

FUYO LEASE

Fuyo Lease Sustainability Website

2021

Archive

Sustainability

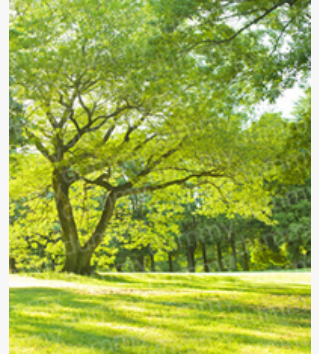
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FUYO LEASE GROUP
Fuyo Lease Group Integrated Report
2021

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Message from the President

Expanding our areas of business, both in and outside Japan, through management founded on CSV
Working toward sustainable growth by achieving both social and corporate value



Yasunori Tsujita President & Chief Executive Officer

Review of the Medium-Term Management Plan

This year marks the fifth and final year of the Fuyo Lease Group's five-year Medium-term Management Plan, Frontier Expansion 2021.

During this Medium-term Management Plan, I have managed the Group with a strong desire to demonstrate that sustainable growth is possible, even in the lease industry, generally considered a business that is stable at a low position. To that end, we are clearly aware of non-finance leasing—shifting our focus from traditional finance leases to operating leases—and are moving forward with non-financial initiatives typified by the renewable energy power generation business and business process outsourcing (BPO), positioning them as Strategic Areas. The fact that we have continued to grow by about 10% annually over the past several years, indicates, I think, that the Group's management strategy demonstrates a business model for enabling sustainable growth.

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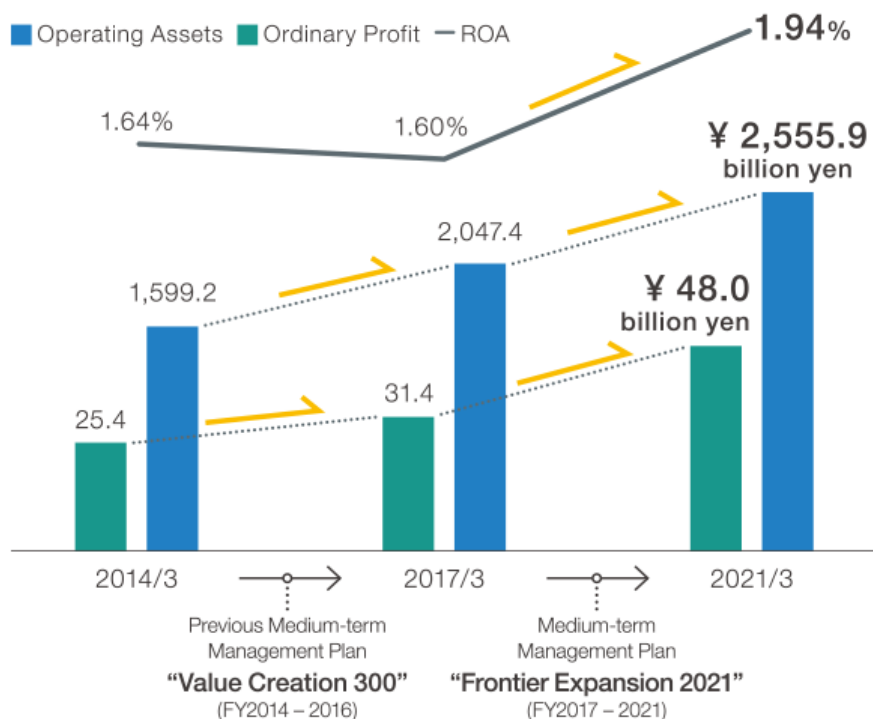
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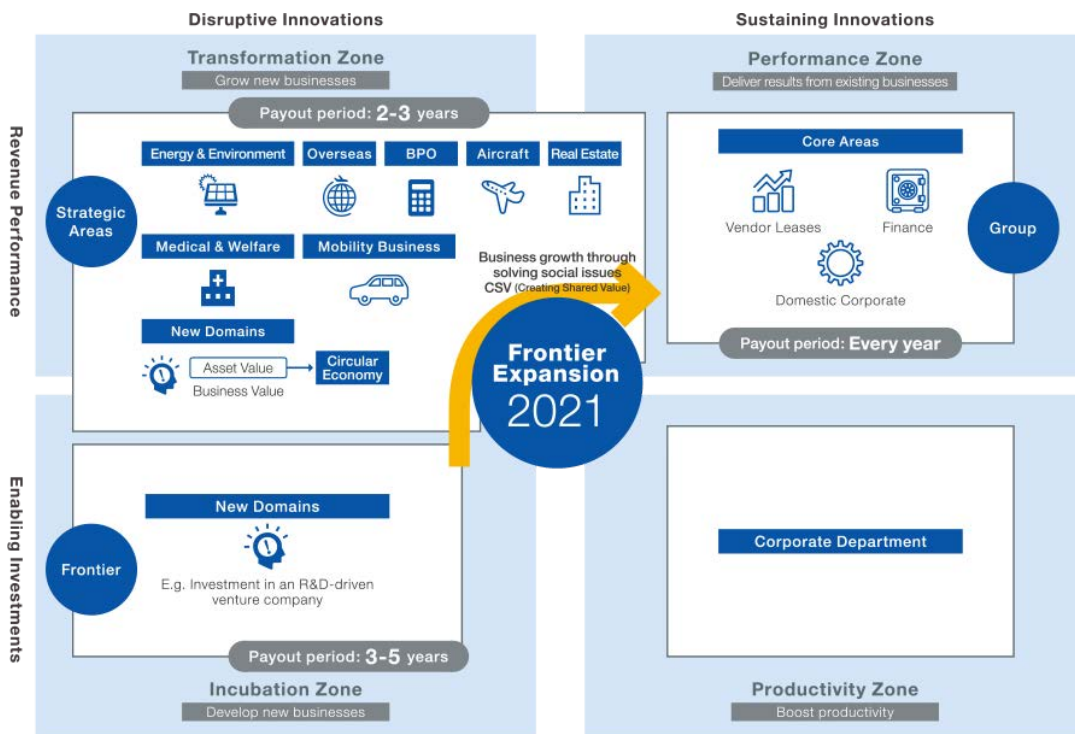
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Supporting this growth has been the management of our business portfolio, based on a zone management approach (see diagram below) under which we have divided our business areas into four zones to advance selection and concentration.

