricity Declaration RE Action,” which small- and medium-sized enterprises can also take part in.

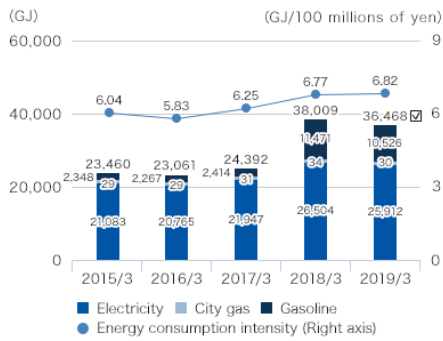
In response to these developments, we have launched “the Fuyo RE Action Support Program.” The purpose of the program is to promote a transition to renewable energy by providing financial support to businesses and organizations that have signed up to “the 100% Renewable Electricity Declaration RE Action.” More specifically, we raise funds from investors and issue green bonds and use the gathered funds to support businesses and organizations that have joined “the 100% Renewable Electricity Declaration RE Action” to incorporate renewable energy and/or energy efficient equipment into their operations. “The Fuyo RE Action Support Program” has been selected as a Model Case for the FY 2019 Green Bond Issuance by the Ministry of the Environment in recognition of its uniqueness and contribution to Japan’s efforts to promote renewable energy countrywide. As “the 100% Renewable Energy Declaration RE Action” progresses, we are committed to providing active support to our clients in response to their financing needs for renewable energy.



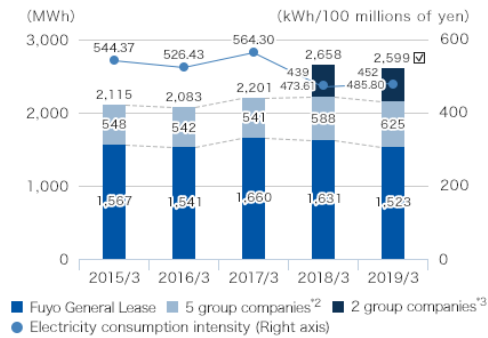
Environmental Performance

Energy / CO₂*¹

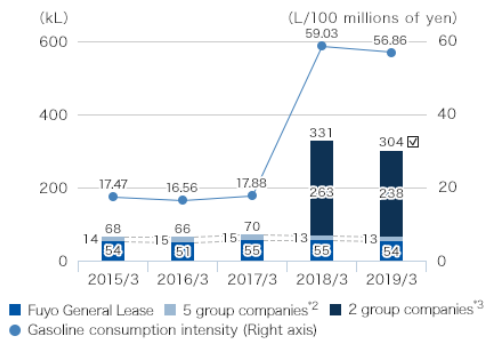
Total Energy Consumption



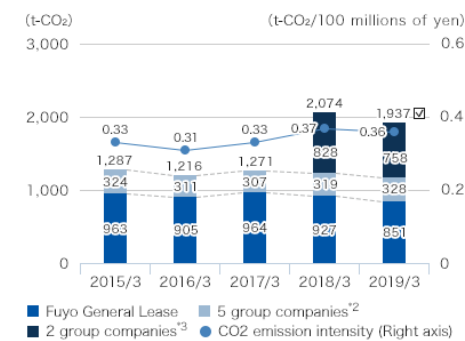
Electricity Consumption



Total Gasoline Consumed by Company Vehicles



Total CO₂ Emissions (Scope 1, 2)*⁴



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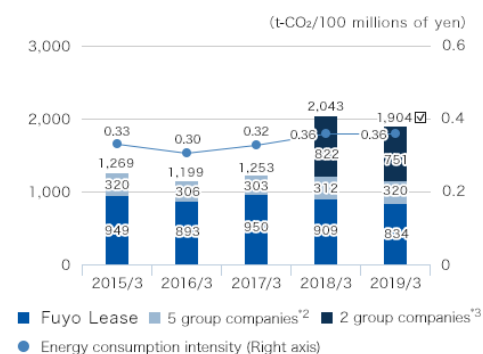
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Total CO₂ Emissions (adjusted) (Scope 1, 2)^{*5}



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* A checkmark indicates that FY2018 figures have been assured by KPMG AZSA Sustainability Co., Ltd.

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CO₂ emissions (Scope 1, 2, 3)

	CO ₂ emissions (t-CO ₂)					Ratio of total CO ₂ emissions(2019/3)
	2015/3	2016/3	2017/3	2018/3	2019/3 <input checked="" type="checkbox"/>	
Scope 1	159	154	163	770	707	0.043%
Scope 2	1,128	1,062	1,108	1,304	1,230	0.074%
Scope 3 ¹⁶	1,243,298	1,420,896	1,639,334	1,768,197	1,660,727	99.883%
Total CO₂ emissions	1,244,585	1,422,112	1,640,605	1,770,271	1,662,664	100%

CO₂ emissions(Components of Scope 3)^{*6}

Category	CO ₂ emissions (t-CO ₂)					Composition ratios in total CO ₂ emissions (Fiscal 2019)	Calculation method/remarks
	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019 <input checked="" type="checkbox"/>		
1. Purchased goods and services	-	-	-	-	-		The Company handles a wide range of products. Therefore, it is difficult to identify the amount for each product and influence CO ₂ emissions reductions, and thus this category is currently excluded from the scope of calculations. However, all purchased goods for lease are included in "2. Capital goods."
2. Capital goods	1,242,316	1,420,000	1,638,389	1,767,060	1,659,564	99.930%	(Purchase amount × Emission intensity) + (Amount of lease contracts executed × Emission intensity)
3. Fuel- and energy-related activities not included in Scope 1 or 2	98	96	102	207	196	0.012%	Consumption of electricity and fossil fuels in calculating Scope 1 and 2 emissions × Emission intensity *
4. Transportation and distribution (upstream)	-	-	-	-	-		Products are distributed directly from manufacturers, and therefore it is difficult to identify forms of transportation from manufacturers to customers, as well as to influence CO ₂ emissions reductions. As such, this category is currently excluded from the scope of calculations.
5. Waste generated in operations	312	225	214	294	241	0.015%	CO ₂ emissions by method of treatment × Emission intensity *

6. Business travel	201	203	221	223	255	0.015%	Number of employees × Emission intensity *
7. Employee commuting	371	372	408	412	471	0.028%	Number of employees by classification of city × Number of business days × Emission intensity *
8. Leased assets (upstream)	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable		Energy consumption in rented offices is included in calculating Scope 1 and 2 emissions.
9. Transportation and distribution (downstream)	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable		There are no applicable emissions since the Company bears transportation costs in the entire logistics process.
10. Processing of sold products	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable		There are no applicable emissions since the Company does not handle intermediate products.
11. Use of sold products	-	-	-	-	-		The Company handles a wide range of products and it is difficult to identify usage conditions of each product at the customer location, and thus this category is currently excluded from the scope of calculations.
12. End-of-life treatment of sold products	-	-	-	-	-		The Company handles a wide range of products and it is difficult to identify waste disposal conditions of each product at the customer location, and thus this category is currently excluded from the scope of calculations.

13. Leased assets (downstream)	-	-	-	-	-		The Company handles a wide range of products and it is difficult to identify usage conditions of each leased product at the customer location, and thus this category is currently excluded from the scope of calculations.
14. Franchises	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable		There are no applicable emissions since the Company has no franchise.
15. Investments	-	-	-	-	-		It is difficult to identify amounts by investment division, and thus this category is currently excluded from the scope of calculations.
Total CO ₂ emissions	1,243,298	1,420,896	1,639,334	1,768,197	1,660,727	100%	* Emission intensity: "Emission intensity database for calculating greenhouse gas emissions of organizations throughout the supply chain (ver.2.6)" by the Ministry of the Environment; for emission intensity of gasoline classified as Category 3, "Carbon Footprint Communication Program, Basic Database ver.1.01 (domestic data)"

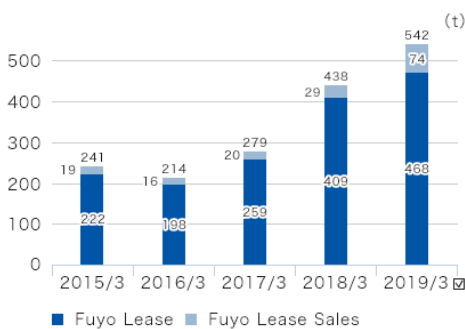
*1 Data coverage: all domestic locations of Fuyo General Lease, Fuyo Auto Lease, Fuyo Network Service, Fuyo Lease Sales, FGL Service, Aqua Art, Sharp Finance and Accretive. Before March 2017 do not include figures of Sharp Finance and Accretive as their data collection began in FY 2017.

*2 5 group companies: all domestic locations of Fuyo Auto Lease, Fuyo Network Service, Fuyo Lease Sales, FGL Service, and Aqua Art.

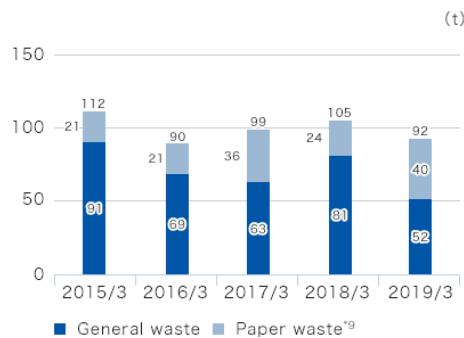
- *3 2 group companies: all domestic locations of Sharp Finance and Accretive.
- *4 Total CO2 emissions were calculated with the emission factors specified by the government based on the Ministerial Ordinance Concerning GHG emissions Associated with Business Activities of Specified Emitters (The emissions associated with electricity are calculated based on the emission factor issued by power transmission and distribution business operators of where our regional operations and offices are located). Fuyo General Lease and the Groups' companies are not included in specified emitters.
- *5 Total CO₂ emissions (adjusted) were calculated with the emission factors specified by the government based on the Ministerial Ordinance Concerning GHG emissions Associated with Business Activities of Specified Emitters (The emissions associated with electricity are calculated based on the adjusted annual emission factors issued by power transmission and distribution business operators of where our regional operations and offices are located).
- *6 Scope 3 emissions are calculated for all calculable categories based on "Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (Ministry of the Environment, Ministry of Economy, Trade and Industry)." The scope of calculations is the Fuyo Lease Group.

Waste

Volume of Industrial Waste Generated^{*7}



Volume of Waste Generated^{*8}



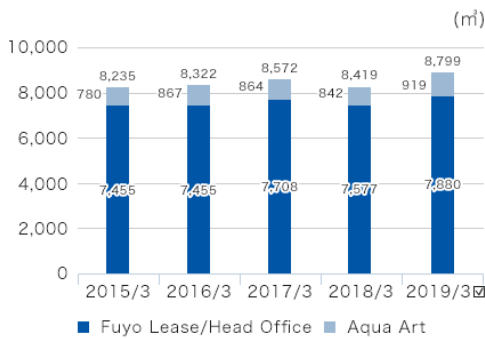
*7 Data coverage: all domestic locations of Fuyo General Lease and Fuyo Lease Sales.

*8 Data coverage: Fuyo General Lease/Headquarter (including FGL Service)

*9 All volume of waste paper is dissolution-processed.

Water Consumption*10

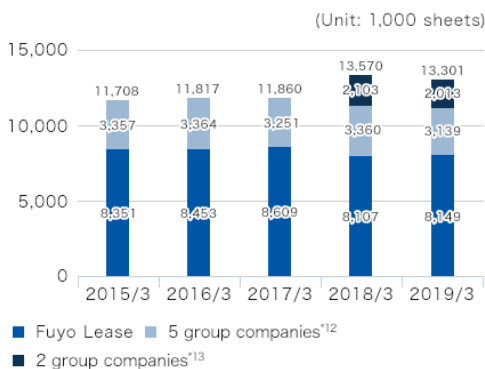
Water Consumption



*10 The scope of calculations is Fuyo General Lease Co., Ltd. / Head Office (including FGL Service Co., Ltd.) and Aqua Art Co., Ltd.

Office Supplies

Quantity of photocopier paper purchased*11



- *11 Data coverage: all domestic locations of Fuyo General Lease, Fuyo Auto Lease, Fuyo Network Service, Fuyo Lease Sales, FGL Service, Aqua Art, Sharp Finance and Accretive. Before March 2017 do not include figures of Sharp Finance and Accretive as their data collection began in FY 2017.
- *12 5 group companies: all domestic locations of Fuyo Auto Lease, Fuyo Network Service, Fuyo Lease Sales, FGL Service, and Aqua Art.
- *13 2 group companies: all domestic locations of Sharp Finance and Accretive.



Environmental Accounting

Publishing the Results of Environmental Activities by Introducing the Environmental Accounting System

The Fuyo Lease Group focuses efforts not only on improving its environmental performance but also on proposing services useful for enhancing the environmental performance of customers.

In addition, the Group has introduced environmental accounting* with the aim of conducting a quantitative assessment of the results of its environmental activities and reporting the results of the assessment to customers and other stakeholders in an easy-to-understand format.

In FY 2018, the Group reduced its CO2 emissions by decreasing the electricity consumption and fuel consumption of company vehicles. The amount of waste generated by the Group was also reduced due to a prudent administration system for the disposing of leased properties. In addition, finance leases for renewable energy projects increased and, as a result and based on our estimation, the Group's contribution to the customers' CO2 reductions far exceeded the previous year's level.

* Environmental accounting: Environmental accounting is a procedure that allows a company to identify the cost of environmental conservation during the normal course of business, identify benefit gained from such activities, provide the best possible means of quantitative measurement and support the communication of its results.

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Environmental Accounting for Our Environmental Conservation Measures*1

The Company identifies the costs and economic benefits associated with environmental conservation activities in accordance with policies stipulated in the "Environmental Accounting Guidelines" of Japan's Ministry of the Environment, in order to assess the Fuyo Lease Group's environmental conservation initiatives.

-: No applicable data is available.

x: Not recorded in the Environmental Accounting

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Activity	Environmental objective		Environmental preservation costs		Effects of environmental preservation		Economic effects of environmental preservation activities (ten thousand yen)
			Investment (ten thousand yen)	Expenses (ten thousand yen)	"Reduction in CO2 emissions (ton-CO2) ^{*2} "	Reduction in volume of waste discharge (ton)	
Promoting resources saving and energy saving activities	Reducing electricity use	Introducing energy-saving equipment, eco-friendly office activities, etc.	0	0	74	-	-71
		Purchasing green electric power	x	0	0	-	x
	Reducing use of paper for copying and printing		x	x	-	1.1	14
	Reducing fuel consumption and exhaust emissions of company cars		x	229.4	63	-	-93
Contributing to the development of a recycling society	Establishing a prudent administration system for the disposal of goods no longer leased		x	23,287 ^{*3}	-	385 ^{*4}	89,959
Establishing an environment management system	Acquiring, maintaining and expanding ISO14001 Certification by the Group		x	6,546	x	x	x
	Providing environmental education on a regular basis				x	x	x
	Publishing information on environmental activities through CSR reports, etc.				x	x	x
	Contributing to local environmental education ^{*5}		x	454	x	x	x
Total			0	30,516	137	386	89,809

Activity	Environmental objective		Environmental preservation costs		Effects of environmental preservation		Economic effects of environmental preservation activities (ten thousand yen)
			Investment (ten thousand yen)	Expenses (ten thousand yen)	"Reduction in CO2 emissions (ton-CO2) ^{*2} "	Reduction in volume of waste discharge (ton)	
Promoting resources saving and energy saving activities	Reducing electricity use	Introducing energy-saving equipment, eco-friendly office activities, etc.	0	0	-231	-	-2,244
		Purchasing green electric power	x	0	0	-	x
	Reducing use of paper for copying and printing		x	x	-	-6.8	-94
	Reducing fuel consumption and exhaust emissions of company cars		x	126.6	-607	-	-3,468
	Contributing to the development of a recycling society		x	18,495 ^{*3}	-	249 ^{*4}	82,407
Establishing an environment management system	Acquiring, maintaining and expanding ISO14001 Certification by the Group		x	3,705	x	x	x
	Providing environmental education on a regular basis				x	x	x
	Publishing information on environmental activities through CSR reports, etc.				x	x	x
	Contributing to local environmental education ^{*5}		x	491	x	x	x
Total			0	22,818	-838	242	76,601

Activity	Environmental objective		Environmental preservation costs		Effects of environmental preservation		Economic effects of environmental preservation activities (ten thousand yen)
			Investment (ten thousand yen)	Expenses (ten thousand yen)	Reduction in CO2 emissions (ton-CO2)*2	Reduction in volume of waste discharge (ton)	
Promoting resources saving and energy saving activities	Reducing electricity use	Introducing energy-saving equipment, eco-friendly office activities, etc.	0	0	-45	-	60
		Purchasing green electric power	x	0	0	-	x
	Reducing use of paper for copying and printing		x	x	-	-0.2	45
	Reducing fuel consumption and exhaust emissions of company cars		x	105.3	-10	-	28
	Total						
Contributing to the development of a recycling society	Establishing a prudent administration system for the disposal of goods no longer leased		x	15,750*3	-	236*4	72,945
Establishing an environment management system	Acquiring, maintaining and expanding ISO14001 Certification by the Group		x	2,788	x	x	x
	Providing environmental education on a regular basis				x	x	x
	Publishing information on environmental activities through CSR reports, etc.				x	x	x
	Contributing to local environmental education*5		x	1,058	x	x	x
Total			0	19,701	-55	236	73,078

Activity	Environmental objective		Environmental preservation costs		Effects of environmental preservation		Economic effects of environmental preservation activities (ten thousand yen)
			Investment (ten thousand yen)	Expenses (ten thousand yen)	Reduction in CO2 emissions (ton-CO2) ^{*2}	Reduction in volume of waste discharge (ton)	
Promoting resources saving and energy saving activities	Reducing electricity use	Introducing energy-saving equipment, eco-friendly office activities, etc.	0	0	66	-	173
		Purchasing green electric power	x	0	0	-	x
	Reducing use of paper for copying and printing		x	x	-	-0.4	-65
	Reducing fuel consumption and exhaust emissions of company cars		x	52.4	5	-	350
	Contributing to the development of a recycling society		x	15,749 ^{*3}	-	237 ^{*4}	49,984
Establishing an environment management system	Acquiring, maintaining and expanding ISO14001 Certification by the Group		x	2,858	x	x	x
	Providing environmental education on a regular basis				x	x	x
	Publishing information on environmental activities through CSR reports, etc.				x	x	x
	Contributing to local environmental education ^{*5}		x	1,247	x	x	x
Total			0	19,907	71	236	50,442

Activity	Environmental objective		Environmental preservation costs		Effects of environmental preservation		Economic effects of environmental preservation activities (ten thousand yen)
			Investment (ten thousand yen)	Expenses (ten thousand yen)	Reduction in CO2 emissions (ton-CO2) ²	Reduction in volume of waste discharge (ton)	
Promoting resources saving and energy saving activities	Reducing electricity use	Introducing energy-saving equipment, eco-friendly office activities, etc.	0	0	89	-	131
		Purchasing green electric power	x	0	0	-	x
	Reducing use of paper for copying and printing		x	x	-	2.8	2
	Reducing fuel consumption and exhaust emissions of company cars		x	0.9	33	-	204
	Establishing a prudent administration system for the disposal of goods no longer leased		x	18,015 ³	-	293 ⁴	51,810
Establishing an environment management system	Acquiring, maintaining and expanding ISO14001 Certification by the Group		x	2,852	x	x	x
	Providing environmental education on a regular basis				x	x	x
	Publishing information on environmental activities through CSR reports, etc.				x	x	x
	Contributing to local environmental education ⁵		x	680	x	x	x
Total			0	21,548	122	296	52,147

- *1 The scope of calculations through FY 2016 was Fuyo General Lease Co., Ltd., Fuyo Auto Lease Co., Ltd., Fuyo Network Service Co., Ltd., Fuyo Lease Sales Co., Ltd., FGL Service Co., Ltd. and Aqua Art Co., Ltd.; the scope of calculations since FY 2017 was expanded to all domestic business operations of eight companies, which are the above six companies plus Sharp Finance Co., Ltd. and Accretive Co., Ltd.
- *2 CO2 emissions reduction is calculated using the CO2 emission factor stipulated in the "Ministerial Ordinance on Reporting of Greenhouse Gas Emissions by Specified Emitters."
(CO2 emissions from electricity are calculated using the actual CO2 emission factor for each fiscal year of general power transmission and distribution business operators which supply electricity in areas where business operations and offices that are included in the scope of calculations are located.)
- *3 Costs associated with reuse and recycling processes and costs associated with management of industrial waste disposal operators.
- *4 The economic benefits of reusing and recycling PCs and TFT-LCD panels.
- *5 The costs incurred in presenting AQUA ART (interior aquarium) on gratuitous rent to local kindergartens, etc. to support environmental education.

Environmental Accounting for Global Environmental Conservation Through the Leasing Business

The Fuyo Lease Group conducts business activities that contribute to global environmental conservation in its core business of the leasing business and estimates the social effects of these activities (economic benefits to customers) using the Group's own calculation method.