Conventional lease and finance businesses are positioned as core areas in the Performance Zone where they generate stable earnings. Real Estate, Medical & Welfare, Energy & Environment and other fields are positioned as Strategic Areas in the Transformation Zone, where we have concentrated management resources to expand the business. We have grown steadily in these Strategic Areas over the past four years, while in our core areas, we have succeeded in greatly improving yields through a combination of portfolio restructuring and thorough cost reductions. In the area of New Domains, I believe we have made beneficial investments in venture companies that we can expect will play a part in growth going forward.

These efforts have led to real results, allowing us to reach ¥2,555.9 billion in operating assets, achieving our target ahead of schedule, while significantly growing ordinary profit from ¥31.4 billion at the start of the plan to ¥48.0 billion.



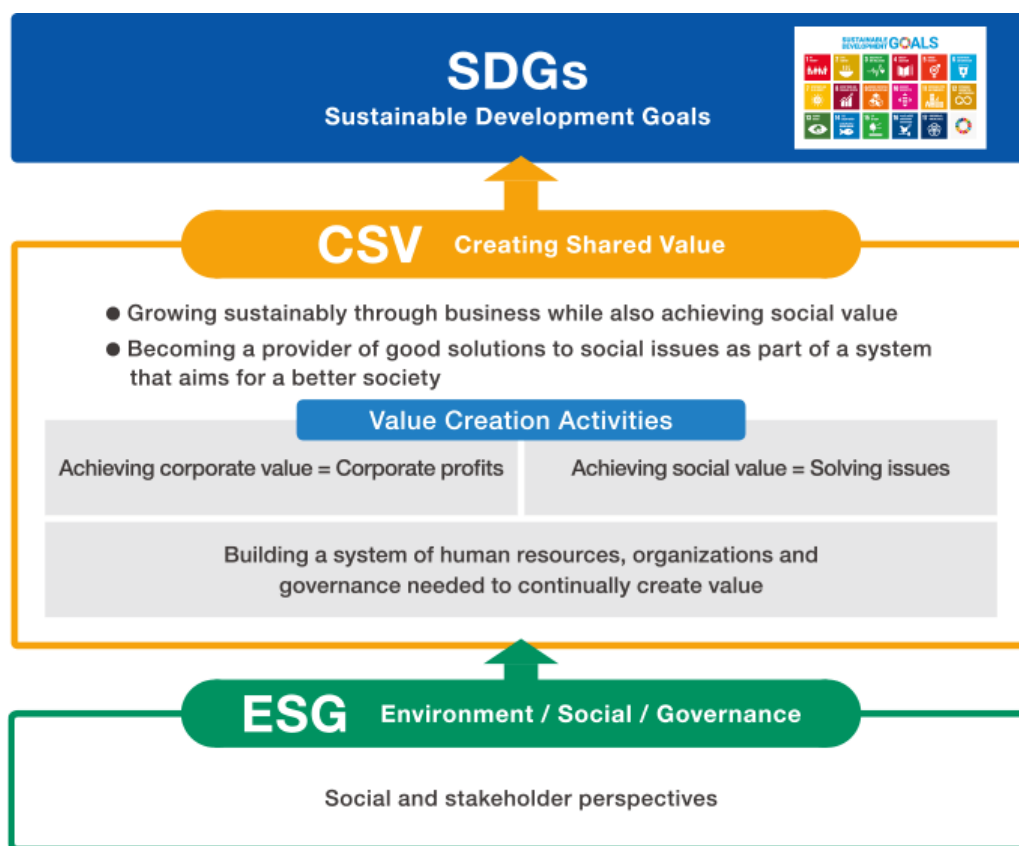
Reference: Zone to Win: Organizing to Compete in an Age of Disruption (Written by Geoffrey A. Moore, translated by Kiyoshi Kurihara)

Thorough Discussion of Goals for CSV

Maintaining and further enhancing this growth in preparation for the next Medium-term Management Plan will be a major issue going forward. While I believe our Group corporate slogan, “Go where no one has gone before,” has been the driver of our growth to date, that is not to say we can simply aim to go anywhere. I have always believed that some philosophy is essential to choosing our direction. Moreover, as SDGs, ESG and other societal demands and issues have increased their presence in the public eye, I believe it’s imperative that employees share our approach and we communicate it to all of our stakeholders in a manner that’s easy to understand.

ESG strongly represents the perspective of society and stakeholders, while the SDGs alone, I feel, lack view from business potential. The Group has thus positioned CSV as the link between these two, and we believe it is important to build a system—human resources, organizations, and governance—that can continually generate both corporate value (profit) and social value (solutions to problems). In the medium to long term, this will lead to our becoming “part of a system that aims for a better society.”

I believe that a company contributes to its stakeholders by growing sustainably and continuing to solve issues with the goal of achieving a better society. We will continue working to respond to the expectations of our clients, business partners, employees and investors.



Enhancing the Human Resources and Organizations that Support the Practice of CSV

The ultimate means of continually generating value to is to build these approaches into the very foundation of management itself. While the Group's business domains have gradually expanded, if we are to discuss future areas of expansion it is essential that each employee has a solid understanding of what CSV means for the Group. This is why training and workshops were held for all employees in fiscal 2020. In October 2020, we also established a CSV Promotion Committee to serve as the organization responsible for establishing and promoting strategies and policies involving the Group's approach to sustainability. Going forward, management will take responsibility for advancing non-financial targets just as they do financial targets.

The Board of Directors is also active in discussing the Group's value creation, and plans to exchange opinions from a variety of perspectives in formulating the next Medium-term Management Plan.