-: No applicable data is available.

x: Not recorded in the Environmental Accounting

Fiscal 2018

Activity	Environmental objective		Provision of environment-related products and services ^{*1}	Reduction in CO2 emissions by customers through our environment-related products and services (estimate) ^{*4}	
				Reduction in CO2 emissions (ton-CO2/year) ^{*5}	Reduction in volume of waste discharge (ton)
Protecting the global environment through leasing business	Promoting the purchase of environmentally friendly assets	Environmentally friendly assets ^{*2}	¥5.2 billion	54,054	×
		Eco-cars ^{*3}	5,837 vehicles	8,227	×
	Promoting the conclusion of PC Eco & Value lease contracts		73,231	×	401 ^{*6}
	Promoting project financing such as renewable energy		¥10.0 billion	55,675	×
Total			×	117,956	401

Fiscal 2017

Activity	Environmental objective		Provision of environment-related products and services ^{*1}	Reduction in CO2 emissions by customers through our environment-related products and services (estimate) ^{*4}	
				Reduction in CO2 emissions (ton-CO2/year) ^{*5}	Reduction in volume of waste discharge (ton)
Protecting the global environment through leasing business	Promoting the purchase of environmentally friendly assets	Environmentally friendly assets ^{*2}	¥4.4 billion	47,429	×
		Eco-cars ^{*3}	7,618 vehicles	10,342	×
	Promoting the conclusion of PC Eco & Value lease contracts		49,521	×	263 ^{*6}
	Promoting project financing such as renewable energy		¥0.3 billion	1,503	×
Total			×	59,274	263

Fiscal 2016

Activity	Environmental objective		Provision of environment-related products and services* ¹	Reduction in CO2 emissions by customers through our environment-related products and services (estimate) ⁴	
				Reduction in CO2 emissions (ton-CO2/year) ⁵	Reduction in volume of waste discharge (ton)
Protecting the global environment through leasing business	Promoting the purchase of environmentally friendly assets	Environmentally friendly assets ²	¥2.7 billion	19,127	×
		Eco-cars ³	6,252 vehicles	8,375	×
	Promoting the conclusion of PC Eco & Value lease contracts		55,244	×	288 ⁶
	Promoting project financing such as renewable energy		¥0.5 billion	2,825	×
Total			×	30,327	288

Fiscal 2015

Activity	Environmental objective		Provision of environment-related products and services* ¹	Reduction in CO2 emissions by customers through our environment-related products and services (estimate) ⁴	
				Reduction in CO2 emissions (ton-CO2/year) ⁵	Reduction in volume of waste discharge (ton)
Protecting the global environment through leasing business	Promoting the purchase of environmentally friendly assets	Environmentally friendly assets ²	¥3.4 billion	29,592	×
		Eco-cars ³	5,360 vehicles	7,167	×
	Promoting the conclusion of PC Eco & Value lease contracts		39,775	×	230 ⁶
	Promoting project financing such as renewable energy		¥2.5 billion	13,927	×
Total			×	50,686	230

Activity	Environmental objective		Provision of environment-related products and services ^{*1}	Reduction in CO2 emissions by customers through our environment-related products and services (estimate) ^{*4}	
				Reduction in CO2 emissions (ton-CO2/year) ^{*5}	Reduction in volume of waste discharge (ton)
Protecting the global environment through leasing business	Promoting the purchase of environmentally friendly assets	Environmentally friendly assets ^{*2}	¥2.3 billion	22,056	×
		Eco-cars ^{*3}	4,747 vehicles	6,352	×
	Promoting the conclusion of PC Eco & Value lease contracts		50,640	×	348 ^{*6}
	Promoting project financing such as renewable energy		¥1.6 billion	8,756	×
Total			×	37,164	348

*1 Figures for contract amounts and number of units, etc. contracted from FY 2014 to 2018.

*2 The subject of calculations is Fuyo General Lease Co., Ltd. Of properties Fuyo General Lease has defined as environmentally friendly properties, and economic benefits are calculated for co-generation equipment, energy saving equipment and air conditioning equipment.

*3 The subject of calculations is Fuyo Auto Lease Co., Ltd. Of properties Fuyo Auto Lease has defined as eco-cars, and economic benefits are calculated for low-emission gas vehicles, hybrid cars, LPG powered cars and electric vehicles.

*4 Economic benefits are estimated based on the relationship between price of general equipment and its benefits and may differ from actual benefits.

*5 CO2 emissions reduction is achieved by customers per year through environmentally friendly properties (projects). If customers continue to use the lease properties (projects) in the following fiscal year and beyond, the same amount of economic benefits as the previous fiscal year will be generated.

*6 The economic benefits generated assuming that all the PCs for which lease agreements were concluded from FY 2014 to 2018 are reused.



List of Environmentally Conscious Products and Services

Environmentally conscious products and services

Through leasing and financing, we support capital investments for achieving energy-savings. Fuyo Lease has extensive unique backup systems, including systems that use various subsidy systems and supplier referrals.

Energy-saving equipment and subsidy-based lease

We offer energy-saving measures through leases.

[Click here for details](#)

ESCO (Energy Service Company) service

As an ESCO operator, we support total energy-saving activities.

[Click here for details](#)

Financing for renewable energy companies

We provide various financing services in the renewable energy field.

[Click here for details](#)

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Solar loan

We offer loans covering purchasing and installation costs of solar power generation systems.

[Click here for details](#)

Solar power generation business

We offer optimal equipment implementation plans for items ranging from large-scale power plants to small-scale solar panels.

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Services promoting 3Rs and contributing to the environment

Through 3Rs (Reduce, Reuse, Recycle), we contribute to establishing a closed-loop society and provide economic advantages to our customers.

We offer a variety of services, such as reusing PCs whose leases have expired as well as buying used assets owned by customers.

PC Eco & Value lease

We offer leases for personal computers in the pursuit of economic and ecological benefits.

[Click here for details](#)

Personal computer rental

We offer a rental system that flexibly responds to technological innovations in rapidly changing personal computers.

[Click here for details](#)

Used personal computer purchasing service

We purchase used personal computers.

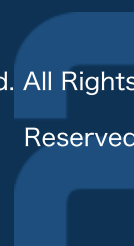
 [Click here for details](#)

Used assets purchasing service

We purchase redundant equipment and idle assets.

 [Click here for details](#)

For a comprehensive list of products and services of Fuyo Lease Group, please click [here](#).



Green Bonds

Fuyo Lease has issued green bonds (unsecured straight bonds) through a public offering in the Japanese domestic market.

Green bonds are receivables, which are issued by companies and local governments to fund green projects (businesses with environmental benefits, which includes renewable energy, building and retrofitting of energy-saving structures, and prevention and management of environmental pollution).

Through the issue of green bonds, Fuyo Lease is diversifying its fund raising methods in addition to further promoting initiatives to address the problem of climate change, including the spread of renewable energy, and contributing to the realization of a sustainable society.

Issuance of green bonds

- Fuyo General Lease Co., Ltd. No.17 unsecured corporate bonds (limited to corporate bonds with a special agreement on the same priority) (Green Bond)
- Fuyo General Lease Co., Ltd. No.20 unsecured corporate bonds (limited to corporate bonds with a special agreement on the same priority) (Green Bond)

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Fuyo General Lease Co., Ltd. No.17 unsecured corporate bonds (limited to corporate bonds with a special agreement on the same priority) (Green Bond)

Outline of the Green Bond

Name	Fuyo General Lease Co., Ltd. No.17 unsecured corporate bonds (limited to corporate bonds with a special agreement on the same priority) (Green Bond)
Application period	October 26, 2018
Payment date	November 2, 2018
Issue duration	5 years
Issuance amount	10 billion yen
Coupon rate	0.210%
Use of proceeds	The capital raised through the Green Bond will be used for the redemption of commercial paper issued to fund existing solar power generating facilities owned by the Company's subsidiary and for capital investment in solar power generating facilities under construction by the Company's subsidiary.
Ratings	Japan Credit Rating Agency, Ltd. (JCR): A Rating and Investment Information, Inc. (R&I): A-

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Third-party assessment of green bond eligibility



JCR green bond rating

Fuyo General Lease acquired a third-party rating from the Japan Credit Rating Agency, Ltd. (JCR) of Green 1, the highest score in the JCR Green Bond Rating system with regards to green bond eligibility.

[JCR Green Bond Rating](#)  (559KB)

Ministry of the Environment Financial Support Programme for Green Bond Issuance

The acquisition of a third-party rating makes the bond eligible for a subsidy from the Japanese Ministry of the Environment 2018 Financial Support Programme for Green Bond Issuance.

- [Financial Support Programme for Green Bond Issuance \(Ministry of the Environment\)](#) 
- [List of Notification of Decisions to Grant the Subsidy \(Ministry of the Environment\)](#) 

Announcement of investment in the Green Bond

These are the investors who have announced that they will invest in the Green Bond.

List of investors who have announced investment (Japanese alphabetic order)

(As of October 26, 2018)

- Oita Bank Co., Ltd.
- Saitama Medical University
- The Sugamo Shinkin Bank
- Tokio Marine Asset Management Co., Ltd.
- Nippon Densetsu Kogyo Co., Ltd.
- Higashi-Nippon Bank, Ltd.
- Sumitomo Mitsui Trust Asset Management Co., Ltd.
- Mitsubishi UFJ Kokusai Asset Management Co., Ltd.
- Mitsubishi UFJ Trust and Banking Corporation
- The Rokinren Bank

Reporting

Allocation of capital raised

It is planned to allocate the capital raised through the Green Bond to the redemption of commercial paper issued to fund existing solar power generating facilities owned by the Company's subsidiary and to capital investment in solar power generating facilities under construction by the Company's subsidiary.

Effect on improving the environment

The total annual effect on reduction of CO2 emissions from the eligible projects covered by the Green Bond will be 51,650 tons and total annual electricity generated will be 98,428MWh.

(Theoretical value based on output standard as of October 26, 2018)

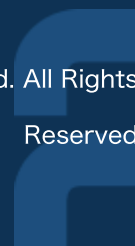
Annual Review

As a result of an annual review by Japan Credit Rating Agency, Ltd. (JCR), compliance with the Green Bond Principles and the Ministry of the Environment's Green Bond Guidelines has been confirmed, and a JCR Green Bond Evaluation of "Green 1" has been obtained.

[Green Bond Review PDF](#)  (211KB)

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Fuyo General Lease Co., Ltd. No.20 unsecured corporate bonds (limited to corporate bonds with a special agreement on the same priority) (Green Bond)

Outline of the Green Bond

Name	Fuyo General Lease Co., Ltd. No.20 unsecured corporate bonds (limited to corporate bonds with a special agreement on the same priority) (Green Bond)
Application period	July 12, 2019
Payment date	July 22, 2019
Issue duration	5 years
Issuance amount	5 billion yen
Coupon rate	0.150%
Use of proceeds	Capital raised through the Green Bond will be used to offer financial products that provide incentives to join the new 100% renewable energy initiative aimed at small- and medium-sized enterprises (the so-called "Japan RE100").
Ratings	Japan Credit Rating Agency, Ltd. (JCR): A Rating and Investment Information, Inc. (R&I): A-

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Third-party assessment of green bond eligibility

Ministry of the Environment Financial Support Programme for Green Bond Issuance

The Fuyo Lease Group's Green Bond was selected as a model case for the FY 2019 Green Bond Issuance by the Ministry of the Environment, and June 28th, 2019 it was announced that the Ministry of the Environment and certification bodies (E&E Solutions Inc. and Japan Credit Rating Agency, Ltd.) had verified the conformity of the framework for issuing of the Green Bond with the Green Bond Guidelines, 2017.

- [Conformity results for the Guideline of a model case for FY 2019 Green Bond Issuance. \(Ministry of the Environment\) ■](#)
- [Pre-issuance Report ■](#)

Announcement of investment in the Green Bond

These are the investors who have announced that they will invest in the Green Bond.

List of investors who have announced investment (Japanese alphabetic order)

(As of July 12, 2019)

- THE SEISHIN SHINKIN BANK.
- Tokio Marine Asset Management Co., Ltd.
- THE BANK OF NAGOYA, LTD.
- Hanno-Shinkin Bank.
- Sumitomo Mitsui Trust Asset Management Co., Ltd.

Reporting


We will annually update our website with disclosures related the latest information on how funds raised from the Green Bond have been used.

Three types of information will be disclosed: information on renewable energy equipment, information on energy efficient equipment, and information on equipment other than renewable energy and energy efficient equipment but are green at a certain level. We also intend to disclose the total amount spent on the green projects, expected positive environmental impacts, amount of funds not yet spent, and how such funds will be spent. We will also disclose several quantitative indicators such as the CO2 reduction amount, and the amount and number of leases provided.



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
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Improving Customer Satisfaction

To improve customer satisfaction

The Fuyo Lease Group strives to provide services that can flexibly and promptly respond to the diverse needs of customers by setting its Management Philosophy as "maintain customer's first philosophy, providing best services."

Providing the FLOW data service, which contributes to improving customers' administrative efficiency

Fuyo Lease provides FLOW, a proprietary data service for managing lease contracts online as one of the services that provide added value to customers.

FLOW has the advantage of improving the administrative efficiency of online viewing and downloading of contract information and accounting reference materials, and also completing contract termination procedures.



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In addition, as a new service, we began offering the FLOW Cube+, a cloud-based fixed asset management system, which enables customers to prepare financial statements which portray the actual situation (physical asset management) while keeping customers' labor and costs down.

With the FLOW Cube+, we can respond to changes in taxation and accounting systems in fixed asset management, and match information and accounting books of fixed assets that are needed for strengthening internal controls, which contributes to improving the reliability of financial reporting.

We also respond promptly to the new lease standard of the International Financial Reporting Standard (IFRS), IFRS16, which is applicable from January 2019.

- [▶ FLOW Fuyo General Lease web service](#)
- [▶ FLOW Cube+ cloud-based general asset management service](#)

Customer-Oriented Business Policy

Fuyo Lease is a Type II financial instruments business operator who invites its clients to participate as investors in Japanese operating leases. We have established the Customer-Oriented Business Policy based on the Principles for Customer-Oriented Business Conduct issued by the Financial Services Agency in March 2017. Based on the Policy, we are committed to providing our clients with services in a sincere and fair manner.

Community & Environmental Contributions - Donation Activities

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Human Resource Development and Recruitment

Promoting Diversity

Promoting "Work-Style Reforms"

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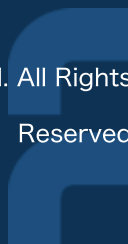
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Responses to financial ADR system

The Financial ADR System (Alternative Dispute Resolution System in the area of finance) was established in April 2010 to resolve financial issues quickly, flexibly, and conveniently. Under the System, certain providers of financial services are obliged to conclude a basic contract with an institution on the performance of procedures, if there is a designated dispute settlement institution, and to take grievance and dispute resolution measures if there is no designated dispute settlement institution.

With regard to the money lending business, we concluded a basic contract on the performance of procedures with the designated dispute settlement institution, and took grievance and dispute resolution measures for the Type 2 financial instruments business, which does not have a designated dispute settlement institution.

 [Please click here for details.](#)



Concept of IR

Basic Approach

Fuyo Lease has been listed on the First Section of the Tokyo Stock Exchange since December 2004 and strives for timely, appropriate and fair disclosure of information to all stakeholders, including shareholders and investors, in order to ensure the transparency of the management structure.

Fuyo Lease also provides a variety of opportunities and methods to actively communicate with shareholders and investors.

Disclosure Policy

Fuyo Lease has set out its Disclosure Policy as the basic policy on the disclosure of information to facilitate the accurate understanding and evaluation of the Company by stakeholders. The Disclosure Policy is published on the corporate website.

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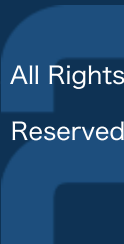
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Communication with Our Shareholders and Investors

General Meeting of Shareholders

At Fuyo Lease, considering the convenience of our shareholders, we hold a general meeting of shareholders early in order to avoid the day on which meetings are concentrated, as well as dispatch the notice of convocation early and post it on our websites. Besides, in order to enhance the convenience of our shareholders in exercising their voting rights, we have made it possible for them to exercise the rights on the Internet.

Because we take the view that the general meeting of shareholders is a place for communicating with our shareholders, we aim for an open meeting, explaining reports in an easy-to-understand manner using images, charts, and tables.

Booklets containing the Report on Annual Business Results and the Report on Interim Business Results for shareholders

At Fuyo Lease, business activities are summarized in booklets containing the Report on Annual Business Results and the Report on Interim Business Results in an easy-to-understand manner. These booklets are sent to our shareholders every half year.

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Website IR Information

At Fuyo Lease, we have established the IR Information page on our website to convey the latest IR information in an easy-to-understand manner.

In addition, we also provide the IR information e-mail distribution service for free. Through this service, notifications to e-mail registrants is sent when the new IR information is posted online.

Financial results briefings

Fuyo Lease holds financial results briefings for institutional investors and analysts twice a year in May and November. We also have individual meetings with analysts. In FY 2018, we conducted meetings with a total of 50 companies.

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Shareholder Returns and Status of Shares

Basic Policy on Shareholder Returns

The basic policy of the Fuyo Lease Group is to enhance shareholders' equity with the aim of reinforcing the management base and financial structure, taking performance and management targets into consideration, while striving for the long-term, stable return of profits to shareholders.

In response to constant support from our shareholders, Fuyo Lease has also introduced a shareholder benefit plan with the aim of increasing the appeal of investing in the Company's shares and increasing the number of long-term shareholders.

Shareholder Benefit Plan and Plan-linked Donations

To implement the aforementioned goals for the introduction of the shareholder benefit plan, Fuyo Lease offers rewards worth ¥3,000 for shareholders who have owned shares for less than two years and ¥5,000 for those who have owned shares for at least two years in addition to a system that offers the choice of book vouchers or catalog gifts as benefits.

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Approach to Social Contributions

Our Management Philosophy is to support "corporate activities through our leasing business with view to contributing to development of the society". In order to contribute to development of the society together with shareholders, we annually donate an amount equivalent to 10% of shareholder benefits to organizations involved in social contribution activities.

In FY 2019, we donated ¥2.18 million each to the support fund for disaster volunteer and NPO activities (Donations for disasters due to Typhoon No. 19 in 2019, organized by the Central Community Chest of Japan) and the Save the Children Children's Fund at Save the Children Japan. Additionally, we donated ¥1.20 million to the support for the Association of Para-Sports Promotion in Japan (APSPJ).

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Donation activities

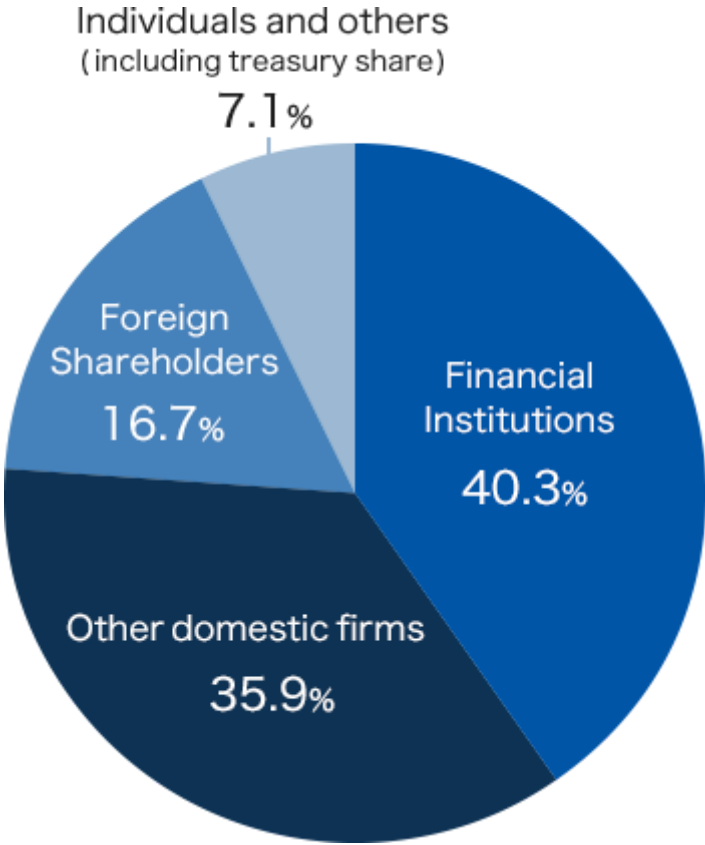
Fiscal year	Donation recipient (outline of donation)	Amount (yen)
Fiscal 2011	Japanese Red Cross Society (Great East Japan Earthquake/donation for disaster area)	2,594,500
Fiscal 2012	Central Community Chest of Japan (Great East Japan Earthquake/support for volunteer and NPO activities)	2,959,600
Fiscal 2013	Japan Association of Corporate Executives IPPO IPPO NIPPON Project Phase 5 (Great East Japan Earthquake/provision of learning equipment to schools)	4,233,900
Fiscal 2014	Japan Association of Corporate Executives IPPO IPPO NIPPON Project Phase 7 (Great East Japan Earthquake/provision of learning equipment to affected senior high schools)	2,249,550
	Japanese Red Cross Society (2014 West Africa Ebola Relief Fund)	2,249,550
	Total	4,499,100
Fiscal 2015	Japan Association of Corporate Executives IPPO IPPO NIPPON Project Phase 9 (Great East Japan Earthquake/provision of learning equipment to affected senior high schools)	2,561,900
	Central Community Chest of Japan (Donations for disasters, including torrential rain due to Typhoon No. 18 in 2015)	2,561,900
	Total	5,123,800
Fiscal 2016	Kumamoto City (Kumamoto earthquake/Kumamoto Castle disaster recovery assistance fund)	2,615,800
	Japanese Red Cross Society (Middle East Humanitarian Crisis Relief Fund)	2,615,800
	Total	5,231,600
Fiscal 2017	Kumamoto City (Kumamoto earthquake/Kumamoto Castle disaster recovery assistance fund)	2,815,850
	Save the Children Japan (Save the Children Children's Fund)	2,815,850
	Total	5,631,700
Fiscal 2018	Central Community Chest of Japan (Donations for disasters due to Typhoon No. 21 in 2018 and Hokkaido Eastern Iburi Earthquake/support fund for disaster volunteer and NPO activities)	2,535,700
	Save the Children Japan (Save the Children Children's Fund)	2,535,700
	Total	5,071,400
Fiscal 2019	Central Community Chest of Japan (Donations for disasters due to Typhoon No. 19 in 2019/support fund for disaster volunteer and NPO activities)	2,176,200
	Save the Children Japan (Save the Children Children's Fund)	2,176,200
	Association of Para-Sports Promotion in Japan (APSPJ)	1,200,000
	Total	5,552,400

We report the recipients of donations and the amounts donated on the corporate website every autumn.

Shareholder benefit plan

Stock Information (As of September 30, 2019)

- Number of shareholders: 12,651
- Number of shares outstanding: 30,288 thousand shares



Breakdown of Shareholders	Number of Shareholders	Number of Shares held (in thousands)
Financial Institutions	69	12,207
Other domestic firms	149	10,876
Foreign Shareholders	243	5,058
Individuals and others (including treasury share)	12,190	2,147 (treasury share included)



Approach to Social Contributions

Basic approach to social contributions

Recognizing close ties with our neighbors, the Fuyo Lease Group hopes to play the role of a good corporate citizen who contributes to the development of local communities. Furthermore, based on our corporate slogan of “Go where no one has gone before” and our management philosophy, we are focused on creating shared value and solving social issues through our business operations, and contributing to society as part of our business strategy.

Based on this approach, the Group has established a social contribution policy and is engaged in activities that align with it. We identified the target areas for our social contribution activities based on our social contribution policy to achieve synergies between the social contribution activities and our Medium-term Management Plan. Our priority social contribution areas are “academic and research activities” that support science and technology with commercialization potential in the New Domains, and “environmental activities” that help accelerate activities in the Energy and Environment areas. Both are strategic areas of the Group's Medium-term Management Plan.

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Social Contribution Policy (excerpt)

■ Article 3 (Target areas for social contributions)

Engage in the following subject areas:

1. Environment
2. Contributions to local communities
3. Academic activities and research
4. Support for areas affected by disasters

■ Article 4 (Implementation criteria)

Decide implementation according to the following criteria:

1. **Obtaining the understanding of society**
Approaches that are highly public and receive a broad public understanding
2. **Using our characteristics**
Approaches that use our know-how, products, and services

In addition, the Group's mission is to "seriously respond to customers' needs and provide solutions that exceed their expectations." Because we believe that it is important for employees to gain awareness about regional issues and needs, we have introduced a volunteer leave system to promote social contribution activities by employees. In FY 2018, one employee used the system.

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Examples of activities

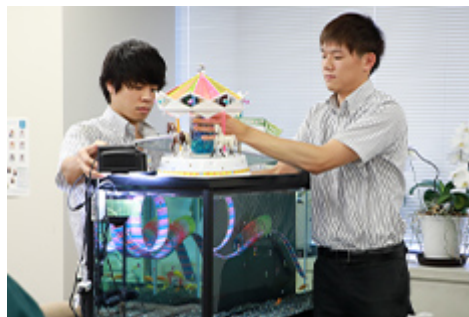
Eighth AQUA ART Design Competition

■ Aqua de Smile social contribution activities, which use an interior aquarium

Fuyo Lease has been holding the AQUA ART Design Competition continuously as part of Aqua de Smile social contribution activities implemented with its group company, Aqua Art Co., Ltd. Participants in the AQUA ART Design competition, who are students majoring in art and design at Tokyo Metropolitan Kogei High School and Tokyo Designer Gakuin College located near the Fuyo Lease head office, compete in creating interior aquarium space designs and



A snapshot of the students from the Production Group of Tokyo Metropolitan Kogei High School with their work that was exhibited in the lobby of Tokyo Dome Hotel (summer 2019)



Creating a prototype layout

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decor. Excellent pieces of work are exhibited at commercial facilities where they are enjoyed by many people.

In FY 2018, welcoming the Tokyo Communication Arts College as a new participant, the event provided a great opportunity for students to have fun designing aquariums, while at the same time letting visitors know about interior aquarium.

In FY 2019, which is the eighth time, we hosted an exhibition jointly with Tokyo Dome Hotel. A selection of the six aquariums were displayed in the lobby and elsewhere in the hotel during the special event that ran from July 25 through August 5.

The phenomena of buoyancy and water flow, which do not exist in a normal space, were skillfully used in creation of the works and many were painstakingly created with efforts to incorporate measures for preventing problems such as fish getting stuck and not being able to get out. The aquarium designed under the theme of summer, which looked creative and exciting, attracted many visitors, including children and their parents. The best piece of work was selected with a vote by the general public, and an award ceremony was held after the summer vacation.

■ **Offering an on-demand lesson service as part of environmental education activities for children receiving an aquarium as a donation**

The Aqua de Smile initiative was launched by donating (renting out free of charge) an interior aquarium, AQUA ART, to

recipients such as nursery schools and maternal and child life support facilities with the expectation of showing tropical fish to children living in cities thus making the children smile and providing a healing effect.

In order to better support children who receive an aquarium as a donation, as part of environmental education activities, our staff members organize on-demand lessons for them every summer.



On-demand lesson for school children provided by our staff

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AQUA ART is always there for the children, and they are very interested in the habits and characteristics of tropical fish. Each lesson is received with smiles and good spirits as the children learn about ecosystems in a quiz format and then take part in fun events.

Hosting internships for conveying the significance of work and providing work experience to students who will be leading the next generation

In order to convey the significance of work to undergraduate and graduate students who will be leading the next generation, Fuyo Lease provides internships through which the students can deepen



Group work session for interns

their understanding of the leasing business and experience actual work in the industry.

The ninth internship program, held in FY 2018, was carried out over a period of nine days in total between December and February, with the participation of 248 students. The program consisted of a lecture on the basics of leasing, as well as group work on creating contract documents and leasing. It also included an informal gathering where students exchanged opinions with our staff members on, for example, job challenges and differences between students and professionals.

Students participating in the program made comments such as: "the program gave me an opportunity to not only understand the leasing business but also to think about the meaning of work" and "the group work gave me an opportunity to listen to opinions that I would have never come up with, and it was also useful to hear advice from HR." A similar internship program is scheduled for FY 2019.



Community & Environmental Contributions - Donation Activities

Examples of activities

Introduction of Welfare and Nursing-care Training Program for young employees as part of a CSR training program

Fuyo Lease introduced the Welfare and Nursing-care Training Program for young employees in FY 2013 in cooperation with NICHIGAKKAN CO., LTD., a leading nursing-care business company.

During the training program held in FY 2018, after carrying out lectures on topics such as "Actual situations of the aging society and the Long-term Care Insurance System", "Nursing-care responding to those who require support and nursing-care", and "Understanding dementia", we



Simulated experience of elderly person's motor function with various protectors



Wheelchair assistance experience

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conducted a simulated experience based on elderly people's motor functions with the use of equipment replicating the capabilities of their eyes, ears, hands, and knees. Additionally, we provided created opportunities to experience wheelchair assistance and other similar situations.

Based on this training program, we hope that young employees will better understand the situation surrounding the aging society, and will also be able to help elderly people in everyday life situations, such as in trains and crowds. We plan to continue this training program in the future.

Beautifying the City Activity at Shinjuku Station's west exit

Fuyo Lease Tokyo Business Division III (formerly Shinjuku Branch) is engaged in local cleanup activities at Shinjuku Station's west exit.

On February 14, 2019, six employees participated in the Litter Prevention and Road Smoking Prohibition Campaign at Shinjuku Station's west exit.

Additionally, five employees participated in Garbage Zero Day on May 30, 2019.



It was a very cold day on February 14th. The participants wore a lot of clothes to keep warm.



On May 30th, the sunlight was like summer and the participants sweated.

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Participation in FIT Charity Run 2018

The Fuyo Lease Group has participated in the FIT Charity Run (Financial Industry in Tokyo For Charity Run) every year since 2009.

The FIT Charity Run is a charity event aimed at supporting non-profit organizations engaged in community-based activities. The event is organized by financial service companies in Tokyo, which gather and hold fund-raising activities.

The 14th FIT Charity Run 2018 was held on December 9, 2018 at the neighboring roads of Meiji Memorial Picture Gallery and Meiji Jingu Gaien. A total of 20 employees from the Group participated in the 10-km run.



The participants had an enjoyable run on a calm day.

Inviting the local community to Fukuoka Yahuoku! Dome

At Fuyo Lease, we have purchased Mecenat seats of the baseball stadium Fukuoka Yahuoku! Dome and invited people from the community welfare facilities and young people in sports since FY 2012.

From the purchased Mecenat seats, people can see the full schedule of official games of the Fukuoka Softbank Hawks. Annually, twenty seats are designated as Mecenat seats at the first base infield side.



Fukuoka Yahuoku! Dome



Mecenat seats

People who attended this activity have been very pleased. We will continue to make use of these seats to maintain friendships with local communities in the future.

Donation activities

Actual donations (unit: ten thousand yen)

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Disaster affected area support and Humanitarian Assistance	450	512	1,096	563	1,127
Environment	50	50	50	50	50
Cultural Arts and Academic Research	1,603	103	123	125	625
Others	41	31	18	42	4
Total	2,144	696	1,287	780	1,806

■ Activities of Fuyo Heartful Fund 100

Within the Fuyo Lease Group, we established the Fuyo Heartful Fund 100 in November 2010 for employees to contribute to society through donations.

Directors, officers and employees who join the fund donate 100 yen a month, 300 yen for directors and officers, from their salaries as donation funds. The

accumulated funds are donated to groups that develop activities including in the areas of environmental conservation, local community contribution, academic and research support and support for areas affected by disasters.

In FY 2018, through this fund, we donated 150,000 yen each to four disaster-affected area and humanitarian projects in Japan and overseas, for a total of 600,000 yen.



■ Support for the next generation

The Fuyo Lease Group actively supports children, who make up the next generation. In FY 2018, we supported activities to protect the rights of children through donations to Save the Children, an international NGO. In addition, as an activity to support the steady growth of children, we continue to cooperate with schools and maternal and child support facilities.

- * For details, please refer to "[Social Contribution Activities through our Core Business](#)" and "Donation activities" ([Link](#)).

■ Donation of used stamps

The Fuyo Lease Group collects postage stamps that have been used at offices and employees' homes, and donates them to groups promoting support cooperation in health and medical areas overseas. In FY 2018, we collected and donated about 1.4 kg of used stamps.

Actual donation of used stamps and prepaid cards

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Used stamps	2,612 g	1,843 g	2,614 g	2,016 g	1,401 g



Respect for Human Rights

Basic Approach

The Fuyo Lease Group encourages respect for human rights in accordance with international norms such as the Universal Declaration of Human Rights, and we have listed Respect for Human Rights in the Fuyo General Lease Group Code of Corporate Conduct. We have stipulated that we will act with respect for the dignity and basic human rights of all people and build a corporate culture with respect for human rights at its core. In achieving this goal, we implement initiatives aimed at encouraging respect for human rights, with reference to the United Nations Guiding Principles on Business and Human Rights and other sources. The Group has zero tolerance for all forms of discrimination and harassment on the basis of sex, nationality, race, ethnicity, religion, disability, or any other grounds.

Moreover, based on a recognition that particular consideration is required for the human rights of children, the Fuyo Lease Group has endorsed the international norms in The Children's Rights and Business Principles of UNICEF and works to protect and advance the rights of children who may be involved in its business.

We actively encourage our employees and business partners to have a better understanding of the Group's human rights policy.

Fuyo Lease's General Affairs Division is responsible for risk assessment and resolving the Group's human rights issues under the supervision of the director in charge of the General Affairs Division.

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Initiatives to Encourage Respect for Human Rights

We assess human rights risks in our business, and the Audit Office and General Affairs Department conduct regular employee interviews in order to prevent violations of human rights. We have also established mechanisms to ensure more reliably that impacts on human rights are controlled, including conducting checks each time when there are changes to the structure of new projects.

In addition, we have set up internal and external whistleblower hotlines that allow anonymous reporting and guarantee that all reports will be treated as confidential in order to promptly detect any infringements of compliance or the Code of Corporate Conduct in the area of human rights, including bullying and harassment. If any human rights issue arises internally or externally in relation to the Fuyo Lease Group's businesses, a team lead by the General Affairs Division will promptly resolve it.

In FY 2018, two reports were received through the hotlines. In each case, we contacted the related parties to confirm the facts and conducted investigations promptly with due care to protect whistleblowers against detrimental treatment. For the cases confirmed to be misconducts, measures were taken according to corporate regulations, and all cases have been resolved.

Building Positive Employer-Labor Relations

The Fuyo Lease Group recognizes freedom of association and collective bargaining rights as the rights of its employees. While complying with laws and regulations and promoting these rights, we strive for appropriate communication between employers and employees. In Fuyo Lease, the percentage of employees who belong to a labor union is 53.1%.

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Promoting Appropriate Labor Standards

The Fuyo Lease Group strives to comply with laws and regulations on labor standards such as working hours and pay but also to make the working environment even better in order to ensure consideration for human rights. Not only do we strive to limit long working hours and guarantee a living wage in our offices in Japan, but we also carry out checks at our overseas sites as necessary to maintain high standards to ensure the retention of excellent employees.

In Fuyo Lease in FY 2018, there were no infringements of labor-related laws and regulations.

Human Rights Awareness Training

The Fuyo Lease Group continually provides human rights awareness training in its grade-specific training, which includes training for new employees and training for newly appointed deputy managers with the aim of creating workplaces with a fundamental respect for human rights. We have also distributed the Code of Corporate Conduct mini-booklet to all employees to raise their awareness of the Fuyo Lease Group's approach to human rights and labor and the importance of respecting them. In FY 2018, the Group introduced a new training program for all employees, in which the participant view videos to improve their human rights awareness.

Furthermore, we provide training upon promotion for employees appointed at or above a certain level of management position to enable them to respond appropriately when there are reports of incidents and consultations involving human rights, including bullying and harassment.

In FY2019, the Group joined the Human Rights Education Subcommittee of the Global Compact Network Japan to gain a better understanding of Japan's human rights issues by exchanging views and ideas with experts and academics.

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Reserved



Human Resource Development and Recruitment

Basic approach

Within the Fuyo Lease Group, our basic hiring policy is to keep the selection process fair, impartial, unbiased, and non-discriminatory. We also provide opportunities for all employees to independently achieve personal growth, while respecting each other's personalities.

Furthermore, we aim to create a rewarding workplace where every employee can work with motivation.

With the extensive branch network of Fuyo Lease Group in Japan and overseas, Fuyo Lease is promoting local employment and personnel recruitment in an effort to respect the culture in each local area, strengthen networks and create jobs.

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In order to meet clients' higher level needs, act according to the corporate slogan of "Go where no one has gone before," and to be a company that clients will choose, it is essential to develop a resilient workforce consisting of individuals with the ability to think, act, and solve problems on their own. In addition to on-

the-job training and level-specific training provided in the workplace, we also offer a range of programs to support those who are motivated to engage in personal development, including the motivation support program and the overseas trainee system.

Promotion of diversity is also essential for us to be able to offer solutions that surpass clients' expectations. We strive to create a pleasant work environment for people with diverse backgrounds regardless of gender or nationality.



Hideyuki Otsubo
Executive Officer and General Manager,
General Affairs Division

Expanding businesses and providing fair and impartial evaluations

As the Fuyo Lease Group moves into uncharted businesses and continues to expand its frontiers, as declared in the core principles of the current Medium-term Management Plan, Frontier Expansion 2021, the roles our

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employees play and the tasks and challenges they face are becoming more diverse and complex. For this reason, we have made changes to our human resources system in July 2019 to expand business domains and perform fair and impartial evaluations. The core concept of the new human resources system is to convert a job function or ability-based system where a generalist serves as a role model into a varied, multi-track, job duty-based system, and to provide a framework which enables employees to achieve personal development and to expand the scope of their duties in the long term. In addition to changing the job description of clerical track to administrative track, the system also has been changed to encourage employees not only to aspire to be a section manager, who serve as role models, but also to strive for even higher positions such as departmental manager. We encourage employees to independently develop their career plans and we make efforts to offer them rewards that commensurate with the roles they play and the duties they perform in their respective areas.

Implement of employee satisfaction survey

We have been conducting an employee satisfaction survey since FY 2018 to make work more rewarding and to help employees work in a positive way each day. A total of 1,508 employees from eight group companies in Japan participated in the first survey.

We annually conduct the survey expanding the scope of employees, and aim to create a rewarding workplace where every employee can work with motivation.

Results of employee satisfaction survey

Job satisfaction*: 87.3%

- * Percentage of employees who rated at least one out of six job satisfaction questions as four or above (on a scale of one to five) in the Employee Awareness Survey.

Various trainings and self-development programs

Training programs are provided after joining the Company to learn the basics of leasing and acquire practical knowledge

An extensive knowledge of areas including legal affairs, tax and accounting, finance, products, and industry trends is required for the leasing business. In order to ensure that new employees joining Fuyo Lease can steadily increase the level of their knowledge and improve, new



Young employees working on tasks given by the training program

employees have opportunities to learn the basics of leasing and acquire practical knowledge during their first two years in the Company through various training programs taught by lecturers from inside and outside the Company.

Since FY 2017, the Company has been conducting new hire training, career training, and management training jointly with Fuyo Lease Group. As the basis for achieving the initiative of pursuing group synergies, which is set out in the Medium-term Management Plan, the Company holds training programs to help employees understand the businesses of each company and share their cultures. A total of 270 group company employees took part in seven training programs in FY 2018.

To boost employees' motivation, the Group has a self-development program offering an extensive lineup of courses including correspondence courses (about 100 courses), e-learning, and a course encouraging employees to acquire qualifications.

[Click here for a more detailed explanation of the educational system](#)

Motivation support program that responds to employees' motivation

Under the concept of fully supporting employees who are motivated and willing to take on the challenge of fulfilling the corporate slogan of "Go where no one has gone before," Fuyo Lease has been carrying out the Fuyo Motivation Support Program since FY 2013.

With a view to further globalizing the leasing business, Motivation

Support Program A encourages employees to enroll in an English conversation school and improve their English skills. Furthermore, Motivation Support Program B encourages generalist track employees to enroll in a business school in order to enhance their abilities to think, exercise leadership, and manage, as well as improve their abilities to formulate management strategies and marketing skills.

In FY 2016, Motivation Support Program C was newly established. In order to expand the job scope and enhance the job performance of administrative track employees, the Company encourages them to attend open seminars on, for example, improving operations, time management, and leadership communication. The Company has also started providing support for attending a half-day seminar for working mothers.

In FY 2018, the average number of hours of education and training spent on each employee was 34.0 hours. Responding to the motivation of employees, the Company will continue to expand the system.



Natsuki Nishioka, an employee (standing in front of a white board) shows an expression of relief after finishing her presentation in a voluntary workshop at Globis Management School

Self-assessment system

Fuyo Lease has a self-assessment system in place for promoting the autonomous and continuous development of employees' skills. Once every year, individual employees submit a Self-assessment and Career Development form for declaring to the Company a list of abilities they have managed to improve, whether they have managed to expand the scope of their jobs, what kind of self-development efforts they are making and what areas of experience they would like to build upon for their own development. The Company uses information on the declaration form to understand each employee's plan for career development, and reflects it in its personnel measures.

Furthermore, in FY 2014, in an effort to encourage employees to actively make use of various self-development programs, the Company newly established the Skill Development Plan for giving feedback to each employee on their current progress while attending various seminars.

Internal recruitment system

Fuyo Lease has a Trainee System and Internal Recruitment System in place for supporting active career development. Furthermore, in FY 2018, the Job Posting System was introduced and launched to give employees the chance to take on the challenge of doing a job that interests them.

The Trainee System is being applied in the overseas trainees' program and also the training programs of various



A trainee dispatched to New York, United States (at that time)



A trainee dispatched to China (at that time)

departments such as credit decisions making and aircraft leasing departments.

Every year, the Company dispatches about nine overseas trainees per year to its Group companies in the US and Hong Kong, as well as the overseas branches of financial institutions. As a result, by getting involved in their day-to-day operations locally, the Company aims to increase the level of the trainees' basic knowledge and linguistic abilities to engage in international financial transactions.

The Job Posting System was introduced as a framework for providing opportunities for each employee to develop by autonomously enhancing their knowledge and skills. In the system, the Company has job posts it offers, such as for department/branch manager, president of affiliated companies, specialized business departments, and credit departments.

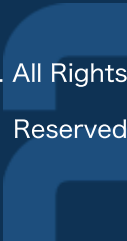
Course transfer system

In order to respond to the diversifying needs of employees in relation to employment and skill development, Fuyo Lease has the Course Transfer System in place, which allows them to switch from administrative to generalist career tracks, or vice versa. Between April 2011 and July 2019, eight employees were transferred to their new career track taking advantage of this system.

Full-time employee challenge system

In April 2014, in order to further develop skills and expand the job scope of highly capable and motivated contract employees, Fuyo Lease introduced a new system of hiring contract employees meeting certain requirements as full-time employees.

Between the introduction of the system and April 2019, a total of nine contract employees had been hired as full-time employees, and are working in the field of administration or sales administration.



Promoting Diversity

Basic approach

Under the corporate slogan of "Go where no one has gone before," Fuyo Lease strives to develop and promote people with diverse values and ideas in order to offer solutions surpassing customers' expectations.

In today's society where values and needs are becoming more diverse, the Fuyo Lease Group believes that diversity is a key growth driver. Attracting and retaining highly talented people, regardless of their sex, age, or other factors, is crucial for being able to continually create new value. As we work to enhance the value of our corporate group, we focus on developing human resources with an emphasis on making our company a better workplace, so that all of our employees can realize their full potential as they hone their professional skills.

The Diversity Promotion Office opened its doors in October 2017 to strengthen our organizational capability for creating a workplace where all employees can realize their full potential, regardless of gender.

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Empowering female employees in the workplace



Empowering female employees in the workplace

**Towards creating a workplace environment where female employees can exercise their abilities and participate more than ever:
~Preparing and promoting an action plan for promoting the participation of female employees in the workplace~**

We see empowering women in the workplace as a management priority and are taking steps towards creating a work environment where women can fulfill their potential and play a more active role than ever.

Our initiatives for empowering women focus on four specific areas: recruitment, human resources development, organizational culture reforms, and work-life balance.

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Outline of General Employer Action Plan

Target period	December 5, 2014 through March 31, 2020
Goals	<ol style="list-style-type: none">1. Aim for a female ratio of 30% in recruiting new graduates2. Achieve a 1.5-fold increase (40 females) in the number of managerial female employees by 2020 from 2014, the year when the target was set
List of activities	<ol style="list-style-type: none">1. Increase recruitment of women2. Clarify training policy3. Provide support for developing the careers of managerial candidates4. Host career lectures5. Reduce overtime working hours6. Reform corporate culture7. Relax the criteria for using the shorter working hour system8. Promote male employees to take childcare leave, etc.

Increasing the recruitment of female new graduates: outline of female employees' work-styles

In the course of FY 2017 recruitment activities, the Company revised its information brochure for new graduates who are interested in joining the Company, and in the course of FY 2018 recruitment activities, the Company revised its recruitment website in order to facilitate students to visualize what it is like for female employees to work at Fuyo Lease. The revised brochure and website introduce the Company's female employees working in various functions, explain the scope of their jobs and careers, and how they are managing their work and child care. Furthermore, in order to communicate more with female students, the Company set up booths at events for female students.

Conducting a three-party interview to support the career plan of each female generalist track employee

The Company regularly conducts a three-party interview for all female generalist track employees in which each female generalist track employee is interviewed by her departmental manager and a staff member from General Affairs Department. Individual career plans are designed based on issues and a future vision for supporting each individual's development. Furthermore, in order to appoint female managers, the Company provides support for enhancing their abilities and skills through training by organizing opportunities for female employees to attend external seminars on subjects such as management skills and leadership.