Contributing to Solving Social Issues through Business

The Group is concentrating management resources in businesses that aim to solve social issues, including climate change, enhancing medicine and welfare and improving corporate productivity. In addressing climate change, companies are being called on to reduce greenhouse gases. While the Group has participated in RE100 and set forth a goal of converting 100% of the electric power used in its business activities to renewable energy by 2050, we recently decided to move that target date up to 2030. In addition to our shift to renewable energy to power our businesses, we are also working to

reduce CO₂ overall with the goal of simultaneously achieving carbon neutrality on a Group-wide basis. In services to customers, we have seen steady growth in sales of our Green Electricity Supply Services (PPA Services*¹), launched in anticipation of corporate moves toward decarbonization. In addition to on-site PPA*², we also expect an increase in off-site PPA*³ going forward. Our Fuyo Zero-Carbon City Support Program, which we began offering in October 2020, has seen the number of users reach more than 100 in just about six months, an indication of just how high customer needs are in the shift to decarbonization.

Meanwhile, we are also actively expanding our Energy & Environment business overseas. In Asia, in addition to investing in a solar power generation fund in Taiwan, we also launched an energy solutions company in Thailand with Sharp Corporation. We also joined with ENEOS Corporation to participate in a solar power generation business in Texas, U.S.

Efforts toward the circular economy*⁴ are similarly essential to building a sustainable world. While the Group has long promoted the 3Rs*⁵, we took initiatives to the next level by becoming the first financial institution in Japan to join the Ellen MacArthur Foundation, an international organization promoting the idea of the circular economy. We have already begun exchanging information with other members, and are engaged in concrete discussions with several companies with a view toward collaboration. I sense enormous potential here for lease companies like ours to serve as a central node in the circular economy, connecting companies acting as “arteries” in producing and selling products with those acting as “veins” in recycling and reusing those products.

In the Medical & Welfare business, given the growing need for non-in-person, contactless services during the COVID-19 pandemic, we established Medicare in, a dedicated website allowing users to sign up online for FPS Medical, an early payment service for medical and nursing care receivables that assists medical institutions with managing cash flow. To further enhance convenience, we also plan to develop a shared platform that can provide a centralized source for medical equipment and services offered by our Group companies.

Our BPO business, which assists in improving corporate productivity, now represents more than 10% of overall profits, and continues to grow into a pillar of the Group. After the COVID-19 pandemic, companies are expected to accelerate their efforts to streamline operations and reform how they work, and we will be working to strengthen timely proposals for utilizing RPA*⁶ and offering a single set of efficiencies from upstream to downstream.

Working to Achieve Sustainable Corporate Growth

Results for fiscal 2020 saw net sales reach ¥740.3 billion (up 3.9% year on year) with ordinary profit of ¥48.0 billion (up 9.0% year on year), and our dividend increased by ¥35 year over year to ¥240, for a payout ratio of 24.3%. For fiscal 2021, we expect a ¥20 increase in the dividend, to ¥260, and a payout ratio of 25.2%.

We were largely unaffected by the drastic changes in conditions brought about by the COVID-19 pandemic, and succeeded in delivering solid results. With these kinds of previously unimaginable events occurring each year, I believe it will no longer be possible for management to respond as we have in the past by simply advancing straight into the future. We recognize the importance of continuing to implement our cycle of developing, enacting and verifying hypotheses, revising them when necessary. We will continue our sustainable growth, while at the same time offering value to achieve a better society. We hope you will look forward to our future contributions.

- *1 Green Electricity Supply Services (PPA Services): A business installing solar power systems on rooftops at customer facilities and elsewhere to supply energy directly to them.
- *2 On-site PPA: In an on-site corporate PPA, the power producer installs, operates and maintains power generation equipment to supply power produced on-site to the customer.
- *3 Off-site PPA: In an off-site corporate PPA, a renewable energy generating facility is built outside of a company's premises, and electrical power is supplied through a transmission network.
- *4 Circular economy: An economic system that treats "waste" products and resources not utilized in the linear take-make-waste economy as new "resources," circulating those resources without generating waste.
- *5 3Rs: Reduce (the amount of waste generated), reuse and recycle.
- *6 RPA: Acronym for robotic process automation. This process uses robots to handle routine computer tasks normally carried out by people.



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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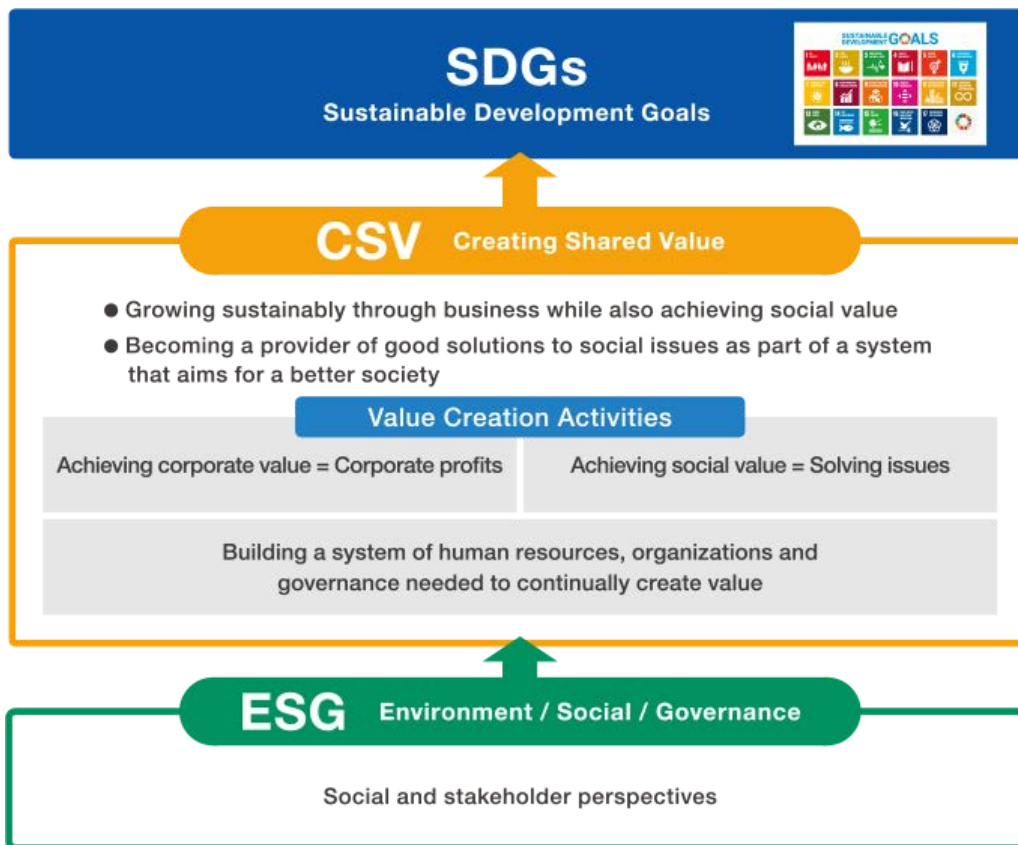
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Our Thoughts on CSV

Practicing management based on CSV

The Fuyo Lease Group focuses on the concept of Creating Shared Value (CSV): achieving the sustainable growth of the Company by solving social issues. In practicing CSV, we believe it is important to deliver both corporate value (corporate profits) and social value (solving issues), and to build structures (for human resources, organization, and governance) that will support the sustainable generation of both values. We are engaged in a range of initiatives aligned with these priorities.



We have identified important issues to be addressed that will form the main themes of our activities as our “materiality,” taking into consideration the Sustainable Development Goals (SDGs) proposed as a set of common global goals for solving social issues, and the United Nations Global Compact (UNGC). We will strive to achieve our KPIs while actively disclosing information to encourage our stakeholders' understanding and cooperation as we accelerate our activities.

In addition to its expertise in finance cultivated in the lease business, the group will also utilize its strengths in a wide range of fields, including the Medical & Welfare, Energy & Environment, Business Process Outsourcing (BPO) and the Mobility Business. By combining these strengths, the Group will work as one, aiming to solve social issues through its businesses.

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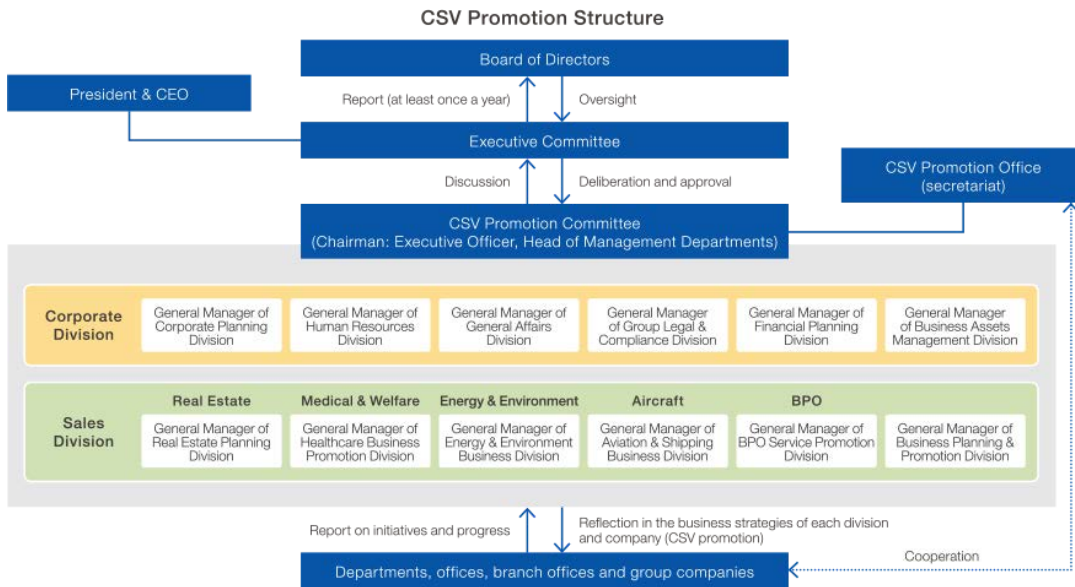
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CSV Promotion System

In October 2020, the Group established a CSV Promotion Committee to promote the Group's CSV and sustainability efforts. The CSV Promotion Committee will formulate CSV and non-financial targets and plans, and will conduct monitoring related to progress in those areas. Matters discussed by and reported to the Committee will be submitted to the Executive Committee, and upon approval will be reflected in the Group's strategy. The Group's overall policy involving CSV and promotion status, will be reported to the Board of Directors at least once a year in an effort to enhance their effectiveness.



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Instilling Understanding among Employees

In order to conduct corporate activities centered around CSV over the long term, it is essential that all employees understand the kind of value creation the Group is working toward. To this end, in fiscal 2020 we held a series of CSV training programs ("Let's CSV!") for all Fuyo Lease employees. This three-part series began with an e-learning program for all employees, then continued with workshops conducted by outside instructors for management-level employees (directors and heads of departments, offices and branch offices), and finally workshops for all employees with heads of departments, offices and branch offices acting as instructors. We discussed the connection between our work and society, and methods of increasing social value. We plan to expand this training across the Group as a whole in fiscal 2021 and beyond.



Workshops for management-level employees



Workshops for all employees

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 and ESG indexes, we identify issues which could influence our Group.



STEP 2 Assessing Materiality from the Stakeholders' Point of View

We assessed materiality of the issues identified in Step 1 from the viewpoint of investors and other stakeholders.



STEP 3 Assessing Materiality for our Business Operations

We assessed materiality of the issues identified in Step 1 considering our business based on our Medium-term Management Plan, Code of Corporate Conduct and other guidelines.