Career Lectures for awareness of female employees and managers

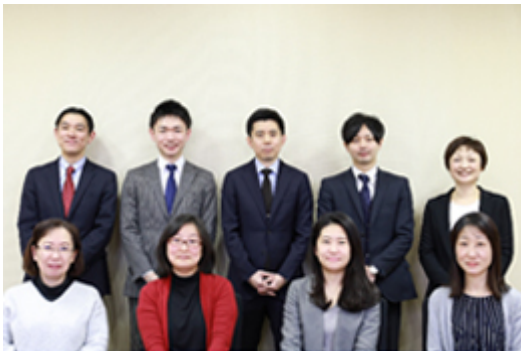
We hold career lectures by inviting external lecturers as an opportunity for female employees to think about and design their future careers. Since 2017, the target audience of the lectures has no longer been limited to female employees, and lectures have been held with the aim of creating a work environment where diverse employees can realize their potential. In January 2019, an Ikuboss* Seminar was organized for management-level staff.

- * Ikuboss: A leader who supports their staff's professional and personal development, and achieves good business performance, as well as enjoys their work and personal lives.

■ Theme and content of lecture

Career Lecture	Date	Theme
1st Lecture	February 2015	What it means for women to continue working: thinking about their future careers
2nd Lecture	July 2015	Creating a comfortable workplace
3rd Lecture	January 2017	Diversity and time management
4th Lecture	January 2019	Ikuboss seminar

Working group activities toward creating a better workplace



Since January 2015, we have been running a working group for employees with the aim of creating a workplace that is more welcoming for female employees to get actively involved in, and allows them

to envision their careers over the medium and long term.

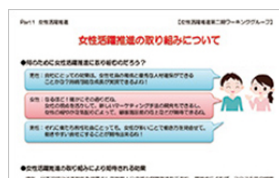
The third working group has been running since December 2016. It focuses on initiatives for reforming work-styles and promoting diversity, which go beyond past initiatives. The group members have discussed creating a program for supporting employees in balancing work and nursing care.

In fact, several programs have been established through the discussions.

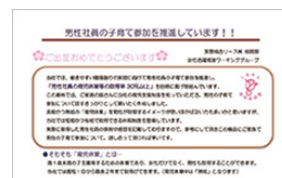
For example, a program called +Friday (Plus Friday) introduced in February 2017 is one of them, which allows employees to leave work at 3:00 p.m. on any Friday of their choice once every month. The program was improved in April 2019 to allow employees to leave work at 1:00 p.m. rather than 3:00 p.m. as originally introduced. The Staggered Hours Program introduced in May 2017 is another program that was born out of the working group's discussions. This program offers four different work schedules with earlier and later starting and finishing times, in addition to the normal working hours, so that employees can choose the schedule that is most suitable to their needs, for activities such as childcare or family nursing care duties, as well as their lifestyles.



Childcare Support Guidebook created by the first working group



Handout on creating a workplace that considers everyone's needs (a partial excerpt) created by the second working group



Leaflet giving information on the childcare support system (excerpt)

Childcare support

In response to the enforcement of the Act for Measures to Support the Development of the Next Generation in 2005, we established the General Employer Action Plan in accordance with the Act, and had been working on creating a better working environment under the initiative to support the development of the next generation.



Platinum Kurumin logo mark

As a result, the Company has implemented an action plan that is in conformity with the Act on Advancement of Measures to Support Raising Next-Generation Children. At the same time, in recognition of being an employer who complies with the standards by providing support for maintaining a work-life balance, the Company has been certified by the Tokyo Labor Bureau in FY 2017 for the sixth time, following FY 2007, 2009, 2011, 2013, and 2015, and has received a next-generation certification logo (known as Kurumin Logo) with six stars from the Ministry of Health, Labour and Welfare.

Furthermore, in FY 2017, the Company received a special certification called the Platinum Kurumin, which is awarded to Kurumin-certified companies working on higher level initiatives.

In an effort to further promote the initiative of supporting a work-life balance under the Action Plan: Stage 7" launched in April 2017, the Company has been aiming to achieve over 80 percent and over 70 percent, respectively, for the percentages of male employees who take childcare leave and employees who take annual paid leave.

In FY 2018, we organized an Ikuboss Seminar for managers. In the seminar, managers signed the Ikuboss Declaration. Furthermore, we also joined the Ikuboss Corporate Alliance. As a result of these awareness activities, the percentage of male employees who took childcare leave reached 90 percent, corresponding to 19 out of 21 male employees whose spouses gave birth, and therefore we surpassed the target of over 80 percent set out in the Action Plan: Stage 7 launched in April 2017. In addition, three out of three female employees took childcare leave.

In the Action Plan: Stage 7, the Company established the target of over 70 percent for the percentage of employees taking annual paid leave. The actual percentage was 61.9 percent in FY 2015, 68.9 percent in FY 2016, 68.0 percent in FY 2017, and 68.4 percent in FY2018, approaching the target in each year.

**Employee's comment: Mitsuhiro Uekusa,
Business Creation Department**



"I am doing my best to care for my child using the childcare-related system."

I am doing my best to care for my first child with my wife.

I took special leave twice. The first leave was childbirth leave for fathers when my wife gave birth, and the other leave was

childcare leave after my wife returned home from her parents' home upon giving birth. During my leave, I was able to dedicate myself to caring for my child without any worries because the Company is encouraging male employees to take childcare leave, and due to the understanding of my boss and colleagues. Besides the childcare leave system, there is also a system where the Company gives congratulatory childcare goods for the birth of a new baby, and I think the Company is supportive of child rearing. I would like to continue working efficiently by taking advantage of, for example, the Staggered Working Hours system, while spending time with my family.

Initiatives based on the Action Plan: Stage 7 (April 2017 - March 2022)

In order to create a workplace environment and culture where each employee can balance work with family life, the Action Plan has been established, described below, so that employees can review their work-styles autonomously and actively according to their own lifestyles, while having satisfaction in their work and being willing to take on challenges.

■ Description

- Promoting independent and active working styles
- Encouraging male employees to take a more active role in parenting
- Reducing total working hours
- Offering diverse career path options

■ Numerical targets

- Percentage of male employees who take childcare leave or similar.:
80% or more
April 2021 - March 2022 (1 year)
- Percentage of employees who take annual paid leave: 70% or more
April 2020 - March 2021 (1 year)

Supporting employees with caregiving responsibilities

In order to eliminate the worries of many employees who are likely to care for elderly family members in the future, a seminar on nursing care was held in January 2018, with over 170 employees participating, where they learned about balancing work and nursing care. The company provides both information about nursing care and support to employees with caregiving responsibilities.

Employing people with disabilities

We are also working to hire people with disabilities.

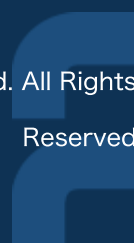
In addition to the longstanding recruitment of mid-career employees, the Company has started recruiting new graduates since FY 2015. In recruiting people with disabilities, the Company decides, with considerations to the characteristics of their disabilities and the jobs they want, the sections and jobs where they are to be assigned after joining the Company, as well as their working hours. The company also makes efforts to improve and give consideration to the working environment to ensure they can fulfill their potential.

As of the end of FY 2018, the percentage of people with disabilities employed by Fuyo Lease was 2.3 percent, meeting the mandatory employment rate.

Elderly employment (reemployment after retirement)

In response to the enactment of the revised Act for Stabilization of Employment of Older Persons in April 2013, Fuyo Lease reviewed the past continuous employment system and introduced a revised system, which allows, in principle, all employees who are reaching retirement age to continue working until the age of 65 if they wish.

As of the end of FY 2018, there were 31 employees still employed after retirement. Using their knowledge and experience acquired over many years, they are working in the functions of, for example, debt collection, making credit decisions, and remarketing leased properties.



Promoting "Work-Style Reforms"

Basic approach

Working with the goal of making people's jobs more challenging and fulfilling, Fuyo Lease is striving to build a better working environment where all employees can find their own optimal work-life balance and enhance the quality of both life and work through activities such as maintaining and improving their health, gaining new knowledge and experiences and attaining personal.

As part of these activities, we have been implementing work-style reforms across our corporate group since FY 2014.

In FY 2018, in accordance with the new guidelines of the Ministry of Health, Labour and Welfare, we worked to accurately grasp working hours, promoted measures to prevent overwork, and incorporated the comments of employees through working groups, in which employees can participate to create a better working environment. Consequently, we promoted the introduction of various mechanisms and programs based on these activities.

Refresh Day

In FY 2019, we continued to hold Refresh Day (no overtime day) once a week. Employees are free to choose any day of the week as their Refresh Day.

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+Friday

To encourage a review of each employee's work-style, from February 2017, we introduced the +Friday (Plus Friday) program, in which the employee can select any Friday once every two months to go home early at 3:00 p.m. From January 2018, we expanded the implementation of this program to once a month and started at 1:00 p.m. A total of 88.7 percent of employees take advantage of this program, which is intended to help them work better and acquire knowledge and experience outside the workplace. We aim to create an environment that encourages employees to come up with a variety of ideas for their work.

Employee's comment: Yoko Hoshino, Information Equipment Business Division



"It's a good opportunity to separate work and private life."

I am refreshed by using the time after 3:00 p.m.

I use the time freed up by +Friday as an opportunity to go and see a movie, a favorite pastime of mine, and to go out with my

husband, who has days off on weekdays. In the past, I struggled with balancing work and housekeeping, but by being able to secure free time even once a month, I feel I can have some downtime and it also increases my motivation to work from the next week. In the future, I would like to take advantage of this program, not only for my hobbies but also for lessons on cultural activities.

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Staggered hours program

We have established a new program that encourages a shift to an autonomous and active work-style by allowing employees to use their own discretion in managing time and work. Depending on their lifestyle, and not only for reasons such as childcare and nursing care, the Staggered Hours Program lets us select from among four work patterns that advance or postpone when we start and end work outside of the normal working hours. This, along with the Discretionary Labor Program, was introduced and implemented from May 2017. In FY 2018, about half of employees took advantage of the Staggered Hours Program to work in a way that suits their lifestyles.

Employee's comment: Kejiro Miyazono, Real Estate Planning Division



"Using the program, I have more time to spend with my children."

I can now spend time with my children on weekdays as well.

With the Staggered Hours Program, I chose to start work at 9:30 a.m., which is 30 minutes later than the

regular starting time. I use the time in the morning to have breakfast with my children and prepare them for the nursery school. Because my wife is also working, I hope to share housekeeping and childcare responsibilities as much as possible. But, until now, I had felt sorry to have to leave everything on weekday mornings to my wife. Because I have been able to take charge of the morning childcare due to staggered attendance, my wife is also very pleased. In addition, by having more time to spend with my children, I am also happy that I can experience my daughter growing up gradually day by day.



Employee's comment: Yuki Nukui, International Business Promotion Division



"I can now use time in a way that suits my lifestyle."

With the Staggered Hours Program, I chose a work pattern to start working at 8:30 a.m., which is 30 minutes earlier than the regular starting time, and I

Time to study a foreign language and for acquiring a qualification has become available every day

leave work at 4:50 p.m. Because I leave work 30 minutes early, I use the time to take lessons at an English conversation school using the personal development support program, in order to study for qualifications, and to practice golf, which is my hobby. As a result, the time after work is being used better than before. Because working hours have become uneven, I feel that not only the people who use this program benefit, but also others benefit from a spreading company-wide awareness of finishing work exactly at a fixed time and going home.

Increased paid leave take-up rate

We have been encouraging employees to take their annual paid leave (annual holidays), such as by establishing a system in FY 2011 that encourages taking consecutive days of leave in summer and winter. From FY 2016, we introduced the Five-day Consecutive Annual Leave system, aiming at improving the rate at which career-track employees take leave, because they have particularly low rates of taking annual leave. As a result, the annual leave take-up rate was 68.0% in FY 2017. In FY 2018, it was 68.4%, which is the same level as the previous year.

In the future, we aim to attain an annual leave taking rate of 70% or more, which is the target of the Action Plan: Stage 7 (from the period of April 2017 to March 2022) pursuant to Act on Advancement of Measures to Support Raising Next-Generation Children. In the final year of the Medium-term Management Plan (FY 2021), we will work toward achieving a rate of 80% or more.



Employee Health Management

Basic approach

Fuyo Lease believes that creating a working environment where employees can work healthily, safely, and energetically will revitalize the company and lead to improved productivity.

Based on this idea, the Health Committee, set up under the Industrial Safety and Health Act, meets once a month to maintain and improve the health and safety standards of the workplace.

Health examination

Health examinations for employees are held once a year. The general periodic health examination take-up rate for FY 2018 was 89.4%.

Mental health care

Fuyo Lease has been conducting stress checks since 2010, in order to maintain and improve employees' mental health. With mandatory stress checks, the implementation system and method were discussed again this year by the Health Committee. Since establishing internal regulations, we have been carrying out activities with five affiliated companies since May 2016.

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Employees receive stress checks on the Web and, after about a month, they can check the results of evaluations given by industrial physicians, who are the implementers of the Web check. When doing so, we encourage employees who have been assessed to be highly stressed to have a medical interview with an industrial physician, and take necessary work-related measures based on the results of the interview.

In addition to stress checks stipulated in the Industrial Safety and Health Act, employees and their families can consult specialist counselors. The results are not disclosed to the company, because we consider the privacy protection needs of individuals.

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Employee Data

Employee Data

Fuyo Lease Group consolidated data

Number of employees (persons)

	End of FY 2013	End of FY 2014	End of FY 2015	End of FY 2016	End of FY 2017	End of FY 2018
Number of employees	1,521	1,542	1,559	1,703	1,715	1,960

Fuyo Lease non-consolidated data

Number of employees (persons)

	End of FY 2015			End of FY 2016			End of FY 2017			End of FY 2018		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Generalist track	455	38	493	467	40	507	458	53	511	459	63	522
Clerical track	3	146	149	0	152	152	0	149	149	1	155	156
Temporary employees	19	9	28	26	4	30	24	5	29	20	6	26
Total	477	193	670	493	196	689	482	207	689	480	224	704

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■ **Number of new graduates employed (persons)**

FY of joining Fuyo Lease	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Total	16	19	26	28	31	35	29
Male	12	13	19	20	18	20	18
Female	4	6	7	8	13	15	11

■ **Number of new graduates employed (persons) and retention rate after 3 years (%)**

FY of joining Fuyo Lease	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Generalist track	12	17	16	16	26	22
Clerical track	1	1	0	3	0	6
Total	13	18	16	19	26	28
Retention rate of employees 3 years after joining Fuyo Lease	100	94.4	87.5	94.7	100	85.7 <input checked="" type="checkbox"/>

* A checkmark indicates that FY2018 figures have been assured by KPMG AZSA Sustainability Co., Ltd.

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■ **Number of employees leaving (persons)/reasons for leave/turnover rate (%)**

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	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Generalist track	6	4	5	6	11	13
Clerical track	3	4	1	1	3	2
Total	9	8	6	7	14	15
Voluntary resignation	7	5	3	6	9	14
Mandatory retirement	1	0	2	1	2	1
Other	1	3	1	0	3	0
Turnover rate	1.3	1.1	0.8	1.0	1.9	1.9 



* The turnover rate includes voluntary resignations, mandatory retirement and other reasons for leaving (e.g. relocation). It does not include employees who have been re-employed on a contractual basis leaving at the end of their contracts.

■ **Average age (age)/average length of service (years)/average salary (thousand yen)/Rate of paid leave taken (%)**

	End of FY 2013	End of FY 2014	End of FY 2015	End of FY 2016	End of FY 2017	End of FY 2018
Age	41.4	41.9	41.7	41.5	41.4	41.2
Length of service	15.9	16.3	16.6	16.4	14.7	14.6
Annual salary	8,222	8,293	8,366	8,410	8,454	8,669
Rate of paid leave taken	59.1	58.5	61.9	68.9	68.0	68.4 

■ **Number of female managers and assistant female managers (persons) / rate (%)**

	End of FY 2013	End of FY 2014	End of FY 2015	End of FY 2016	End of FY 2017	End of FY 2018
Female managers	25	25	27	29	32	36 ▢
Proportion of female managers	7.9%	8.1%	9.0%	9.1%	9.9%	11.5%

	End of FY 2013	End of FY 2014	End of FY 2015	End of FY 2016	End of FY 2017	End of FY 2018
Female assistant managers	29	31	33	38	42	45
Proportion of female assistant managers	29.6%	27.0%	26.8%	27.9%	28.4%	28.8%

■ **Number of trainees sent overseas (persons)**

	End of FY 2013	End of FY 2014	End of FY 2015	End of FY 2016	End of FY 2017	End of FY 2018
Number of employees sent overseas	2	3	5	5	8	8

■ **Number of employees who used the career track shift system (persons)**

	Apr. 2014	Apr. 2015	Apr. 2016	Apr. 2017	Apr. 2018	Apr. 2019
Number of users	0	2	1	1	1	0

■ **Number of employees converted from contractors to full-time employees under the Full-time employee challenge system (persons)**

	Apr. 2014	Apr. 2015	Apr. 2016	Apr. 2017	Apr. 2018	Apr. 2019
Number of users	0	4	1	0	3	1

■ **Other employee data**

	End of FY 2013	End of FY 2014	End of FY 2015	End of FY 2016	End of FY 2017	End of FY 2018
Number of employees taking child care leave (persons)	4	8	9	10	4	3
Rate of employees receiving regular medical check-ups (%) ^{*1}	99.7	99.8	97.5	99.0	97.5	98.4
Employment rate of persons with physical/intellectual disabilities (%)	2.0	2.0	1.8	2.2	2.3	2.3 <input type="checkbox"/>
Number of industrial accidents (number of cases) ^{*2}	4	2	2	1	1	2

*1 Regularly provided medical check-ups are categorized into general medical examination for employees of less than 35 years of age, medical examination for adult diseases for employees between 35 years of age and less than 40 years of age, and comprehensive medical examination for employees of 40 years of age or above.

*2 Accidental injuries due to falling in the street while commuting, all of which are minor injuries.

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Governance



Code of
Corporate
Conduct



Risk
Management
and
Compliance
System



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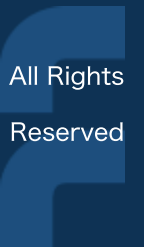
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Corporate Governance

Basic Idea and Structure

The Fuyo Lease Group places strong emphasis on creating and maintaining relationships with all stakeholders, including shareholders, customers, employees, and local communities. We believe that the fundamental objective of corporate governance is to perform business activities with sincerity and fairness in line with our management philosophy.

To achieve sustainable growth and increase corporate value over the medium to long term, we have established our own Corporate Governance Guidelines which align with the purpose and spirit of the Japan's Corporate Governance Code. These Guidelines serve as the foundation for our corporate governance framework, operating policies and other management policies, to which we adhere to everything we do.

Corporate Governance Structure

Fuyo Lease has established a Board of Corporate Auditors, which includes two outside corporate auditors who are independent from our company. In addition, in order to enhance the supervisory function of the Board of Directors, we have also appointed three independent outside directors, who provide oversight and advice on the execution of business operations from an external perspective.

CSR

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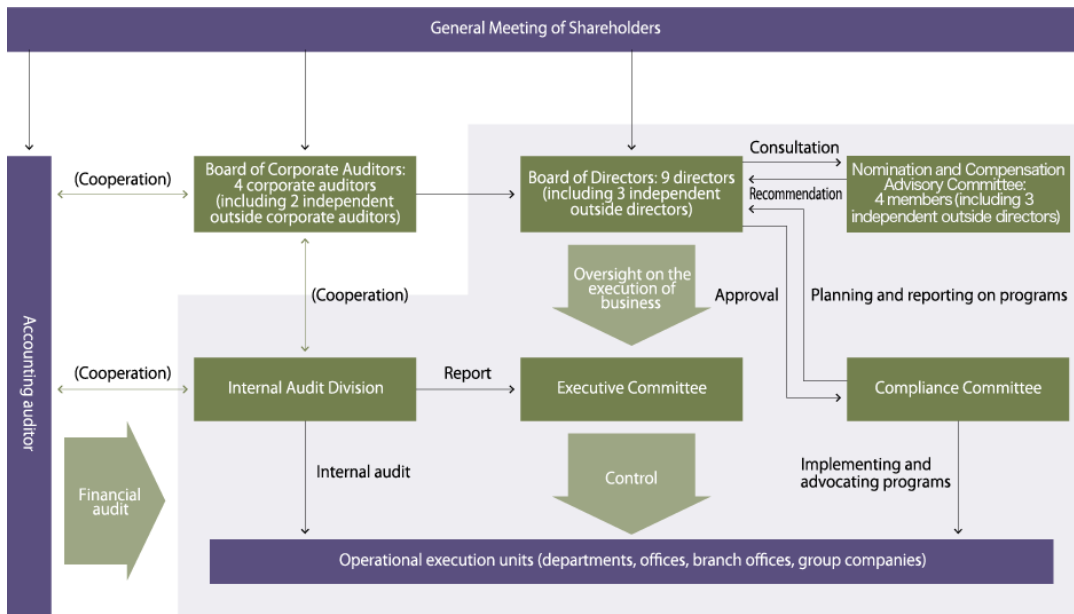
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Furthermore, to improve management efficiency and expedite decision-making by separating the management oversight function from the execution of operations, we have adopted the executive officer system.

For further details, please refer to: Fuyo Lease Group Report on Corporate Governance (PDF)

[Report on Corporate Governance](#)  (248KB)

Strengthening Corporate Governance

Fuyo Lease has implemented various initiatives aimed at strengthening corporate governance.

Year	Initiative	Objective
2008	Introduced performance-based compensation and stock compensation-type stock options	To strengthen links between directors' remuneration and their performance and shareholder value
2011	Reduced the term of office of a director from two years to one year	To increase opportunities to build shareholder confidence
2015	Increased the number of independent outside directors from one to two	To strengthen the management oversight structure
	Established the Corporate Governance Guidelines	To comply with the Japanese Corporate Governance Code
	Set up the Nomination and Compensation Advisory Committee	To ensure independence and objectivity in the decision-making process for matters such as nomination and compensation
2016	Started analyzing and evaluating the overall effectiveness of the Board of Directors	To verify the effectiveness of the roles and functions of the Board of Directors and to make ongoing improvements
2018	Increased the number of independent outside directors from two to three	To strengthen the management oversight structure
	Introduced a stock compensation plan (Board Benefit Trust, BBT)	To strengthen links between directors' remuneration and shareholder value
2019	Disclosed an English version of the Corporate Governance Report	To enhance external disclosure related to corporate governance

Establishment of the Corporate Governance Guidelines

In conformity with the purpose and spirit of the Japanese Corporate Governance Code, Fuyo Lease has established our own Corporate Governance Guidelines, which provide a foundation for corporate governance framework, operating policies, etc. The Corporate Governance Guidelines set out the framework, operating policies, roles, and responsibilities of different supervisory and executive functions, in addition to our basic approach to corporate governance. To achieve sustainable growth and increase our corporate value over the medium to long term, we adhere to these guidelines in everything we do across the Fuyo Lease Group.