STEP 4 Identifying Priority Issues

Following Steps 2 and 3, we identified priority issues. Top management approved the identified priority issues following a discussion by the Board of Directors.

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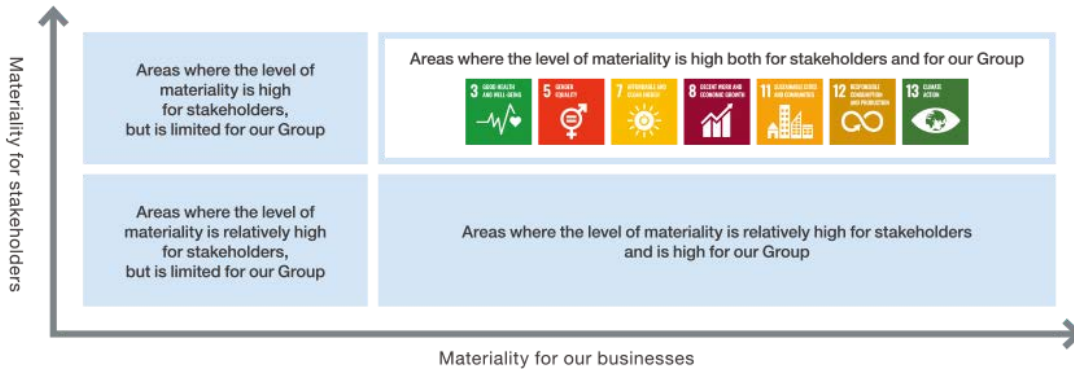
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Materiality for Fuyo Lease Group

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



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Materiality (Material Issues)

1. Responding to climate change issues and renewable energy
2. Contributing to the creation of a circular society
3. Promoting health and wellbeing
4. Developing safe and livable cities and providing transportation
5. Achieving economic growth and fulfilling work
6. Diversity and work-style reform



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

Social Value (Environment)


1. Responding to climate change issues and renewable energy

🔍 CSV1: Energy & Environment

Themes of Initiatives & KPIs		Results and plan (output)		Contributing to society and the environment (outcome)	Relevant Business and SDGs
		FY 2020 Results	Targets		
Expand supply of renewable energy	Supplying green energy through the renewable energy power generation business (power generation capacity)	283MW-dc*1	200MW-dc (Achieved)	Estimated CO ₂ reduction 147,574 t-CO ₂ [FY2020]	Energy & Environment  
Convert power consumed by the Fuyo Lease Group into renewable energy	Setting targets and promoting the use of renewable energy in business operations	1%	2024 target: 50% 2030 target: 100%	Promoting the use of renewable energy and communicating demand voices to the market	
Provide support for the wider use of renewable energy through the provision of financial services	Transaction volume under the "Fuyo 100% Renewable Electricity Declaration Support Program" and the "Fuyo Zero Carbon City Support Program"	¥2.64 billion	2024 target: ¥5.0 billion	Number of companies and organizations using the programs: 114 (October 2019-March 2021)	
	Operating assets of the Energy & Environment businesses	¥85.0 billion*2	¥41.0 billion (Achieved)	Promoting renewable energy and energy saving	
Promote cutting-edge renewable energy-related technologies	Offering support to renewable energy-related technology venture companies	Capital and business alliance with Tsubame BHB Co., Ltd.	Support sales of new technologies and products and provision of new services	Disseminating advanced renewable energy-related technologies	

2. Contributing to the creation of a circular society


CSV2: Circular Economy

Themes of Initiatives & KPIs		Results and plan (output)		Contributing to society and the environment (outcome)	Relevant SDGs
		FY 2020 Results	FY 2021 Targets		
Reduction and proper disposal of waste through the 3Rs (reduce, reuse, and recycle) for leased assets	Reuse and recycle rate for returned PC	PC: 100% Other than PC: 93%	PC: 100% Other than PC: 95%	Reducing waste and promoting a circular society	
	Ensure proper disposal of waste	Proper disposal of all waste (zero violations of environmental laws, etc.)		Reducing our environmental impact by ensuring proper disposal of waste	

Social Value (Society and People)

3.Promoting health and wellbeing

🔍 CSV5:Medical & Welfare


Themes of Initiatives & KPIs		Results and plan (output)		Contributing to society and the environment (outcome)	Relevant Business and SDGs
		FY 2020 Results	FY 2021 Targets		
Expand access of medical, elderly nursing care, and welfare services	Operating assets of Medical & Welfare businesses	¥95.1 billion	¥95.0 billion (Achieved)	Improving both quantity and quality of medical, elderly nursing care, and welfare services	Medical & Welfare 
Support medical institutions with their management	Balance of factoring for medical and nursing care receivables (balance of FPS Medical by Accretive)	¥20.3 billion	¥30.0 billion	Helping medical institutions to achieve financial stability by meeting their funding needs	
Promote cutting-edge healthcare technologies	Offering support to medical venture companies	Capital and business alliances with THINKCYTE, Inc. and CB Holdings, Inc.	Support sales of new technologies and products and provision of new services	Disseminating advanced medical technologies	

4. Developing safe and livable cities and providing transportation

Themes of Initiatives & KPIs		Results and plan (output)		Contributing to society and the environment (outcome)	Relevant Business and SDGs
		FY 2020 Results	FY 2021 Targets		
Promote environmentally and socially friendly urban scape and residential space	Operating assets of real estate leases (Commercial facilities, hotels, distribution facilities, nursing care facilities, residential facilities, etc.)	¥555.2 billion	¥530.0 billion (Achieved)	Supplying environmentally and socially friendly assets	Real Estate Aircraft 
Contribute to expanding the volume of safe, inexpensive, and fast transportation	Number of aircraft owned by the Group	44 aircraft	_*3	Transportation capacity: 11 million people*4 per year [FY 2020]	


5. Achieving economic growth and fulfilling work

 CSV3: BPO

Themes of Initiatives & KPIs		Results and plan (output)		Contributing to society and the environment (outcome)	Relevant Business and SDGs
		FY 2020 Results	FY 2021 Targets		
Improve management efficiency, overcome labor shortage, and address work-style reform	Number of companies provided BPO services by five BPO companies*5	19,353 companies	20,000 companies	Contributing to the resolution of labor shortages and the promotion of work-style reform by providing BPO services	BPO 

System that Support Sustainable Value Creation

6. Diversity and work-style reform

Themes of Initiatives & KPIs		Results and plan (output)		Contributing to society and the environment (outcome)	Relevant SDGs
		FY 2020 Results	FY 2021 Targets		
Empower women in workplaces and develop human resources with diverse strengths	Percentage of female employees in management positions (non-consolidated)	25.1%	30% or more	Ensuring that female employees can realize their full potential in the workplace	 
	Percentage of new female employees hired (non-consolidated)	52.6%	40% or more		
Improve work-style to pursue efficiency and productivity	Rate of taking annual paid leave (non-consolidated)	72.0%	80% or more	Improving work-style to pursue efficiency and productivity	
Promote work-life balance	Telecommuting utilization rate* ⁶	76.7%	40% or more	Promoting a balance between work and family	
Improve job satisfaction	Rate of job satisfaction* ⁷ (consolidated)	85.4%	Steady improvement	Increasing productivity and added value by enhancing job satisfaction	

- *1 The calculation method for power generation capacity was changed from fiscal 2020 to include investment projects (calculated in proportion to investment share).
- *2 The calculation method for operating assets was changed from fiscal 2020 to include the renewable energy generation business.
- *3 The target has been withdrawn due to the impact of the COVID-19 pandemic in fiscal 2020 (original target: 70 aircraft (fiscal 2021))
- *4 Calculated using the method employed prior to the spread of COVID-19
- *5 Sharp Finance, Accretive, INVOICE, NOC Outsourcing & Consulting, and MerryBiz.
- *6 Percentage of employees who have been provided with home PCs to establish telecommuting environments and have telecommuted from home at least once
- *7 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 “we maintain customers first philosophy, providing the best services.” In putting that philosophy into practice, we work to enhance the level of satisfaction of all our customers.
Suppliers and partners	We work together with suppliers, 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 business, improve services, and share information through, for example, participation in industry associations.
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 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 strive to create a comfortable and secure workplace environment and are working towards an 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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Participation in the United Nations Global Compact (UNGC)

The UNGC is an initiative in which companies and organizations demonstrate responsible and creative leadership to act as good members of society and participate in the creation of a global framework for the realization of sustainable growth. Fuyo Lease signed the UNGC in January 2018. We agree to and continue to work toward the achievement of the UNGC's Ten Principles* related to protecting human rights, eliminating unfair labor, responding to environmental issues and anticorruption.

The Global Compact Network Japan, which is the local network of the UNGC, hosts subcommittees organized by theme to discuss and exchange information with experts regarding the efforts of member

companies and organizations. Since fiscal 2019, we have participated in several subcommittees, and use the knowledge and best practices we have gained from these subcommittees to promote sustainable business activities.

* The Ten Principles of the UNGC

Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
	Principle 2: make sure that they are not complicit in human rights abuses.
Labour	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
	Principle 4: the elimination of all forms of forced and compulsory labour;
	Principle 5: the effective abolition of child labour; and
	Principle 6: the elimination of discrimination in respect of employment and occupation.
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges;
	Principle 8: undertake initiatives to promote greater environmental responsibility; and
	Principle 9: encourage the development and diffusion of environmentally friendly technologies.
Anti-Corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.



Solving Social Issues through Business

CSV1:Energy & Environment



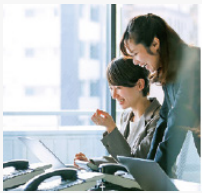
Promoting Decarbonization with Customers and Contributing to Solve Climate Change Issues

CSV2: Circular Economy



Contributing to Society as a Whole by Becoming a Platform for the Circular Economy

CSV3:BPO



Providing New Solutions that Contribute to Supporting Work Style Reforms and Sustainable Corporate Growth

CSV4: Mobility Business



Contributing to Solving Issues and Creating Social Value Through the Mobility Business

CSV5: Medical & Welfare



Contributing to Solving the Issues of Medical Institutions and Nursing Care Providers by Providing a Wide Range of One-stop Solutions

Environmentally conscious products and services



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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. We contribute to mitigating the impact of climate change by developing a wide range of businesses that promote energy conservation and renewable energy.

Green Electricity Supply Services (PPA: Power Purchase Agreement)

This service supplies CO₂ free, green electricity by installing solar power generation systems and operating and managing them over a contracted period.

[Click here for details](#)

Energy-saving equipment and subsidy-based leases

We offer energy-saving measures using leases.

[Click here for details](#)

ESCO (Energy Service Company) service

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

[Click here for details](#)

Fuyo 100% Renewable Energy Declaration Support Program

We provide the financing program for companies and organizations participating in RE100 and the "100% Renewable Energy Declaration RE Action".

[Click here for details](#)

Fuyo Zero-Carbon City Support Program

This is a finance program that supports the installation of renewable energy and energy-saving facilities in areas promoted as "Zero-Carbon Cities" by the Ministry of the Environment.

[Click here for details](#)

Financing for renewable energy companies

We provide various financing services in the renewable energy field.

[Click here for details](#)

Solar loan

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

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Renewable energy generation business

The Group is involved in operation of solar power plants, and participates in renewable energy projects in Japan and overseas.

[Click here for details](#)

Agri Business

We provide finance services that reduce the initial investment burden for businesses responsible for next-generation agriculture. We also operate one of the largest plant factories in Japan.

[Click here for details](#)

Products and services that contribute to solutions for challenges in the Medical & Welfare fields



We are building a one-stop service system that provides a wide range of solutions for medical institutions and elderly nursing-care providers facing various issues against the background of the declining birthrate, aging population, and the concept of the Regional Medical Care Vision. In collaboration with group companies, we will further expand our products and services and respond appropriately to changing client's needs.