For further details, please refer to: Corporate Governance Guidelines (PDF)

[Corporate Governance Guidelines](#)  (194KB)

■ Board of Directors

The Board of Directors consists of nine directors, including six inside directors and three independent outside directors. The Board of Directors deliberates and makes decisions on important management issues, as well as matters specified in laws and regulations, the Articles of Incorporation, and the Regulations governing the Board of Directors. The Board of Directors also oversees the execution of operations by Directors and Executive Officers.

In FY 2018, the Board of Directors met 12 times.

■ Nomination and Compensation Advisory Committee

Fuyo Lease has set up the Nomination and Compensation Advisory Committee under the Board of Directors in order to eliminate arbitrariness in decision-making processes and to maintain a highly transparent management structure. The committee consists of four members, including three independent outside directors and an inside director. The committee mainly deliberates on topics such as nominating or removing of candidates for directors and corporate auditors, remuneration of

directors, succession planning, and analysis and evaluations of the overall effectiveness of the Board of Directors, and reports its findings to the Board of Directors.

In FY 2018, the Nomination and Compensation Advisory Committee met five times.

■ **Board of Corporate Auditors**

Our Board of Corporate Auditors is composed of four auditors, including two full-time and two part-time auditors who are also independent outside corporate auditors.

According to the audit plan formulated by the Board of Corporate Auditors, each corporate auditor audits execution of operations by directors by attending important meetings, reviewing important documents, examining operations and assets, and reviewing the audit findings of the independent accounting auditor and the internal audit department among other relevant activities. Corporate auditors closely work with the Internal Audit and Internal Control Departments to conduct audits in order to enhance audit quality. At the request of the corporate auditors, an employee (a staff member from the Internal Audit Division) has been appointed to assist them.

In FY 2018, the Board of Corporate Auditors met 11 times.

■ Attendance at Board and Committee meetings (attendance in FY 2018 by board members, as of June 21, 2019)

Name	Position	Attendance at Board meetings
Takashi Sato	Director and Chairman (Representative Director)	Board of Directors: 12/12
Yasunori Tsujita	President and Chief Executive Officer (Representative Director), Chairman of the Nomination and Compensation Advisory Committee	Board of Directors: 12/12 Nomination and Compensation Advisory Committee: 5/5
Shozo Kazama	Director and Deputy President (Representative Director)	Board of Directors: 12/12
Shinya Aizawa	Senior Managing Director	Board of Directors: 12/12
Yoriaki Takebe	Senior Managing Director	Board of Directors: 10/10 (Elected in June 22, 2018)
Soichi Hosoi	Managing Director	Board of Directors: 12/12
Seiichi Isshiki	Director, Member of the Nomination and Compensation Advisory Committee	Board of Directors: 12/12 Nomination and Compensation Advisory Committee: 5/5

Name	Position	Attendance at Board meetings
Hideo Ichikawa	Director, Member of the Nomination and Compensation Advisory Committee	Board of Directors: 10/10 Nomination and Compensation Advisory Committee: 3/3 (Elected in June 22, 2018)
Masayuki Yamamura	Director, Member of the Nomination and Compensation Advisory Committee	-(Elected in June 21, 2019)
Kiyoyuki Takashima	Full-Time Corporate Auditor	Board of Directors: 12/12 Board of Corporate Auditors: 11/11
Shigeru Suda	Full-Time Corporate Auditor	Board of Directors: 12/12 Board of Corporate Auditors: 11/11
Teruhiko Numano	Outside Corporate Auditor	Board of Directors: 8/12 Board of Corporate Auditors: 7/11
Yoshihiro Jinnai	Outside Corporate Auditor	Board of Directors: 12/12 Board of Corporate Auditors: 11/11

■ Executive Committee

The Executive Committee is composed of Executive Officers with positions of managing executive officer or higher, the heads of the Management & Planning Division, General Affairs Division, and Business & Planning Division as well as the Presidents of affiliated companies. Full-time corporate auditors also attend meetings of the Committee on a regular basis.

As a general rule, the Executive Committee meets at least once a month to make decisions on operating activities and implementation of measures delegated to the President & CEO, and to discuss important issues concerning internal controls. Its aim is to improve the quality of management decisions and to speed up decision-making.

In FY 2018, the Executive Committee met 20 times.

■ Compliance Committee

Fuyo Lease has set up a Compliance Committee chaired by the Chief Compliance Officer. The heads of relevant planning and administrative departments, representative directors of subsidiaries in Japan, and heads of overseas subsidiaries' relevant departments serve as full-time committee members. The administrative functions of the committee are carried out by the Legal & Compliance Division. The Compliance Committee meets quarterly to discuss issues related to compliance systems and implementing annual compliance plans. Based on its discussions the Committee submits reports to the Board of Directors and the Executive Committee, and takes measures to develop and enhance compliance systems.

■ Internal Audit

The internal audit function is administered by the Internal Audit Division (staffed by six employees). The Internal Audit Division conducts operational audits of all departments, offices, branch offices, and major subsidiaries, and plays a part in ensuring that internal controls are functioning in addition to examining their effectiveness. The results of these audits of operations are reported to the President & CEO and corporate auditors every time they are conducted and periodically to the Board of Directors and the Executive Committee.

■ Analysis and Evaluation of the Effectiveness of the Board of Directors

At Fuyo Lease, we analyze and evaluate the overall effectiveness of the Board of Directors every year. The Board of Directors makes further efforts to enhance its functions in the light of the results of the analysis and evaluation with the aim of continually improving its effectiveness.

The results of the analysis and evaluation for FY 2018 are as follows.

└ Evaluation method

We conducted a questionnaire survey among all Directors and corporate auditors, as well as interviews with them on an as needed basis. Following the discussions and recommendations by the Nomination and Compensation Advisory Committee, which consists mainly of independent outside directors and assisted by the corporate lawyer, the Board of Directors carried out the analysis and evaluation of the results.

└ Results

While the Board of Directors met all evaluation criteria, including size, composition, functions and roles, as well as operation, and was found to be effective, we concluded that we must still steadily implement measures to improve the functions of the Board of Directors, make those activities part of our daily operations, and continually review the Board's functions.

└ Progress on issue identified last fiscal year

To address the issue identified in the last fiscal year –a need to increase and diversify outside directors – we appointed an additional independent outside director by a resolution of the Annual General Meeting of Shareholders held in June 2018. To address the need to bring more perspectives to the Boardroom, narrow down discussion points, and enhance reporting on risk management and corporate governance trends, we discussed and approved the proposed resolutions for reporting progress and risks in each business sector in the strategic areas of the Medium-term Management Plan and for ensuring compliance with the

revised Corporate Governance Code. We then confirmed that the effectiveness of the Board had been improved.

▮ Newly identified issues

We recognized the need to continuously bring more perspectives to the Boardroom and narrow down discussion points as well as the need to provide more information to outside directors.

■ Director Qualifications and Nomination Procedures

▮ 1. Policy and procedures for nominating director and corporate auditor candidates and removing directors

Our Corporate Governance Guidelines set forth procedures for nominating and removing directors in addition to the qualifications of corporate auditors and procedures for nominating corporate auditor candidates. Under these guidelines, a director or corporate auditor candidate must possess an outstanding personality, a wide breadth of knowledge, abilities, experience, and high ethical standards. The guidelines also specify that candidates be nominated regardless of factors such as sex, age, and nationality, with the aim of achieving greater diversity. In order to ensure fairness and transparency in the nomination process, the selection of candidates for directors and corporate auditors is finalized by the Board of Directors following a discussion by the Nomination and Compensation Advisory Committee, which is comprised of majority independent outside directors. Selection of corporate auditor candidates is finalized by the Board of Directors upon consent of the Board of Corporate Auditors.

▮ 2. Independence standards for outside directors and outside corporate auditors

Independence standards for outside directors and outside corporate auditors are stipulated in the Corporate Governance Guidelines in line with the independence standards prescribed in the Guidelines Concerning Listing Management, etc. established by the Tokyo Stock Exchange.

3. Roles expected of outside directors and outside corporate auditors and reasons for appointment

Name	Reason for appointment
Seiichi Isshiki	Seiichi Isshiki has served as representative director and president of JX Nippon Oil & Energy Corporation, director of JX Holdings, Inc., and president of ENEOS Celltech Co., Ltd. We believe that he will help enhance the effectiveness of the decision-making and oversight functions of the Board of Directors from a position that is independent from our company's management by drawing upon his extensive experience and wealth of knowledge.
Hideo Ichikawa	Currently serving as representative director and chairman of the board and formerly representative director and president at Showa Denko K.K., Hideo Ichikawa has years of experience in corporate management. We believe that he will help enhance the effectiveness of the decision-making and oversight functions of the Board of Directors from a position that is independent from our company's management by drawing upon his extensive experience and wealth of knowledge.
Masayuki Yamamura	Masayuki Yamamura has served as president of Nippon Telegraph and Telephone East Corporation, and we believe that he will help enhance the effectiveness of the decision-making and oversight functions of the Board of Directors from a position that is independent from our company's management by drawing upon his extensive experience and wealth of knowledge.
Teruhiko Numano	We believe that Teruhiko Numano will conduct audits appropriately from an objective standpoint based on the expertise he has gained as a jurist and a lawyer and provide us with highly professional legal advice. He is also well versed in business litigation cases as a lawyer and has considerable financial and accounting knowledge.
Yoshihiro Jinnai	Having served as senior managing executive director at Sompo Japan Insurance Inc. and president of Audatex Japan (now Cognivision, Inc.), Yoshihiro Jinnai should be able to conduct audits appropriately from an objective standpoint by drawing upon his extensive experience and wealth of knowledge.

■ Board Remuneration

Fuyo Lease believes that enhancing the link between shareholder value and remuneration of Board of Directors will boost their morale and motivate them to improve our financial performance and share price, leading us towards our goals of ensuring stable performance and growth, while enhancing our corporate value. That is why we have introduced variable pay programs such as performance-based compensation and stock compensation in addition to a base salary, which is provided as fixed compensation.

We determine base salaries in the light of our employees' salaries, average market salaries for directors, our financial standing, and other relevant factors.

The actual amount of performance-based compensation is based on our consolidated performance as well as an individual director's contribution to our financial performance among other factors. The indicators for performance-based compensation are operating assets, ordinary profit, and ROA on a consolidated basis, which are key performance indicators for the Medium-term Management Plan.

└ Method for calculating performance-based compensation

Performance-based compensation = base salary for each position x performance-based payment coefficient (*)

- * The performance-based payment coefficient is determined through a formula that combines the attainment percentage of the previously set targets and the year-over-year change percentage for: 1) operating assets, 2) ordinary profit, and 3) ROA. The performance-based payment coefficient ranges between 0.5 and 1.5.

The stock compensation plan (Board Benefit Trust, BBT) is designed to motivate Board members to help boost our company's performance and corporate value over the medium- to long-term by making the link between their compensation and our equity value clearer. Under this compensation plan, the Company's shares are acquired by a trust using funds contributed by the Company, and the directors will be provided, on their retirement, with the Company's shares and cash-equivalents to the market price of the Company's shares at the time of retirement, in accordance with the Regulations for Provision of Shares to Officers approved by the Board of Directors.

The ratio between the base salary and the variable pay plan is set at 1 to 0.6 based on the average compensation ratio used by listed companies. The variable pay plan consists of performance-based compensation and stock compensation, and the ratio between the two is set at 5 to 7 in the light of the characteristics of the revenue structure of the leasing business to provide higher incentives on a medium- to long-term basis.

Directors' compensation is discussed by the Nomination and Compensation Advisory Committee in order to ensure transparency and objectivity in determining the amounts. Compensation for outside directors and corporate auditors consists only of fixed compensation because short-term incentives and equity compensation are not really applicable.

The company prescribes malus provision providing that if a director causes significant damage to the Company or engages in inappropriate conduct, the director's base salary or performance-based compensation will be reduced or the director will not be paid and the director will no longer be eligible to receive stock compensation.

Officer classification	Total amount (millions of yen)	Remuneration amount (millions of yen)			Number of directors
		Basic remuneration	Stock-based remuneration (Board Benefit Trust, BBT)	Performance-linked remuneration (Annual bonuses)	
Directors (excl. Outside Directors)	301	195	56	49	6
Board of Corporate Auditors members (excl. Outside Auditors)	44	44	-	-	2
Outside Directors	53	53	-	-	5

- * The above remuneration amount and number of directors include those who resigned by the end of FY 2018.
- * The above performance-linked remuneration comprises the amount, which shall be recorded in the fiscal year.
- * The amount of the Board Benefit Trust (BBT) comprises the amount recorded in the fiscal year based on the number of points granted or expected to be granted during the fiscal year.
- * At the 39th Annual General Meeting held on June 25, 2008, Fuyo Lease approved the resolution to pay accrued retirement benefits associated with the abolishment of the retirement benefits system for directors. The estimated amount as of the end of the fiscal year is 9 million yen (outside directors). The payment is made at the time of their retirement.

■ Internal Control System

Fuyo Lease has instituted an internal control system across our corporate group to ensure compliance with all relevant laws and the articles of incorporation, capability to respond to various risks in a timely and appropriate manner, and to ensure transparency and efficiency of operations, in addition to ensuring the reliability of financial reports, etc.

Our Internal Audit Department, corporate auditors, and independent auditor share information about audit findings to monitor the status and operation of the internal control system. The status of the internal control system operation is reported to the Board of Directors during a meeting held at the end of each fiscal year, and continuous improvements are made in the light of the audit findings.



Code of Corporate Conduct

Chapter 1 Basic Policy of Fuyo General Lease Group

1. Social Responsibilities and Public Missions

- Always bearing in mind the significance of our social responsibilities and public missions, we commit ourselves to sound business management based on the principle of self-responsibility as a financial business group that consists mainly of listed companies.
- We endeavor to communicate closely with society, and to align our corporate conduct with social norms.

We have considerable social responsibilities and public missions as a financial business group that consists mainly of listed companies. We must be aware that we are required to fulfill both our social responsibilities and public missions, and the purpose of a private company at a high level.

First of all, we are expected to take social responsibilities, including economic, legal, ethical, and social contribution responsibilities, as follows;

- Economic responsibilities such as pursuing reasonable profits, securing employment and efficient management;
- Legal responsibilities to comply with laws and regulations as a member of society;
- Ethical responsibilities to respect human rights and act in line with social norms; and
- Social contribution responsibilities as a good corporate citizen that supports and grows with society.

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To fulfill these social responsibilities and public missions, it is essential to gain the unwavering trust of our customers and society through the Group's sound and appropriate business operations.


While great effort and time are required to gain the trust of our customers, that trust can be lost in an instant. A financial business group's loss of trust can lead to a reduction of trust in the entire financial system.

We declare that we always bear in mind the significance of our social responsibilities and public missions, and commit ourselves to sound business management based on the principle of self-responsibility. Furthermore, through activities such as public relations activities, we endeavor to actively communicate with society at all times, and to ensure that our activities are fair and transparent in line with social norms.

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2. Implementation of Customer First Principles

- We put our customers first and provide services at the highest quality to our customers.
- We believe that gaining the trust of our customers is the basis for gaining the trust of shareholders, local communities, and all other stakeholders.

We need to appreciate that we engage in financial service businesses centered on lease businesses in which we put our customers first; in other words, our ongoing development is derived from our customers' prosperity.

"Putting our customers first" means that every single director and employee considers how he or she can serve as the most reliable consultant for our customers and provide the best services that meet the needs of our customers at all times. The accumulation of such daily efforts can lead to us gaining the trust of our customers and appropriate profits.

We can exist as a corporation only after gaining a profit. Then, by using the profit to make new investments and create new services, we can further enhance the trust of our customers.

In other words, "putting our customers first" and gaining the trust of our customers is the basis of secure and sound business management, which results in gaining the trust of other stakeholders.

Moreover, "putting our customers first" does not mean that we accept all requests from our customers or provide services with no thought to profit. We should never forget that "putting our customers first" does not conflict with "earning profits," but rather the two are connected to each other.

3. Compliance with Laws and Rules

- We strictly comply with all laws and regulation, and carry out fair and honest business activities in line with social norms.
- We respect local customs and cultures, as well as international standards and local laws in each region of the world.

We place ensuring compliance as the foundation of our Management Principle, based on which we strictly comply with all laws and regulations, and perform fair and honest business activities in line with social norms.

It is not our policy to achieve this principle by merely avoiding violations of laws and regulations. Instead, always bearing social norms in mind, we act with a high level of self-discipline based on fully understanding the intent, purpose, and background of the establishment of laws and rules.

We also comply with international standards and foreign countries' laws and regulations, and respect the local customs and cultures, as well as Japanese laws and regulations and social norms as a financial business group, that provide services to overseas customers.

As laws, regulations, and social norms change with the times, we strive to accurately understand the underlying social trends.

If we violate laws or regulations or act against social norms, we would be not only held legally liable but would also be exposed to severe criticism from society. In addition, we could lose trust, our most valuable asset, which could, in some cases, shake the core elements of our business management.

4. Respect for Human Rights

- We act with respect for the dignity and fundamental human rights of all persons, including our customers, directors, and employees, and establish a corporate culture with a spirit that fully respects human rights.

Today, respect for human rights is a global standard of conduct. We are required to be strongly aware that we shall not engage in, or allow others to engage in, discrimination or harassment for any reason (including based on factors such as gender, nationality, race, ethnicity, religion and disability). Moreover, we take due care to protect privacy of others because we have many opportunities to access information of various individuals.

The basic concept of respecting for human rights is to respect other people as human beings and to "put yourself in another person's shoes." To conduct bearing this concept in mind is an extremely important platform for providing an energetic and great work environment for our employees, and to gain the trust of our customers.

We should be vigilant of human rights and never forget that we act with the highest respect for the human rights of all persons. Based on this recognition, we actively work on improving every single employees' awareness of human rights.

5. Blocking Relationships with Anti-social Forces

- We block any relationships with anti-social forces that pose a threat to the order and safety of civil society.

We block any relationships with anti-social forces.

We do not provide any products or services to anti-social forces. We conduct an appropriate investigation before entering into transactions in order to prevent any transactions with anti-social forces. If a counterparty to a transaction is found to be an anti-social force after

We take organizational actions.

If a relationship with an anti-social force is found, the top management will be promptly notified and we will take organization-wide actions.

We cooperate with external expert organizations.

We closely cooperate with external expert organizations such as the police, the National Center for the Elimination of Boryokudan (anti-social forces), and lawyers on an ongoing basis, and address issues with due care for the safety of our directors and employees.

We will not hesitate to take legal measures and respond with a firm attitude.

We respond to anti-social forces with a firm attitude in both criminal and civil aspects as necessary and do not conduct any backdoor transactions in response to unreasonable demands or attacks such as intimidation.

Chapter 2 Basic Attitude of Fuyo General Lease Group

1. Basic Attitude toward Customers

- We always endeavor to provide satisfaction to customers, gain their trust and establish long-term confidential relationships.
- We strive to fully understand our customers and serve our customers faithfully.
- We provide sufficient information to our customers and the highest level of comprehensive financial services.
- We strictly manage customers' assets.
- We endeavor to improve ourselves to possess excellent insights, as well as expertise and skills, to make ourselves useful to customers.

We act based on the principle of "putting our customers first" and always aim to provide the highest level of comprehensive services that satisfy the needs of our customers. To this end, we should be aware that all of our activities lead to providing satisfaction to our customers and gaining their trust. We also note the following items in performing acts in order to establish a long-term confidential relationships with our customers.

- First, it is important to know our customers well. We collect sufficient information on our customers by carefully listening and closely observing our customers.
- We accurately understand the needs of our customers by putting ourselves in a customer's shoes.
- We provide adequate information based on accurate knowledge and provide services that meet the needs of our customers through making the most of our ability to provide comprehensive financial services.
- We fulfill our promises to customers, and perform fair and honest business activities.
- We always bear in mind that we store our customers' valuable assets with due care and strictly manage information of our customers.
- While it is important to become acquainted with customers, we do not offer nor receive entertainment or gifts that deviate from social norms or conduct any acts, such as cash loans, that may create an excessively familiar relationship with our customers.
- We strive to improve ourselves to possess deep insights, as well as expertise and skills, to make ourselves useful to customers, and actively try to create and develop new business areas.

2. Basic Attitude toward Shareholders

- To gain the trust of our shareholders, we endeavor to protect and increase our corporate assets.
- We enhance and reinforce our internal control system by performing proper accounting and effective internal audits.
- In order to communicate accurate business information to shareholders, we actively disclose information and improve the transparency of business management.

We keep our shareholders' valuable funds with due care as a joint-stock corporation.

Therefore, to respond to our shareholders' trust and expectations, we endeavor to promote the protection and expansion of our group's assets and to maximize our profitability.

In order to gain widespread understanding and trust from our shareholders, we maintain the accuracy and reliability of our financial and tax accounting procedures, and monitor whether they function properly and effectively under a strict internal control system. Moreover, we will further reinforce our independent internal audit functions and improve the internal control system.

To those ends, we aim to achieve an "open management" style that is trusted by the markets through actively disclosing appropriate information in a timely manner through opportunities such as the general meetings of shareholders, as well as focusing on IR activities and maintaining a close two-way communications with shareholders.

3. Basic Attitude toward Local Communities

- We perform functions as a good corporate citizen who grows with local communities.
- We actively perform social contribution activities.
- We are aware that activities related to environmental issues are mandatory requirements for the existence and operations of a corporation and perform such activities voluntarily and proactively.

Through the corporate actions and activities of our individual directors' and employees', we have a deep involvement with the local communities upon which our existence relies. Therefore, we conduct business activities while harmonizing our Group's profits with the benefits of society, and perform these functions as a "good corporate citizen" who contributes to the development of local communities. Furthermore, in order to respond to social changes over time, we endeavor to closely communicate with society and respectfully listen to the opinions of society to ensure that our activities conform to social norms and meet the expectations of society.

We regard engaging in social contribution activities as one of our social responsibilities and engage in activities in various fields. In addition, we actively disclose our corporate attitude and actual activities through media such as the disclosure materials in order to gain the understanding of society. Moreover, we actively support volunteering activities carried out by our directors and employees.

Today, environmental issues are not limited to preventing conventional industrial pollution but extends to issues common to all humankind such as the disposal of waste, nature conservation, and preservation of the global environment.

We acknowledge that we have a social responsibility to voluntarily and actively address environmental issues, and promote the fulfilment of both economic development and environmental preservation.