Clinic launch support loan

We provide finance services that quickly provides funds for opening a clinic.

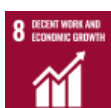
[Click here for details](#)

FPS Medical (a factoring service for medical and nursing-care receivables)

We provide asset utilization type finance services to medical institutions, elderly nursing-care providers, and dispensing pharmacies.

[Click here for details](#)

Products and services that contribute to economic growth and work-style reform



We are conducting business development centered on BPO services to resolve issues arising from there being "not enough people or not enough time" and to improve productivity for companies. By providing a variety of services that meet clients' needs, we will achieve economic growth for companies and help to both resolve the severe labor shortage caused by a decline in the labor force and promote initiatives for work-style reform.

BPO Services

We provide BPO (Business Process Outsourcing) services to support business efficiency.

[Click here for details](#)

Products and services that contribute to solutions for challenges in the logistics mobility field



We provide various services related to the logistics mobility field such as logistics, vehicles, and warehouses with group companies and affiliated companies. By leveraging our strengths in high-quality solutions that utilize our extensive domestic and overseas network, we support solutions to various issues in the vehicle and logistics industry.

Building Leases

We handle building leases for warehouses and distribution centers.

[Click here for details](#)

Auto Leases

We provide total vehicle services that include vehicle procurement, tax, and insurance payments, vehicle maintenance and inspections, and vehicle disposal at lease end.

[Click here for details](#)

Vehicle maintenance consignment business

This service manages maintenance exclusively for heavy-duty vehicles.

[Click here for details](#)

Products and services that contribute to the creation of a circular society



In order to promote the 3Rs (Reduce, Reuse, and Recycle), we provide economic advantages to our customers and contribute to the establishment of a closed-loop society not only by reusing PCs whose leases have expired but also by purchasing used assets owned by customers.

PC Lifecycle Management (PC-LCM) Service

We conduct comprehensive services related to general PC operations.

[Click here for details](#)

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](#).

CSV1:Energy & Environment



The Fuyo Lease Group's Initiatives to Address Climate Change Issues

Since the 2015 adoption of the Paris Agreement, initiatives toward decarbonization have advanced worldwide, and in October 2020, Japan clearly set forth a policy of achieving virtually zero CO₂ emissions by 2050. Measures to address climate change will likely accelerate further going forward.

The Fuyo Lease Group believes that we must start by taking the initiative to reduce greenhouse gases ourselves, and in 2018, we became the first Japanese comprehensive leasing company to join RE100, an international initiative that aims to convert all electricity consumed in business activities to renewable energy. Since participating in RE100, the Group has set a target of 100% renewable energy use by 2050 and 50% by 2030, but we have now decided to work to achieve RE100 by 2030 and carbon neutrality by 2030 as well.

Because we have been tenants at most of our sites to date, our inability to negotiate directly with electric power companies themselves has been a major barrier to achieving the goal of renewable energy. At our head office, we worked with Sumitomo Realty & Development Co., Ltd., the building's owner, to create a new scheme allowing tenant companies to also make use of renewable energy. In April 2021, electricity used by the Group in the building switched to renewable energy, as we work to advance efforts to increase the percentage of renewable energy use.

In 2019, we also endorsed the Task Force on Climate-related Financial Disclosures' (TCFD) recommendations, and we are preparing to analyze the financial impact of climate change on the Group and disclose that information.

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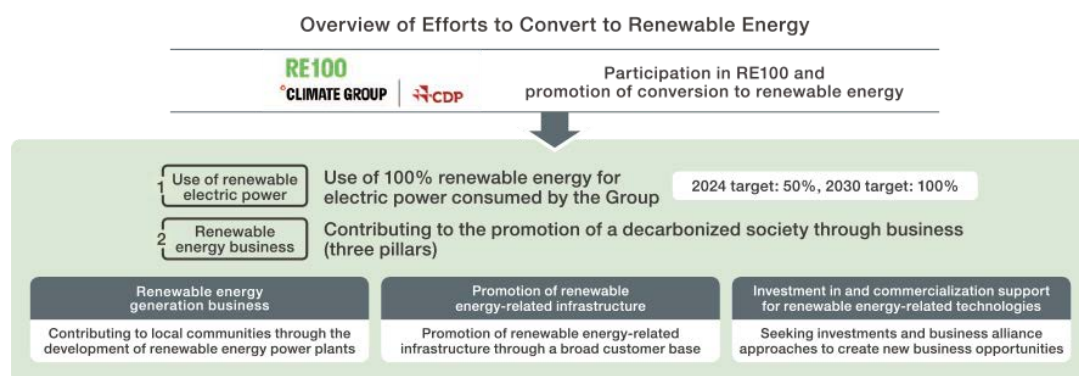
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Toward the Achievement of Decarbonization for Society and Our Customers

We believe that contributing to the decarbonization of society as a whole through our business is an important issue for the Group, which engages in a wide range of business fields and has a broad customer base, and we are actively promoting initiatives based on the three pillars: “Renewable Energy Generation Business,” “Promoting Renewable Energy-Related Infrastructure,” and “Investment in and Commercialization Support for Renewable Energy-Related Technologies.”