4. Basic Attitude toward Employees

- We help our employees lead more prosperous and fulfilling lives, and secure a comfortable and safe work environment for our employees.
- We create workplaces where workers respect each other and no discrimination or harassment takes place.

While responding to the diversification of workers' values, we are required to establish various employment and working forms and vacation systems under which workers can lead more prosperous and fulfilling lives, and ensure that each worker can exercise his or her individuality and achieve personal growth.

In order to address these challenges, we will create an attractive, free, and open-minded workplace where workers can feel that their duties are worthwhile. We also strive to improve workers' sense of ethics through education and training on compliance, and comply with labor laws and regulations, as well as caring for health and safety in the workplace.

Our basic philosophy is to respect human nature and protect fundamental human rights. Discrimination and harassment are acts that violate human rights, which demotivate workers, disrupt order in the workplace, and lead to a deterioration of the work environment. We do not permit any acts of

discrimination and harassment in any forms and for any reasons. We work to create a sound work environment where workers respect the human rights of other workers and understand each other.

It is our basic policy to conduct fair and impartial employment screenings without discrimination. In conducting employment screenings of employees, we make judgments based on the individual's abilities and qualifications without any discrimination.

5. Basic Attitude toward Suppliers and Competitors

- In purchasing goods and services and ordering systems, we make decisions that are objectively based on factors such as quality, convenience, and price, and maintain sound and transparent relationships with suppliers without engaging in acts that can be regarded as creating excessively familiar relationships.
- We require our suppliers to understand the Fuyo General Lease Group Code of Corporate Conduct.
- We make efforts to approach corporate conduct with common sense, and engage in free competition in a fair and transparent manner.

■ Suppliers

In purchasing goods and services and ordering systems, we select suppliers by objectively and comprehensively considering factors such as quality, convenience of service, price, and reliability.

Regarding relationships with suppliers, we maintain sound and transparent relationships without engaging in acts that can be regarded as creating an excessively familiar relationship. To this end, we do not ask or receive any entertainment or gifts in contravention of our internal rules.

Moreover, in order to maintain our credibility, we require our suppliers to understand the Fuyo General Lease Group Code of Corporate Conduct.

■ Competitors

Due to the globalization of corporate activities and the expansion of a borderless economy, it is increasingly important to conduct corporate

activities in compliance with competition rules in the market.

As basic rules that are essential for the sound development of a free economic society, many countries have established laws such as anti-monopoly acts for the purpose of maintaining and promoting fair and free competition. It is our responsibility to comply with these laws, including with the philosophy behind such laws.

We promote complete compliance with laws and will not engage in any illegal acts or pursue profits through unreasonable means. Furthermore, we will not conduct any unfair competitive acts such as formation of a cartel or abuse of an advantageous position.

In accordance with the principle of self-responsibility, we carry out fair, transparent, and free competition based on our self-sustaining and independent spirit, which is a precondition of the market economy system.

6. Basic Attitude toward Politics and Government

- We maintain sound and appropriate relationships with politics and government.

Many countries have established laws to regulate the participation of corporations in the political activities of political parties and political offices.

Public officials, for example, government officials, have duties entrusted to them by citizens as servants of all citizens. Thus, government officials are required to maintain ethics pertaining to their duties. Laws and regulations also require administrative systems to be fair and transparent.

Moreover, with respect to foreign public officials, domestic laws, mainly in OECD countries, have been developed pursuant to ensure fair competition in international business activities.

Based on the recognition of this environment regarding relationships with politics (political parties and political offices) and government (supervisory agencies, etc.) inside and outside Japan, we maintain sound and transparent relationships without engaging in acts that can be regarded as

creating an interdependent relationship or an excessively familiar relationship.

To this end, we comply with laws and regulations and never offer illegal political contributions or provide benefits. In particular, we firmly maintain our attitude of avoiding any suspicious acts with respect to relationships with public officials; as the saying goes, "don't straighten your cap under a plum tree (raising hands might seem as if one is attempting to steal the fruit above)."

Chapter 3. Action Guidelines for All members of the Fuyo Lease Group

1. Maintaining Order in the Workplace

- Each employee acts independently and autonomously with high ethical standards.
- We cooperate and work with each other while respecting human rights and individuality to build an open-minded workplace.
- We eliminate empty formalities and obscure practices, etc.

■ Independence and rigorous ethical standard

We will work independently and autonomously with a rigorous ethical standard in carrying out our duties, and act based on a thorough understanding of not only the wording of laws, regulations and rules, but also the spirit thereof, while conforming to social norms. Furthermore, we faithfully exercise our work authorities without exceeding those bounds, and strive to report, communicate and consult promptly.

We are aware that the results of our actions are entirely our own responsibility, and act accordingly. It is unacceptable to violate the rules, regardless of the reasons behind them whether it was for the benefit of the company, a superior or a customer.

■ **Respect for human rights and individuality**

We respect each other's human rights and individuality, and do not engage in any form of discrimination. We also do not engage in sexual harassment or any other forms of harassment.

■ **Teamwork and performance of work duties**

Although it is expected that each employee acquires expert knowledge and skills relating to their field to perform their work duties, that alone is not enough. An organization is based on the cooperation and teamwork of each and every employee. It is a mistake to act of your own accord and disrupt teamwork, thinking that you can do something by yourself. We bring together each individual's expertise and value teamwork to provide the best service to our customers.

■ **Open-minded workplace**

We create an open-minded workplace where employees can freely discuss anything without fearing their managers or superiors.

■ **Elimination of rituals and obscure practices, etc.**

We do not engage in acts based on formal courtesies (rituals) or obscure practices, etc. between directors and employees. For example, it is unnecessary for directors and employees to exchange mid-year and year-end seasonal gifts, etc. Instead, we prioritize our basic policy of "putting our customers first".

In addition, directors and employees do not engage in money lending or solicitation of personal goods, etc. among themselves without due cause.

■ **No personal activities in the workplace**

We do not engage in unauthorized personal activities such as political and religious activities during working hours or within the company's facilities.

2. No Personal Use of Company Assets

- We do not use company assets (expenses, goods, and know-how, etc.) for private purposes.

Company assets are loaned or provided to us for the purpose of carrying out business and should not be used for private purposes.

■ Expenses

As directors and employees of the Financial Services Group, we always act with awareness that great care is required in dealing with money. We do not use or divert company expenses for private purposes.

Conversely, employees should make sure to charge for even small work-related expenses, such as transportation expenses when going out for work purposes.

In this way we are able to get into the habit of distinguishing between business and personal expenses.

■ Goods

Company goods (novelty items and office supplies, etc.) are not to be used for private purposes. In order to discipline ourselves, we should think and act in a way that treats any fixtures as company assets. Also, we refrain from using company telephones and computers (e-mail and Internet) etc. for personal use unrelated to the performance of work duties.

■ Know-how, etc.

We recognize that intangible items such as the Group's know-how, etc. are company assets, and do not use them outside of our work.

3. Appropriate Information Management

- We obtain external information by legitimate means and do not disclose any personal information or nonpublic information concerning customers that we acquired in the performance of our work, or any confidential information about the Group itself. In

addition, information obtained is used only for work purposes, and not for private interests such as insider trading, etc.

- We respect intellectual property rights, including patent rights and copyrights.
- We will strive to actively create and share knowledge to increase customer satisfaction.

In performing our work we will handle all manner of different information. Strict and appropriate management is required for all information that we obtain through work, such as customers' personal and nonpublic information, confidential information concerning the Group itself and information held by others.

In addition, due to advances in the IT (information technology) revolution, there is increased risk of external information leakage, intrusion into the company system by external parties etc., therefore the management of electronic information has also become increasingly important.

■ **Obtaining information**

We obtain external information by legitimate means, such as through authorized channels, and by paying compensation as necessary. We do not obtain confidential information by means that breach laws and regulations, or without obtaining consent from the relevant person.

■ **Confidentiality**

Unless there is a legitimate reason based on laws and regulations, or the relevant person has given consent, the information obtained through work is used only for the purpose of such work, and is carefully managed to ensure it is not leaked to external parties. Customers do business with us particularly trusting that we do not disclose secrets to other parties. Protecting customers' secrets is a basic element of our work.

■ **No unauthorized use, etc.**

We do not engage in illegal investment activities such as insider trading, etc. or pursue personal interests by using nonpublic information which we obtained through work. Moreover, we do not destroy, counterfeit, tamper with, or illegally use the company's information.

■ **Preventing leakage of information due to carelessness**

It goes without saying that we do not intentionally leak information, but care must also be taken to prevent leakage due to negligence. For example, in performing our daily work we properly manage documents and keep our desks orderly, as well as lock cabinets etc. We refrain from conversation that leads to information leaks not only when in transit and at restaurants, but also in elevators and cafeterias, etc. within the company. We also do not leak confidential information to our families.

■ **Disposal of information**

We dispose of information that is no longer required, in accordance with company rules.

■ **Joining or leaving the company**

We do not use any secrets obtained while working at a previous place of employment at all, even if it is a document, etc. created by we made ourselves. Also, after leaving the company, we do not disclose secrets obtained while employed at the company to any other party. We do not use any intellectual property belonging to the company after leaving the company, even if we created it ourselves while a director or employee of the company.

■ **Information disclosure**

We disclose company information in accordance with the prescribed rules. When asked for interviews from external press or analysts, we consult with our managers or public relations department and follow their instructions.

■ **Protection of privacy**

When handling personal information we make sure it is truly necessary to conduct our work, that it is obtained in a legal and fair way, and used and managed in a way which protects privacy at all costs.

■ **Respect for intellectual property rights**

We do not use information for which another party holds intellectual property rights (patent rights, copyrights and trademark rights, etc.), in principle, unless the consent of the relevant person has been obtained. We give due consideration not to infringe copyrights particularly for information obtained from magazines, literature and the Internet, etc.

Meanwhile, in order to maintain the company's competitive edge, we will protect our company's intellectual property, which includes patents, copyrights, trademark rights, financial technology knowledge and know-how, and experience and knowledge acquired through our work.

■ **Using information within the Group**

We recognize that the Group itself has a wealth of knowledge and information, and actively utilize such information within the Group while paying attention to confidentiality obligations, etc. to enhance customer satisfaction and the Group's competitiveness.

4. No Conflicts of Interest

- We act to ensure that the interests of the company or our customers are not harmed due to our own interests.
- We do not use our status in the company for the interests of anyone other than the company.

We always act with the interests of the company or our customers as our top priority. We are careful not to put ourselves in situations where we may be seen as acting in our own interests. Even when we have done nothing wrong, we need to be careful that others around us may perceive that there is a conflict of interests. We are responsible for being faithful to

our duties at the company and do not engage in any personal investment or business that may prevent us from making reasonable judgments to optimize the company's interests.

■ **Use of status**

We do not accept personal benefits by using our work duties or the status thereof. We also do not seek personal advantages from any third party. For example, we will never use our work duties or status thereof to request entertainment or goods, or cooperation with personal activities such as political or religious activities. Also, we do not personally receive remuneration or commissions from our customers or their employees, etc., or engage in money lending or borrowing.

■ **Competing position**

We do not place ourselves in a position where we compete with the company. We do not assume positions as directors or employees of other rival companies, or engage in activities such as promoting or supporting the sales activities of other rival companies.

■ **Transactions involving relatives, etc.**

We avoid engaging in transactions involving our family, close relatives and friends, etc. This is due to the fact that, compared to general customers, we are more prone to getting into a situation of having to provide some advantages.

5. Appropriate Personal Conduct

- We do not conduct any acts that harm or damage the company's credibility or honor, not only as a part of our work duties, but also outside of work.
- We observe the Road Traffic Act not only as a part of our work duties, but also outside of work, and as a matter of course do not drink drive, or make another person drink drive.
- When engaging in private activities outside the company we participate in a personal capacity, and do not use the company name

or our position title without due cause.

- We do not engage in any other business without permission.

In principle the company does not usually get involved in or interfere with private activities. However, if there is a risk of damaging the company's honor and interests, even private activities may be subject to disciplinary action.

We believe that the trust vested in us by customers and society is the foundation of our business. Therefore, even in private activities that are separate from work, we are careful not to damage this trust and are rigorous in ensuring we conduct ourselves appropriately.

■ **Leading sound personal lives**

We are constantly aware that we are members of the Financial Business Group, and try to lead sound personal lives to avoid falling into economic collapse due to speculative behavior, or taking out guarantees or money lending and borrowing, etc. exceeding individual capabilities.

■ **No drink driving**

We fully recognize the tragedy of traffic accidents caused by drink driving, and absolutely do not drink drive ourselves, or allow others to do so.

■ **Distinction between public and private lives**

We do not abuse the Group's company name or our job titles, and avoid harming the company's honor and interests in order to gain personal benefits, etc. We clarify whether those activities are conducted as directors or employees of our company, or whether they are private activities so as to avoid any misunderstandings.

■ **No other business**

We do not work at other companies or conduct business without permission. This is because holding concurrent posts is prohibited by laws

and regulations, or there may be conflict of interests.

6. Social Media Policy (Appropriate Personal Conduct 2)

- We will not disclose confidential information within and outside the company as a matter of course, or personal information and information obtained in the course of business regarding customers.
- We recognize the existence of an unspecified number of people with diverse values, and do not transmit information that is contrary to the facts, or that could be misunderstood by, or cause discomfort to the receiving person.
- We recognize that our own opinions and views could be perceived to be the views and opinions of the company, so we strive to behave in a way befitting of a member of the company.
- We always keep in mind to make respectful remarks, and respond calmly when criticized by other persons.
- We comply with various laws and regulations and try not to infringe any third party intellectual property rights and privacy on social media.

In recent years, social media that allows general individuals to disseminate information and exchange opinions, etc. on the Internet have been developing rapidly due to the spread of smartphones and other technology.

Examples of popular social media include blogs, YouTube, Twitter and Facebook, etc.

Meanwhile, there has been a succession of issues caused by information disseminated on social media.

There are many cases where information (remarks) that were casually posted developed into an incident, and the personal information of the person (employee) who posted the information was disclosed on the net, with even the person's workplace (company) becoming the target of criticism.

In order to prevent such issues, the company has established a social media policy (moderate personal activities 2) as our basic stance for

employees' use of social media.

In addition, as with the moderation in personal activities mentioned in the preceding paragraph, even personal use of SNS may be subject to disciplinary action if there is a risk of damaging the company's honor and interests.

Naturally, posting personal opinions on social media from the company's internal networks is restricted by the systems.

■ Characteristics of social media

- They can be accessed by an unspecified number of users with diverse values
- The speed of information dissemination is fast
- Once information is posted it is almost impossible to erase
- Even if a person posts anonymously, there is a high probability that the person who posted the comment will be identified

Using the "Fuyo General Lease Group Code of Corporate Conduct"

Please keep the following points in mind when conducting compliance based on the "Fuyo General Lease Group Code of Corporate Conduct".

Application

- The "Fuyo General Lease Group Code of Corporate Conduct" forms the core of the Compliance Manual, and as there are commentaries on laws and regulations in the Compliance Manual, please use them together.
- The "Fuyo General Lease Group Code of Corporate Conduct" may be difficult to understand, so please consult with your manager first if you have any doubts. If you are still unsure or if it is difficult to consult with your manager, please make sure to resolve any issues by reporting the matter to, and consulting with the compliance officer in charge.

Application overseas

- In cases where the "Fuyo General Lease Group Code of Corporate Conduct" does not conform to the laws and social norms of each country, the laws and social norms of the relevant country will take precedence.

Penal regulations

- If an employee violates the "Fuyo General Lease Group Code of Corporate Conduct", they may be subject to disciplinary action in accordance with the company's rules of employment.
- Executive officers may be subject to disciplinary action in accordance with the company's policies.
- Directors and corporate auditors may be punished in accordance with laws and regulations such as the Companies Act in Japan, and in countries other than Japan, they may be punished in accordance with the laws and regulations of the relevant country.
- In addition, the company may take legal action if an officer or employee's violation is serious.

"Quick test": Questions to ask yourself

"Fuyo General Lease Group Code of Corporate Conduct" sets forth the company's basic stance on compliance and particularly important matters. However, it does not provide comprehensive coverage of all matters. There may be additional requirements.

If you encounter an issue that is not mentioned here, or an issue that is difficult for you to find answers for by yourself, you should first read the "Fuyo General Lease Group Code of Corporate Conduct" again to gain a proper understanding of the provisions, and then ask yourself the following five questions. If you still have difficulty in deciding, please do not hesitate to consult your manager or a compliance officer.

1. Do I think the act is correct?
2. Will I harm anyone by doing that act?

3. Would I be ashamed if my family members and friends found out about the act, or if it were reported in newspapers or magazines?
4. If another person did that act, what would I think of that person?
5. Am I ignoring my conscience?

"Fuyo General Lease Group's Three Principles of Compliance and Standards of Compliance"

(1) What is "compliance"?

In the Group, "compliance" means "to comply with laws, regulations and rules, and to carry out honest and fair corporate activities that do not go against social norms".

(2) Three Principles of Compliance

The Group's Three Principles of Compliance are as follows;

- a. To fully recognize that insufficient compliance could shake our management base, and to uphold thorough compliance as a basic principle of management.
- b. Promote world-class compliance systems in global financial and capital markets as a powerful Japanese market player.
- c. To widely build trust among members of society and be highly regarded by shareholders and markets by carrying out thorough compliance.

(3) Compliance standards

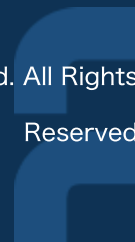
The Compliance Manual is a detailed manual for directors and employees to ensure thorough compliance, and sets forth our company's "Compliance Standards".

Since compliance is the responsibility of each officer and employee, we carry out the work fully understanding the purpose, objectives as well as

the background of laws, regulations and rules, etc., and when checking the status of compliance, if there are any doubts in light of laws, regulations and rules, etc. we are required to correct such issues by ourselves.

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Risk Management and Compliance System

Our Approach to Risk Management and Risk Management System

As stipulated in the Fuyo Lease Group risk management regulations, we have established a risk management system at our locations across the globe in order to manage risks based on their particular risk characteristics and importance. Risks to be managed are categorized into credit, market (such as interest rate fluctuation risk), liquidity (such as cash flow risk), administrative, system, legal, human, reputation, and other risks. Each type of risk is managed by a designated department.

The Board of Directors and the Executive Committee receives updates on risk management, discusses risk management policies according to the characteristics and importance of each risk, and evaluates the effectiveness of risk management. The Asset and Liability Management (ALM) Committee meets on a regular basis to appropriately manage and control market and liquidity risks. These efforts enable us to continually improve our risk management system.

In addition, we have a system in place for responding to emergencies. In the event of a large-scale disaster or emergency, the emergency response headquarters under the direction of the president will take measures necessary for ensuring safety and continuity of our operations in accordance with the Emergency Preparedness Regulations.

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Our Approach to Compliance and Compliance System

At the Fuyo Lease Group, ensuring compliance is a fundamental principle of management. We work to strengthen and enhance our compliance system, which enables us to operate with integrity and fairness by conforming to relevant social norms, while strictly complying with all laws and regulations.

We promote compliance throughout the Group by stipulating various regulations, procedures, and manuals, conducting compliance education, and enhancing the whistleblower system on the basis of the Fuyo General Lease Group's Code of Corporate Conduct. In order to maintain and further improve our compliance systems, we implement and carry out compliance programs every fiscal year. Issues associated with the compliance programs are discussed at the Compliance Committee and the Executive Committee before being submitted to the Board of Directors for approval. Findings and progress of the programs are reported to the Board of Directors on a semi-annual basis.

We will continue our group-wide activities including management and implementation of compliance measures and compliance education, and streamlining our compliance systems across the Group to improve their effectiveness.

Fuyo General Lease Group Code of Corporate Conduct

The Fuyo Lease Group has formulated the Fuyo General Lease Group Code of Corporate Conduct, which specifies the basic policies and position of the entire group as well as behavioral guidelines for the employees of the Group.

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We conduct training programs and offer e-learning courses to employees to enhance the effectiveness of the Code of Corporate Conduct. These programs and courses ensure that all employees are aware of its policies and guidelines, and evaluation of the training is regularly reviewed.

Whistleblower Hotline

The Fuyo Lease Group operates a whistleblower hotline.

In addition to the in-house compliance hotline, we provide a consultation service desk through a cooperating law firm. Employees are informed of these services via posters placed inside the company, and portable information cards distributed to all group directors and employees. Concerned individuals can immediately seek consultation or report whenever they detect any violations of the law, the Code of Corporate Conduct and other corporate regulations, harassment cases, misconduct in information management or other potential infringements. The whistleblower systems accept anonymous reports to protect whistleblowers.

At the Fuyo Lease, full-time corporate auditors are appointed to accept reports from the Group companies, and the cooperating law firm is available for reports from the overseas affiliated companies.

In FY 2018, two reports were received through the hotline. In each case, we contacted the related parties to confirm the facts and conducted investigations promptly with due care to protect whistleblowers against detrimental treatment. For the cases confirmed to be misconducts, measures were taken according to corporate regulations, and all cases have been resolved. We will reinforce our compliance training of FY 2019 to prevent any recurrences.

Prohibition of Corruption and Bribery

The prohibition of misconduct, including collusion, cartels, abuse of superior position, inappropriate entertainment and gifts, and illegal political donations is clearly stipulated in Chapter 2 "5. Basic Attitude toward Suppliers and Competitors" and "6. Basic Attitude toward Politics and Government," and Chapter 3 "2. No Personal Use of Company Assets" and "4. No Conflicts of Interest" of the Fuyo General Lease Group Code of Corporate Conduct. We prohibit corruption, including bribery, and any actions that could be suspected of being corrupt. The Management Committee and Board of Directors of Fuyo Lease oversee these policies and their management status and receive periodic reports from the Compliance Committee.

In order to prevent corruption and bribery and bring about its early detection, the Company implements compliance audits in addition to identifying businesses, intermediaries and business partners that are high risk in the flow of its operations and avoiding involvement with them.

We inform all Group employees about the Code of Corporate Conduct and the prohibition of corruption and bribery, and encourage them to report to and seek consultation with the Whistleblower Hotline whenever they have any suspicions. Support is also available anonymously.

Furthermore, the Code strictly prohibits the forging of collusive ties with political and administrative authorities and business partners, and the private use of the company's assets. In FY 2018, no infringements related to corruption were found in the Group. Additionally, no employees were dismissed or subjected to disciplinary action due to corruption.

In FY 2018, the Company made no political donations.

Compliance Training

The Fuyo Lease Group emphasizes employee training programs that are designed to ensure compliance. Our training programs include workplace

compliance training and e-learning on insider trading regulations for all Group employees, as well as group training conducted by external instructors for directors, heads of departments, offices and branch offices, presidents of Group companies, and departmental compliance officers.*

* A compliance officer is appointed for each department or company to raise compliance awareness and ensure compliance.

Compliance Training (FY 2018)

Group training and workplace training

Participant	Subject	# of session
Entry level	Introduction to compliance, Fuyo General Lease Group Code of Corporate Conduct, Unreasonable demand	1
2nd year employee (Generalist track)	Confidential information management, Personal information protection, Prevention of harassment, Insider trading regulations	1
5th year employee (Generalist track)	Response to accidents and troubles	1
Newly appointed head of department/branch office	Issues to be understood as responsible officers to ensure compliance	1
Newly appointed assistant manager/section chief	Prevention of power harassment, sexual and maternity harassment	2
All employees	Compliance manual	1
Directors and head of department/office/branch office	Prevention of harassment	1

E-learning

Participant	Subject	# of session
Directors, head of department/office/branch office, compliance officer, entry level	Regulation for Insider Trading (e-learning material of the Japan Exchange Group)	2
All employees	General issues on compliance	1

Prevention of Money Laundering

The Fuyo Lease Group is striving to prevent money laundering and funding of terrorism.

Fuyo Lease complies with laws and guidelines together with a thorough due diligence of its business partners in accordance with its Policy for the Prevention of Money Laundering. In addition, we have established a system to prevent money laundering and funding of terrorism not only in Japan but also in transactions outside Japan.

Prevention of Insider Trading

At the request of the Tokyo Stock Exchange, Fuyo Lease has joined the J-IRISS*, which aims to prevent unfair trading and to maintain the transparency and impartiality of the market.

- * J-IRISS (Japan-Insider Registration & Identification Support System): A system operated by the Japan Securities Dealers Association by which listed companies register information on their officers and securities firms periodically compare this information on officers with their customer information with the aim of checking for unfair trading before it happens and eliminating it as much as possible.

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Reserved



Information Security

Approach to information security

The Fuyo Lease Group has established an information management system based on work content, and strictly manages customer information. To ensure information security throughout the Group, details of the Appropriate Information Management section included in the Code of Corporate Conduct and the Privacy Policy are communicated to our employees. Additionally, data is strictly controlled by the information security manager in accordance with detailed rules, including the Confidential Information Management Rule.

The following group companies have acquired [the Privacy Mark Glossary](#) given to business operators who have been deemed appropriate for the handling of personal information, and [ISO27001 certification Glossary](#), which is a global standard for information security management systems. By continuously improving our management systems based on these standards, we are working to further improve reliability.

Furthermore, level-specific training programs are organized to help each and every employee to recognize the importance of information security and properly manage data. In 2018, training on confidential information management and personal data protection was provided to those employees who have been with the company for two years.

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Sharp Finance Co., Ltd.

Sharp Finance is a leasing company that has its strengths in the retail market for small retail leasing, such as developing vendor leasing in collaboration with dealers for small- and medium-sized enterprises.

Since 2006, the company has been granted the Privacy Mark by JIPDEC.

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Privacy Mark Registration Certificate



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INVOICE Inc.

INVOICE's offerings include business customers integrated billing services that help reduce costs and improve productivity, and Internet services for residential buildings for individual customers.

Since 2008, the company has been granted the Privacy Mark by JIPDEC.

Privacy Mark Registration Certificate

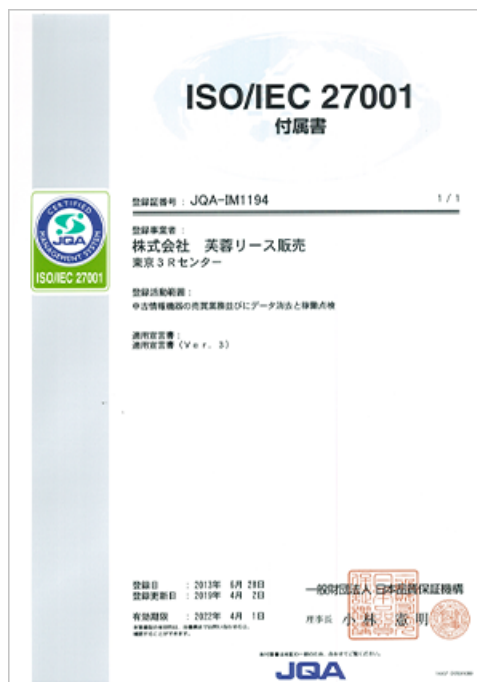
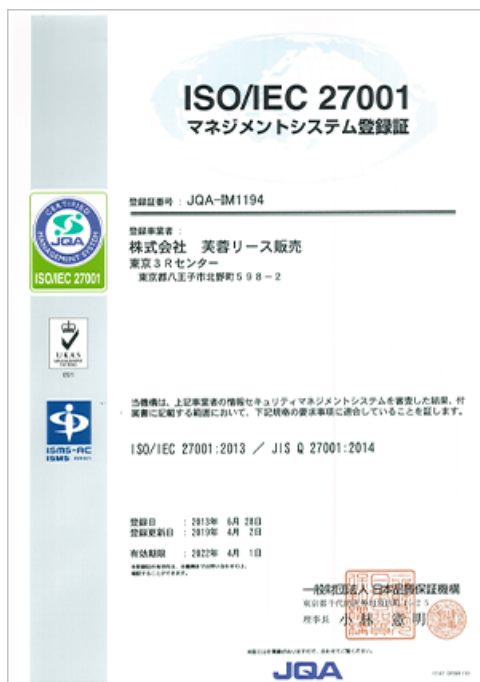



 Click on the image to enlarge.


Fuyo Lease Sales Tokyo 3R Center

Fuyo Lease Sales focuses on Fuyo Lease's lease expiration processing business, and on purchasing and sales of used assets. The Tokyo 3R Center was opened in March 2013 as a base to recycle assets whose leases have expired and for used assets. In June 2013, it acquired ISO27001 certification for the Information Security Room (ISR), which serves as the guideline for operations such as deleting data saved in second-hand information equipment and checking their operational status. In March 2018, the scope of the ISO27001 certification was expanded to the entire Tokyo 3R Center.

ISO27001 Management System Registration Certificate



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 Click on the image to enlarge.

Fuyo Network Service

Fuyo Network Service is engaged in the sales of information equipment, and is providing support for the introduction and operation of the equipment and for activities such as erasing sensitive data. In January 2010, Fuyo Network Services acquired ISO27001 certification for the entire company.

ISO27001 Management System Registration Certificate



Click on the image to enlarge.



Click on the image to enlarge.

Accretive

Accretive provides solution services such as financial services and accounting administration. In March 2006, it acquired ISO27001 certification for the entire company.

ISO27001 Management System Registration Certificate



Click on the image to enlarge.

Click on the image to enlarge.

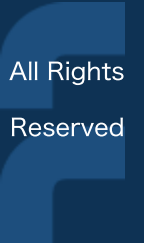
Glossary

Privacy Mark

The Privacy Mark is given to business operators that handle personal information appropriately by conforming to the standards set in the Japanese Industrial Standard of JIS Q 15001: 2017 Personal Information Protection Management System - Requirements.

ISO27001

ISO27001 is a global standard for the specification of information security management systems established by the International Organization for Standardization.



Each Group Company's Environmental and Social initiatives

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Fuyo Auto Lease 

Accretive 

Fuyo Network Service 

Fuyo Lease Sales 


FUJITA 


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Sharp Finance

Outline of Sharp Finance

Profile

Sharp Finance is a leasing company that has its strengths in the retail market for small leases, such as developing vendor leasing in collaboration with dealers for small- and medium-size enterprises.

Company profile

Established	May 1982
Capital	3 billion yen
Shareholders	Fuyo General Lease (65%) Sharp Corporation (35%)
Business Activities	Various leasing businesses, credit sales business, real estate rental business, and insurance agency business

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Fuyo General Lease and Sharp Finance have combined their expertise to meet diversified and sophisticated customer needs.

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Contributing to the environment through the introduction of LED lighting equipment

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Sharp Finance offers energy-saving products in collaboration with Independent Incubator Co., Ltd., a facilities and equipment dealer.

LED lighting devices are gaining popularity as an energy-saving lighting alternative to conventional lighting, due to the fact that LEDs' power consumption is about one-third of fluorescent tubes. Moreover, they are not only energy-saving but also have long lives, so the use of LED lighting saves a lot of time previously used for maintenance.

Our customer Mokunansha Tomita Hospital, a medical institution, was established in Okazaki City, Aichi Prefecture over 100 years ago. Over time, the hospital has developed its community-based medical activities as a hospital trusted by local people.

Recently, the existing lighting system in the Preventative Medicine and Rehabilitation ward that had been in place since the ward's opening in July 2012 was replaced with LED lighting through a lease system from us.

Hospitals need appropriate lighting equipment to maintain a comfortable medical care environment, but the large amount of energy used by such a system is a problem.

LED lighting was introduced to cover the whole building from the entrance to the back courtyard. As a result, the hospital achieved its energy-saving goals, and we were highly evaluated because the brighter hospital has made it easier to work for those working in the building.

We want to continue advising our customers about the advantages of LED lighting in the future.



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Fuyo Auto Lease

Outline of Fuyo Auto Lease

Profile

Fuyo Auto Lease reduces complicated operations related to customers' cars and supports a total rationalization of management.

Company profile

Established	January 1987
Capital	240 million yen
Shareholders	Fuyo General Lease (100%)
Business Activities	Handling of automobile leasing/installment/sales, car maintenance/repair/service, refueling cards/ETC cards

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Fuyo Auto Lease

Accretive

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FUJITA

Aqua Art

INVOICE

Reducing the environmental impacts of business activities

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Based on Fuyo Lease Group's Environmental Policy, Fuyo Auto Lease strives to reduce environmental impacts company-wide. Above all, in the core auto leases business, we are working on environmental activities at all stages from the start of a lease lasting until the end of a lease.

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Environmental activities in the Auto Leases business



Contributions to customers

Drive recorder suggestions

At Fuyo Auto Lease, we assist customers to prevent accidents by suggesting that they install a drive recorder.

A drive recorder is an in-vehicle camera device that records items like the time, the location, forward image, acceleration, turn signal operation and brake operation for approximately twelve seconds before and after a large impact.

Characteristics of drive recorder

- The driver can confirm objectively review driving behavior that is likely to cause a near-miss or a traffic accident.
- Drivers can understand their own driving behavior, improve their awareness of safe driving by reflecting on their actions, and prevent traffic accidents.



Suggestions for telematics

Fuyo Auto Lease supports customer's operation management and accident prevention through telematics proposals.

"Telematics" is a blend word that combines "Telecommunication" and "Informatics." It refers to a service or a system that provides information by combining a communication system with a moving vehicle, such as an automobile. By installing a dedicated in-vehicle unit, we can acquire various information and understand/analyze a driving situation.



Extensive reference materials

Holding safe driving seminars

Fuyo Auto Lease holds safe driving seminars so that customers can use vehicles safely and securely. In FY 2018, we held 75 seminars for major companies, medium-sized companies, and small to mid-sized companies, which were attended by a total of 1,529 participants. At the seminars, we provided the attendees with lectures, paper tests, video training programs, and driving aptitude tests using equipment.



Contributions to society

Assisting children orphaned from traffic accidents

Fuyo Auto Lease aims to contribute to society generally, even in areas outside the scope of business.

In addition, in FY 2018, continuing from the previous year, we donated funds to support children orphaned by traffic accidents.

■ Results of support provided from FY 2014 to 2018

	Details of Activities	Donation
FY 2014	Donated funds from our employees/company to the Scholarship Foundation for Traffic Accident Orphans	210,000 yen
FY 2015	Donated funds from our employees/company to the Scholarship Foundation for Traffic Accident Orphans	210,000 yen
FY 2016	Donated funds from our employees/company to the Scholarship Foundation for Traffic Accident Orphans	210,000 yen
FY 2017	Donated funds from the company to the Scholarship Foundation for Traffic Accident Orphans	200,000 yen
FY 2018	Donated funds from the company to the Scholarship Foundation for Traffic Accident Orphans	200,000 yen



Accretive

Overview of Accretive

Profile

Accretive purchases receivable accounts that arise from the delivery of goods and services, provides financial services that support cash flow of supplying companies by providing cash early, and in addition to supporting business efficiency also offers business process outsourcing (BPO) services such as accounting administration to clients including retail business operators.

Company profile

Established	May 1999
Capital	100 million yen
Shareholders	Fuyo General Lease (74.0%) Pan Pacific International Holdings Corporation (26.0%) (as of March 31, 2019)
Business Activities	Financial services centering on the purchases of accounts receivables, BPO services such as accounting administration

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Cambodia support activities

Since 2017, in collaboration with its Cambodian subsidiary Accretive Service (Cambodia) Co., Ltd., Accretive has supported to elementary schools in Takeo province, Cambodia.

10 employees from Japan visited the local elementary schools and conducted exchange meetings to provide guidance on hygiene and to donate goods such as clothing, stationery, and daily necessities collected from employees at each base in Japan.

The exchanges with the children were helpful in understanding the current local situation and its issues, namely, that the educational environment in Cambodia's rural areas is lacking due to factors such as equipment and funding shortages.

We will continue to participate in activities that improve this environment little by little in the future.

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We handed stationeries directly to about 120 elementary school students



Teaching hand-washing with soap



Playing together using a donated long rope



Commemorative photograph

Approach to Positive Off Motion

POSITIVE OFF

Accretive agrees with the aims of the Positive Off -movement advocated by the Japan Tourism Agency to realize more meaningful leisure activities of employees and their families.

This movement sees "holiday = off" as "forward-looking = positive." Each employee can proactively declare their plans to take paid leave, and as a result of going out and traveling during leisure time becomes refreshed both mentally and physically, which enhances self-improvement, and contributes to economic revitalization.

Accretive is introducing a system that allows annual paid leave to be acquired in hourly units. The Company is engaging in awareness-raising activities with posters to promote the new system and is endeavoring to improve working environments and create an atmosphere that makes it easier to take a vacation.



Fuyo Network Service

Outline of Fuyo Network Service

Profile

Fuyo Network Service provides technical services such as selling ICT equipment and software, providing technical services including assembly, configuration and data erasure, and reselling used PCs based on the company-wide ISO 27001 security standards certification.

Company profile

Established	April 1995
Capital	40 million yen
Shareholders	Fuyo General Lease (100%)
Business Activities	Selling servers/PCs/peripherals, performing assembly/installation services, selling used PCs, constructing network systems

[Fuyo Network Service website](#) 

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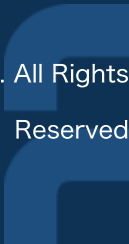
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Promoting the reuse of used PCs

Fuyo Network Service's Hachioji Technical Center accepts about 5,000 used computers per month (approximately 60,000 computers in a year) that have been used in the PC Eco & Value leases and PC Rental provided by Fuyo Lease. After this, the company re-commodifies (reuses) them.

In the recycling process for customers who would like to employ used computers, we pre-install official Windows OS in collaboration with a MAR operator (Microsoft Authorized Refurbisher PC operator), as well as take appropriate measures such as erasing existing data and checking the operational status of the computer.

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Fuyo Lease Sales

Outline of Fuyo Lease Sales

Profile

Fuyo Lease Sales handles administrative work for Fuyo Lease's lease expiration cases and sales of used property. It also purchases and sells property owned by customers.

Company profile

Established	April 1996
Capital	10 million yen
Shareholders	Fuyo General Lease (100%)
Business Activities	Administrative work related to re-leasing contracts, administrative work related to the sale/disposal of lease-end properties, second-hand trade

[Fuyo Lease Sales website](#)

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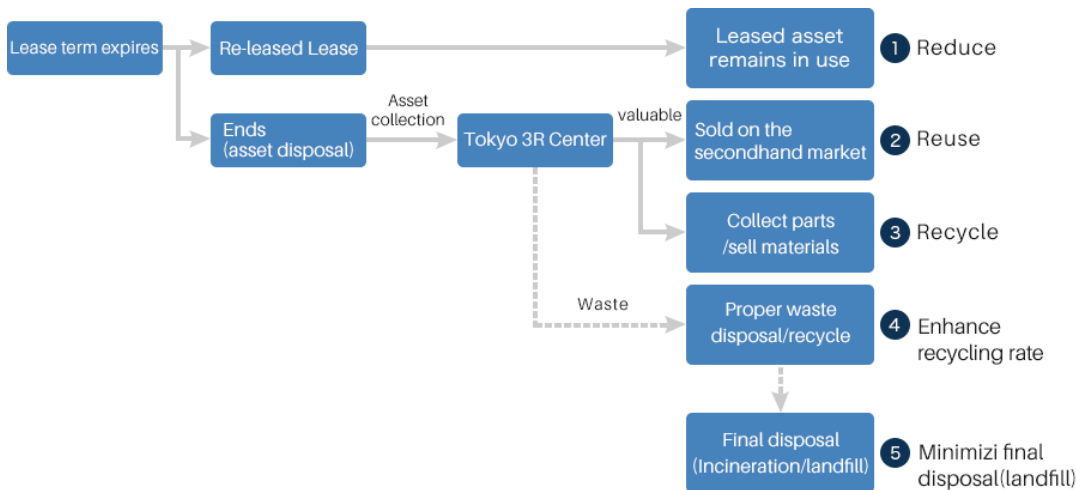
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Saving resources and reducing waste through the 3Rs

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Fuyo Lease Sales is responsible for processing Fuyo Lease's lease property, whose lease contract has expired, and implementing the 3Rs (reduce: reduce waste generation; reuse: reusing; recycle: recycling) under the Environmental Policy of Fuyo Lease Group.

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Fuyo Lease Sales Operations and Promoting the 3Rs

Tokyo 3R Center

At the Tokyo 3R Center, we reuse and recycle not only lease-expired property but also for used assets we buy from other companies.

In October 2017, we expanded the Tokyo 3R Center, and one of Fuyo Lease Group companies, Fuyo Network Service, relocated its technical center to the Tokyo 3R Center to strengthen the Group's reuse and recycle functions.

Since May 2019, we have been working on reducing waste by building a recycling system with the Seki Factory, Matsuda Sangyo Co., Ltd. for equipment that cannot be reused at the Tokyo 3R Center.

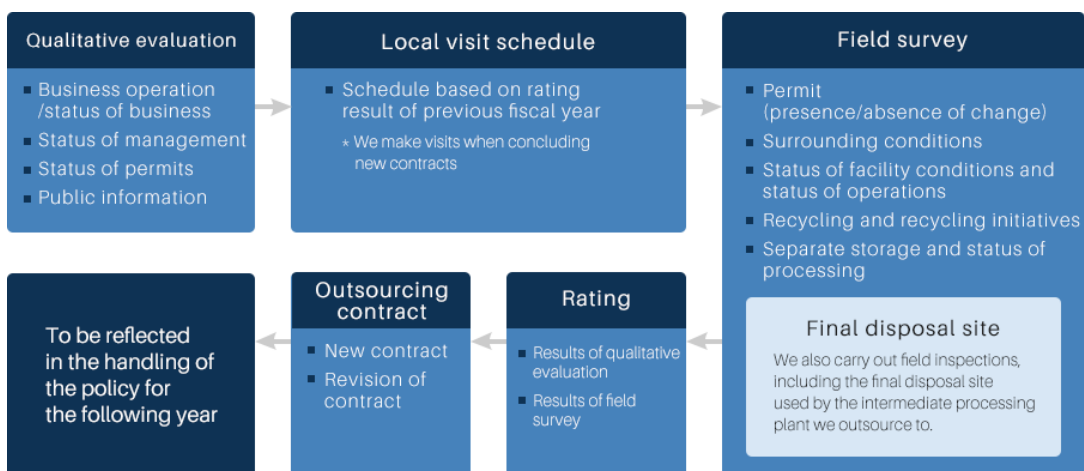


the Seki Factory, Matsuda Sangyo Co., Ltd.

[Tokyo 3R Center website](#)

Appropriate disposal of waste

Property for which a lease has expired and cannot be reused are discarded. Going above and beyond simply complying with the Waste Disposal and Public Cleaning Law (Waste Management Act), as a waste generating business operator, we keep close track of every piece of waste we dispose of through an electronic manifest system. We conduct on-site inspections of waste disposal contractors according to an annual schedule.



Management of outsourcers

Digitization of manifesto
Delivery confirmation form of
electronic manifesto system



Issuance and collection of
fluorocarbon process control form
Fluorocarbon process control form



Collection and storage of
recycling tickets
for home appliances
Recycling Ticket for home appliances



Due date management of permits
Business licenses



Management of reports

Examples of intermediate processing plants

Waste is transported to an intermediate processing plant and is reduced in quantity and volume by processes such as crushing. As a result, a lot of waste is now being recycled at the intermediate processing plant.

■ KANAME KOGYO Co., Ltd.

Shikahama Recycling Center of KANAME KOGYO Co., Ltd. is an intermediate processing factory established in September 2000. It is responsible for crushing and recycling mixed waste generated in the Tokyo metropolitan area.



Shikahama Recycling Center,
KANAME KOGYO Co., Ltd.

In 2002, it obtained ISO14001:

1996 certification, and in 2010 it acquired Industrial Waste Expert certification under Tokyo's excellent industrial waste processing company certification system. In 2011, it acquired certification as an Excellent Industrial Waste Processing Company.

In December 2017, it was listed on the Second Section of the Tokyo Stock Exchange.

The company publishes a waste information magazine called the KANAME Environmental News for waste-generating business operators and carries out activities such as free business consultations and workshops. The company is working to expand the appropriate disposal of waste.

■ Re-Tem Corporation

Tokyo Plant of Re-Tem Corporation, which was completed and started operations in 2005, is the newest plant, and is part of the Tokyo Super Eco Town being built in the Tokyo Bay area as part of Japan's urban renewal project. It recycles 100% of various wastes, mainly metal waste, discharged in the Tokyo metropolitan area.



Tokyo Plant, Re-Tem Corporation

Example of final disposal site

The final disposal of waste is shifting to recycling processes due to the lack of final disposal sites for landfilling.

■ ECO KEIKAKU CO., LTD.

ECO KEIKAKU CO., LTD.'s Yorii Eco-Space and Arashiyama Eco-Space are the only private facilities certified by the Ministry of the Environment under the Act on Promotion of Development of Specified Facilities for the Disposal of Industrial Waste as comprehensive recycling facilities contributing to improved recycling rates.



Yorii Eco Space, ECO KEIKAKU CO., LTD.

Both facilities, which are capable of accepting waste items totaling over 20 different item types, are actively involved in developing new technologies such as material recycling, in order to meet various needs. The plants use mainly thermal recycling with a total processing capacity of 155.8 t a day.

Fuyo Lease periodically visits the company's disposal facility and disposal site to confirm the on-site conditions, to exchange information and to build relationships that can help both companies to improve environmental awareness.

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FGL Service

Outline of FGL service

Profile

FGL Service handles various administrative functions of the Fuyo Lease Group and the non-life insurance agency business in Fuyo Lease Head Office.

Company profile

Established	May 1973
Capital	70 million yen
Shareholders	Fuyo General Lease (100%)
Business Activities	Entrusted administrative business and non-life insurance agency business

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Business of receiving and shipping environmentally friendly documents

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Documents are frequently exchanged between Fuyo Lease's Head Office, Branch Offices and Fuyo Lease Group companies.



Since FY 2006, when we acquired ISO14001

Dedicated eco bags and eco cases

Certification, we have been working on reducing packaging materials of the FGL Service, on behalf of the receiving and shipping business.

By using dedicated nylon bags or duralumin cases, we receive and ship documents while using almost no paper envelopes or cardboard boxes.

["Integrated Report" PDF download](#)

Achieving paperless application of movable insurance

In a leasing company, except for special cases, almost all leased properties are covered by movable general insurance. For this reason, a huge number of insurance application forms are required, and we used to print out 4,000 to 5,000 pages of forms each month. However, we achieved paperless operation by converting insurance applications into electronic information starting from FY 2012.

Contributing to the environment through products, donating used stamps

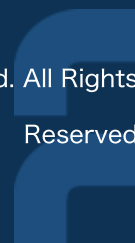


We carefully organize used stamps that are collected for donation

At Fuyo Lease Group, we collect stamps used in offices and employees' households.

Collected used stamps are sorted and organized by the FGL Service and then donated to NGOs that support activities in the field of health and medical care. The stamps are mainly used for support activities in areas where overseas health and medical care is not sufficient.

In FY 2018, about 1.4 kg of stamps were collected and donated to the Tokyo Office of Japan Overseas Christian Medical Cooperative Service.



FUJITA

Outline of FUJITA

Profile

FUJITA Co., Ltd. provides full support for the purchase, demolition and removal of medical equipment, in addition to the disposal of medical equipment, furniture and fixtures when hospitals and clinics open, relocate, and/or close.

Company profile

Established	July 2006
Capital	70.35 million yen
Shareholders	Fuyo General Lease (51%) Ken Fujita (38%) Shuji Furuta (11%)
Business Activities	<ul style="list-style-type: none"> ▪ Buying and selling second-hand medical equipment (including installation and removal) ▪ Demolition and removal of medical equipment, furniture and fixtures when hospitals and clinics closed ▪ Selling new medical equipment

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Initiative to resource circulation through promotion of the 3Rs

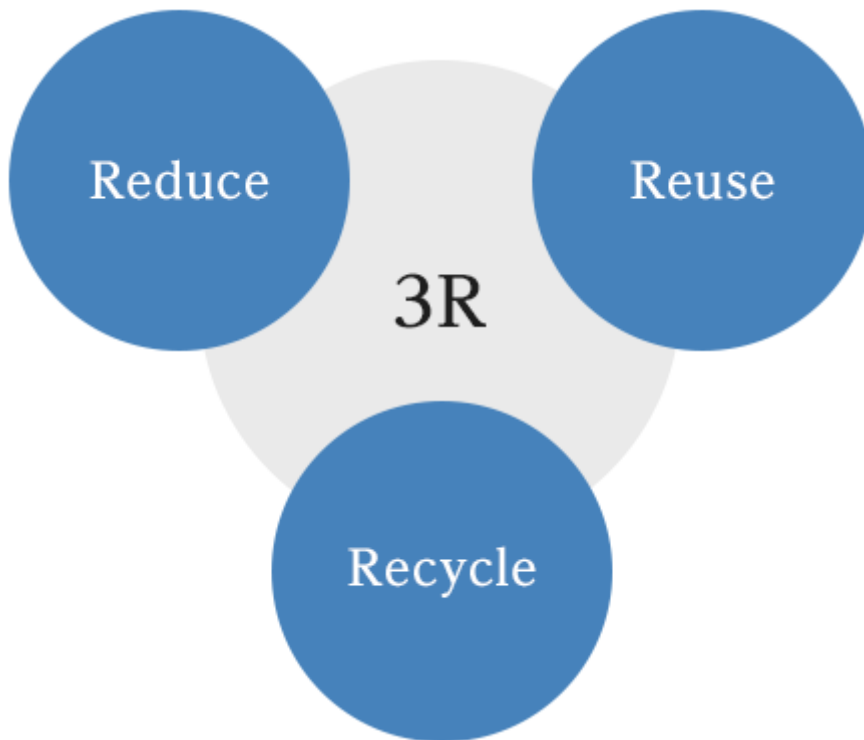
FUJITA is truly committed to the 3Rs (reuse, recycle, and reduce) to reduce the amount of waste when the company engages in the purchasing and selling of second-hand medical equipment and disposing of medical equipment from hospitals or clinics that have been closed.

In particular, FUJITA focuses its efforts on the reuse element of the 3Rs. The company reuses not only medical equipment*¹, but also extends its reuse activities including equipment, furniture, fixtures, and other materials*² that remain in hospitals. The company strives for resource circulation in order to maximize the reuse of resources and cut down on waste. Furthermore, the company provides support to hospitals and clinics in the disposal of their medical equipment when they close. These activities allow the company to efficiently sort out and separate waste and recyclable metals or plastics. The company's activities to reduce the waste amount results in lower waste disposal costs incurred by the customers.

*1 Heavy medical equipment including MRI scanners, CT scanners, and angiography machines and portable equipment including ultrasonic diagnostic equipment and endoscope systems.

*2 Hospital beds, office furniture and equipment, electrical appliances, books and magazines, etc.

FUJITA's 3Rs



Cost reduction through reusing and recycling

① Reuse

FUJITA reuses medical equipment, office equipment and furniture, and electronic equipment.

② Recycle

FUJITA sorts out and separates waste. Furthermore, the company recycles it as resources including metals and plastics.

③ Reduce

As a result of reducing the waste amount, FUJITA can cut disposal costs.

Aqua Art

Outline of Aqua Art

Profile

Aqua Art was established in March 1994 as a wholly-owned subsidiary of Fuyo Lease. It operates a rental business for tropical fish tanks, which replicate the natural environment.

Company profile

Established	March 1994
Capital	50 million yen
Shareholders	Fuyo General Lease (100%)
Business Activities	Manufacture, sale, rental, and maintenance of ornamental aquarium

[Aqua Art website](#) 

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Aqua Art

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AQUA ART interior aquarium

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AQUA ART is a product that directly reproduces the structure of the natural world in an aquarium using real creatures. The food chain in the aquarium provides a balanced aquarium, and the staffs of Aqua Art carry out maintenance precisely to maintain that balance.

AQUA ART is familiar to a wide range of people from small children to the elderly as an interior aquarium installed at locations such as offices, shops, hospitals, and schools.

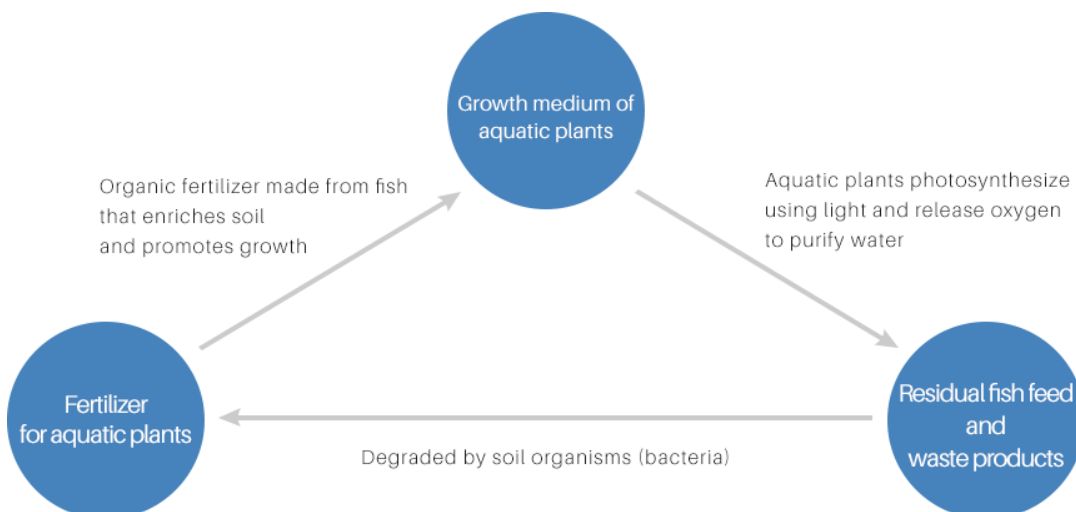
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■ (1) Providing people and communities a relaxing space

AQUA ART comprehensively provides a fascinating viewing experience, and a moment to meet the wonder of nature through colorful fish and aquatic plants in exceptionally clear water that gives peace of mind.

■ (2) Education on nature

AQUA ART is a unique system that reproduces the food chain directly in an aquarium with actual living fish and aquatic plants. It is ideal for children learning about the mechanics of the natural world.



Cycle system of AQUA ART

Contributing to the environment through products

Since June 2011, Aqua Art has been changing the lighting of AQUA ART aquariums from conventional fluorescent tubes to LEDs, achieving high energy-savings. Very little electricity is used for lighting the aquarium, but we are promoting this measure so that it helps to achieve even small energy savings.

Since July 2013, we have been installing only LED lighting in new aquariums. By the end of July 2019, we had installed 900 LED lamps in about 700 aquariums.

Preparing a variety of LED lightings according to the size of the aquariums



Contributing to society through products

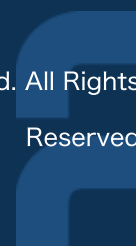
In 2003, we started an initiative to donate the AQUA ART interior aquarium as a standalone product to provide environmental educational material for local kindergartens and nursery schools.

The laughter and cheerful facial expressions that can be found in kindergartens after setting up the aquarium have created positive emotions among Aqua Art employees, contributing not only to communities, but also to the motivation each employee.

Since 2012, in cooperation with Fuyo Lease, donation targets have included maternal and child support facilities and work support facilities for people with disabilities in Tokyo and its neighboring prefectures. The number of donations totaled 12 at the end of March 2019.

We will continue to make efforts to help even a little to heal the hearts of everyone at facilities in the future.

AQUA ART aquarium donated to local kindergartens, and maternal and child support facilities



INVOICE

Outline of INVOICE

Profile

INVOICE Inc. provides integrated billing services for business clients that help reduce costs and improve productivity, and Internet services for residential buildings for individual customers.

Company profile

Established	December 1992
Capital	100 million yen
Shareholder structure of INVOICE	Fuyo General Lease (60%) Development Bank of Japan Inc. (40%)
Business Activities	Integrated billing services for business clients and Internet services for residential buildings for individual customers

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Contributing to Client Companies' Improved Productivity through BPO Services

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Challenges facing Japanese companies

The corporate environment is changing significantly as labor shortages have become a social issue and work-style reform is required to reduce long working hours. Companies face an urgent challenge to increase the productivity of employees by reducing the time spent on cumbersome paperwork and increasing the time used to focus on high value-added core business activities.

Changes in the communication environment and business operations

With changes in communication services due to the easing of regulations and technological advances in the domestic communication market, the communication environment is undergoing major transitions. While companies have enjoyed many benefits from the diversification of communication services, the increase in the number of communication lines and service providers has forced back-office divisions to carry out an increased number of activities, including the management of equipment and processing of bills.

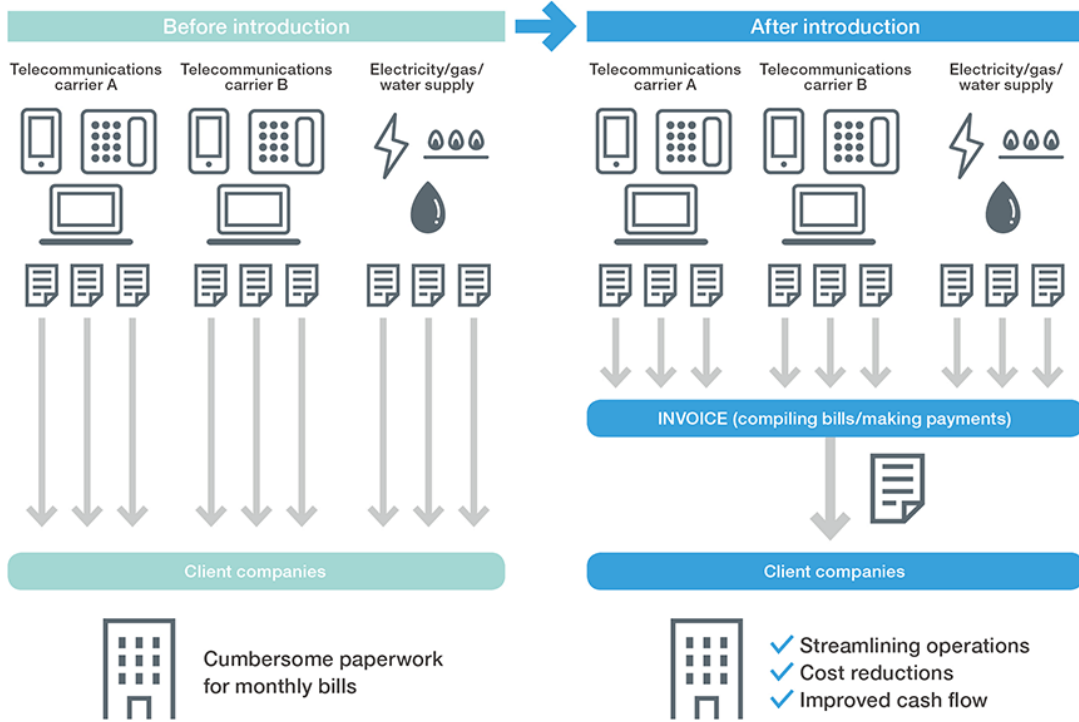
INVOICE's BPO services

Against this backdrop, INVOICE's "integrated billing service for corporate communication fees" provides a solution to the challenges in bill-processing tasks businesses face.

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INVOICE provides an integrated billing service that carries out fee payments to individual carriers on the client's behalf after processing all of the communication bills delivered to individual offices. Integrating the different payment procedures used by each office and each telecommunications carrier allows the client to streamline operations. Understanding the details of mobile phone and internet usage from the compiled bills and proposing the most suitable communication plan to clients also helps them reduce communication costs.

Workflow of integrated billing service



Developing future businesses

There have been drastic changes in our business environment, including in the communication environment, as a result of the technological development of next-generation communications, such as 5G and IoT, as well as in payment and settlement operations. In order to respond to these changes, we will further enhance our integrated billing services for utilities payments, including telecommunication services, by increasing character recognition rates using AI, and improving the overall efficiency of business processes through the use of Robotic Process Automation (RPA). We will also make energy-saving proposals based on the analysis of utilities data.

VOICE

Having had many opportunities to listen to clients who have trouble carrying out cumbersome accounting tasks needed in daily operating activities, we see the increasing needs for integrated billing services. For example, one of our clients could not identify the cause of an outlier bill even though the outlier occurred after bills had been delivered to each office. The client was very pleased when our service helped to improve their situation. These kinds of comments from clients and being able to build lasting relationships with them by checking the monthly billing and usage data in order to propose new cost-reduction measures motivates us in our work. While there are more than 16,000 companies who utilize our services so far, we feel that many of them are fully satisfied with our services, as evidenced by an extremely low churn rate. We will continue to listen to clients and make proposals so that they can enjoy benefits not only at the start of using our services but also on an ongoing basis.



Gi Business Division, INVOICE Inc.

(From right) Section Chief, Takuto Hashimoto, Daisuke Fujihira, and Senior Staff Member, Masafumi Yamada

External Evaluation

The Fuyo Lease Group is reinforcing its environmental, social, and governance (ESG) activities and pursuing CSV initiatives to solve social issues. Our ESG practices have been highly evaluated by the following organizations, which rate companies based mostly on their non-financial information.

Inclusion in Socially Responsible Investment (SRI) indexes

FTSE4Good Index Series

The FTSE4Good Index Series is a set of stock indexes operated by FTSE Russell of the London Stock Exchange Group to measure the performance of companies that demonstrate strong ESG practices.



FTSE4Good

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FTSE Blossom Japan Index

The FTSE Blossom Japan Index is a set of stock indexes operated by FTSE Russell of the London Stock Exchange Group to measure the performance of Japanese companies that demonstrate strong ESG practices. The FTSE Blossom Japan Index is one of five ESG indexes selected by the Japanese Government Pension Investment Fund (GPIF) to be tracked in order to manage its ESG investment.



**FTSE Blossom
Japan**

MSCI Japan ESG Select Leaders Index

The MSCI Japan ESG Select Leaders Index is a stock index operated by



**MSCI Japan ESG
Select Leaders Index**

MSCI Inc. to target Japanese companies in various industries that have high ESG performance. The GPIF also manages its ESG investment by tracking this index.

* The inclusion of Fuyo General Lease in any MSCI Index, and the use of MSCI logos, trademarks, service marks or Index names herein, do not constitute a sponsorship, endorsement or promotion of Fuyo General Lease by MSCI or any of its affiliates. The MSCI Indexes are the exclusive property of MSCI. MSCI and the MSCI Index names and logos are trademarks or service marks of MSCI or its affiliates.

S&P/JPX Carbon Efficient Index

Jointly developed by S&P Dow Jones Indices LLC. and Japan Exchange Group, Inc., the S&P/JPX Carbon Efficient Index is designed to adjust the constituent weightings based on the companies' performance in terms of carbon emissions per unit of revenue and environmental information disclosure level. The GPIF also manages its ESG investment by tracking this index.



SNAM Sustainability Index

The SNAM Sustainability Index is an index managed based on the results of corporate ESG surveys conducted jointly by SOMPO Risk Management Inc. and Integrex Inc.

Companies whose total ESG scores exceed a specified level are included in the index.

Fuyo Lease has been included in the index since 2012.



Recognition as a good workplace

Platinum Kurumin

The "Kurumin" accreditation mark is issued to companies that have implemented the General Employers Action Plan under the Act on Advancement of Measures to Support Raising Next-Generation Children and whose initiatives have been recognized.

In FY 2017, we received a special certification known as the Platinum Kurumin, which is awarded to Kurumin-certified companies that have demonstrated a higher level of commitment.



Editorial Policy

CSR of Fuyo Lease Group

The Fuyo Lease Group is pursuing sustainable development of the Group itself while creating social value in a wide range of areas such as the economy, the environment, and the society.

Fuyo Lease, as a leasing company, neither produces products nor develops technologies that solve environmental and social issues by itself. However, we believe that by supporting corporate activities to lease to businesses that produce and develop such products and technologies will lead to solving social issues.

The Group engages in various financial activities, such as installment and finance functions, as well as leasing a wide variety of facilities, equipment, and products that support its corporate activities and contribute to society. Through such activities the Group can demonstrate its unique functions and continue to develop its CSR activities while continuing dialogues with our stakeholders.

About this website

On this website, we report on Fuyo Lease Group's approach to CSR and on the main activities carried out by the Group in FY 2018 in as much detail as possible. Additionally, details on the activities carried out by group companies have been included, so please have a look at these.

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Since FY 2018, we have also published an Integrated Report, which details how social and corporate value is created through our businesses from medium- to long-term perspectives. Please also take a look at this.

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The Group would like to receive opinions and impressions from a wide range of stakeholders which we would like to refer to in future CSR activities and activity reports. Please send us questions, comments, impressions, and other feedback you might have.

[For questions, comments, and other feedback, please click here.](#)

Reporting organization

Fuyo General Lease Co., Ltd. and its 49 consolidated subsidiaries and 6 affiliated companies

Reporting period

FY 2018 (April 1, 2018 to March 31, 2019)*

* Some reports include reports from outside the reporting period.

Update time

October 2019 (previous information was updated in October 2018)*

* The English version was updated in November 2019

Reference guidelines

In preparing this report, we have referred to the Global Reporting Initiative (GRI), GRI Standards, Ministry of the Environment's Environmental Reporting Guidelines 2018, and Japan Standards Association's ISO26000: 2010 Social Responsibility Guidance.

- For inquiries and comments regarding the CSR activities of Fuyo Lease Group, please contact:

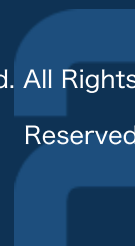
Fuyo General Lease Co., Ltd.

Creating Shared Value Promotion Office

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We welcome any questions, comments, impressions, and other feedback you might have.

[Contact us here](#) 



Independent assurance



Independent Assurance Report

To the President and CEO of Fuyo General Lease Co., Ltd.

We were engaged by Fuyo General Lease Co., Ltd. (the "Company") to undertake a limited assurance engagement of the environmental and social performance indicators marked with (the "Indicators") for the period from April 1, 2018 to March 31, 2019 included in its CSR website 2019 archive (the "Report").

The Company's Responsibility

The Company is responsible for the preparation of the Indicators in accordance with its own reporting criteria (the "Company's reporting criteria"), as described in the Report.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Indicators based on the procedures we have performed. We conducted our engagement in accordance with the 'International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information' and the 'ISAE 3410, Assurance Engagements on Greenhouse Gas Statements' issued by the International Auditing and Assurance Standards Board. The limited assurance engagement consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other procedures, and the procedures performed vary in nature from, and are less in extent than for, a reasonable assurance engagement. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviewing the Company's responsible personnel to obtain an understanding of its policy for preparing the Report and reviewing the Company's reporting criteria.
- Inquiring about the design of the systems and methods used to collect and process the Indicators.
- Performing analytical procedures on the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company's reporting criteria, and recalculating the Indicators.
- Visiting Fuyo Lease Sales Co., Ltd. selected on the basis of a risk analysis.
- Evaluating the overall presentation of the Indicators.

Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the Report are not prepared, in all material respects, in accordance with the Company's reporting criteria as described in the Report.

Our Independence and Quality Control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In accordance with International Standard on Quality Control 1, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

KPMG AZSA Sustainability Co., Ltd.

KPMG AZSA Sustainability Co., Ltd.

Tokyo, Japan

January 15, 2020

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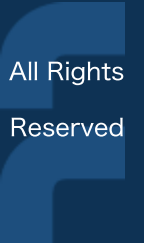
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