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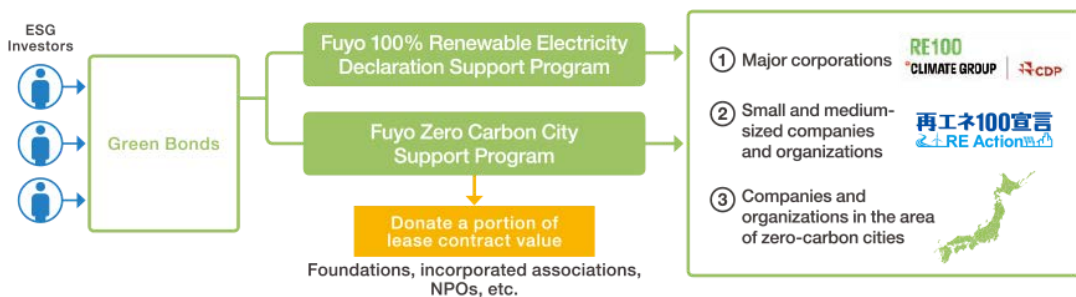
1. Renewable Energy Generation Business

We launched our renewable energy power generation business in 2012, and now supply renewable energy to communities equivalent to the annual power consumption of approximately 85,000 households. Additionally, in fiscal 2020 our participation in wind power generation projects in Japan and renewable energy power generation projects in the U.S. and Taiwan increased the Group's power generation capacity, including equity participation, to 283 MW-dc. Going forward, we will continue to expand the business through joint development with alliance partners, overseas expansion through joint investments, and through acquisition of solar secondary projects.*1

2. Promoting Renewable Energy-Related Infrastructure

We offer two programs that provide financial support to companies and organizations working toward decarbonization: the Fuyo 100% Renewable Electricity Declaration Support Program, and the Fuyo Zero Carbon City Support Program. The Fuyo 100% Renewable Electricity Declaration Support Program, begun in 2019, is a preferential financing program for businesses and organizations that have joined RE100 and the 100% Renewable Electricity Declaration RE Action.*2 Using funds raised by the Company through green bonds, the program is aimed at encouraging the introduction of renewable energy facilities and energy-efficient equipment.

In addition, the Fuyo Zero Carbon City Support Program, newly launched in 2020, is a donation-built-in program open to all companies, organizations and local governments. Along with customers who install facilities and equipment that contribute to decarbonization in areas of municipalities that have declared themselves zero-carbon cities*3, the program donates an amount equivalent to 0.2%*4 of the value of lease contracts to organizations that contribute to promoting zero-carbon cities. The program is being promoted not only in the Tokyo metropolitan region, but throughout Japan in cooperation with many regional financial institutions, and more than 100 customer companies have applied for the program in the first six months since its launch.



3. Investment in and Commercialization Support for Renewable Energy-Related Technologies

The Fuyo Lease Group actively invests in and forms business alliances with venture companies that have advanced renewable energy-related technology, and supports their commercialization. In fiscal 2018, we formed capital and business alliances with Exergy Power Systems Inc., which develops and manufactures next-generation energy storage systems, and with NEXT-e Solutions Inc., which provides battery management systems that utilize advanced battery control technologies. In fiscal 2019, we entered into a capital and business alliance with Girasol Energy Inc., which is developing an IoT platform for the maintenance and management of solar power facilities.

Further, in fiscal 2020, we closed a capital and business agreement with Tsubame BHB Co., Ltd., which is working to develop and commercialize the world's first on-site ammonia production system. In recent years, ammonia has gained attention as a next-generation energy source that does not emit CO₂ when combusted, and as an energy carrier*⁵ that facilitates the transport and storage of hydrogen. The Fuyo Lease Group aims to contribute to a decarbonized society by supporting the company's business development.

Through our support for venture companies, we will continue working to promote the spread of renewable energy and the creation of new business opportunities.

VOICE



Executive Officer and General Manager,
Energy & Environment Business Division
Miki Sasaki

As a decarbonization support tool for our customers, we are developing our PPA*⁶-based Green Electricity Supply Services. Going forward, we will promote an off-site PPA initiative utilizing idle land, etc. to supply green electricity directly to customer power demand sites. Further, as the movement toward decarbonization is accelerating globally, we will actively work to expand our renewable energy power generation and electric power infrastructure businesses overseas as well, primarily in North America, Asia and Europe.

As we continue working to build a sustainable society, we will promote renewable energy ourselves while creating a variety of businesses that contribute to the spread of green energy and supporting our customers' efforts toward decarbonization management.

- *1 Solar secondary projects: In solar power generation, refers to the business of trading in already-operating power plants and the rights to sell electricity.
- *2 100% Renewable Electricity Declaration RE Action: Established in October 2019. An initiative for small- and medium-sized companies, organizations, and municipalities not covered by RE100 to declare that they will convert the electricity consumed in their business activities to 100% renewable energy.
- *3 Zero-carbon cities: A local government in which the head of the government or the municipality itself has announced an aim to achieve virtually zero emissions of greenhouse gases or carbon dioxide by 2050.
- *4 Fuyo Lease will contribute 0.1% of the program's contracted amount, topped up with an additional amount equivalent to 0.1% in its own funds.
- *5 Energy carrier: Refers to hydrogen that has been converted into a state or substance that is easy to transport and store.
- *6 PPA: An abbreviation for Power Purchase Agreement. The PPA provider installs, operates and maintains solar power generating equipment on the premises of the electric power consumer free of charge. The power generated is then purchased by the electric power consumer. This has the advantage of eliminating the need for an initial investment on the part of the power consumer, while enabling them to implement environmental measures in a sustainable manner.



CSV2: Circular Economy



Behind the Focus on the Circular Economy

The conventional economic model of “taking, making, and throwing away” is called the “linear economy” because resources are disposed of in a linear fashion without being recycled or reused. It is said that it is difficult to achieve sustainable economic development in a linear economy because of its various negative impacts, such as the large amount of waste generated, the depletion of finite natural resources and soaring prices, and the impact of greenhouse gas emissions on climate change. The circular economy has thus become the focus of attention as a new economic model for solving these issues.

The circular economy offers an alternative to the conventional linear economy, an economic model that reexamines the entire value chain with the goal of maintaining and circulating the value of products and resources for as long as possible, while working toward zero waste emissions. The manufacturing process uses a great deal of energy and emits CO₂. This is particularly true of the process of mining and refining metals and other natural resources, and of the manufacturing process for steel and concrete, all of which are said to involve large amounts of energy use and CO₂ emissions. According to estimates by the Ellen MacArthur Foundation, CO₂ emissions related to this kind of manufacturing and the production of food are said to represent about 45% of overall CO₂ emissions. The circular economy, which cuts off these sources, is a new economic model essential to advancing a decarbonized society.

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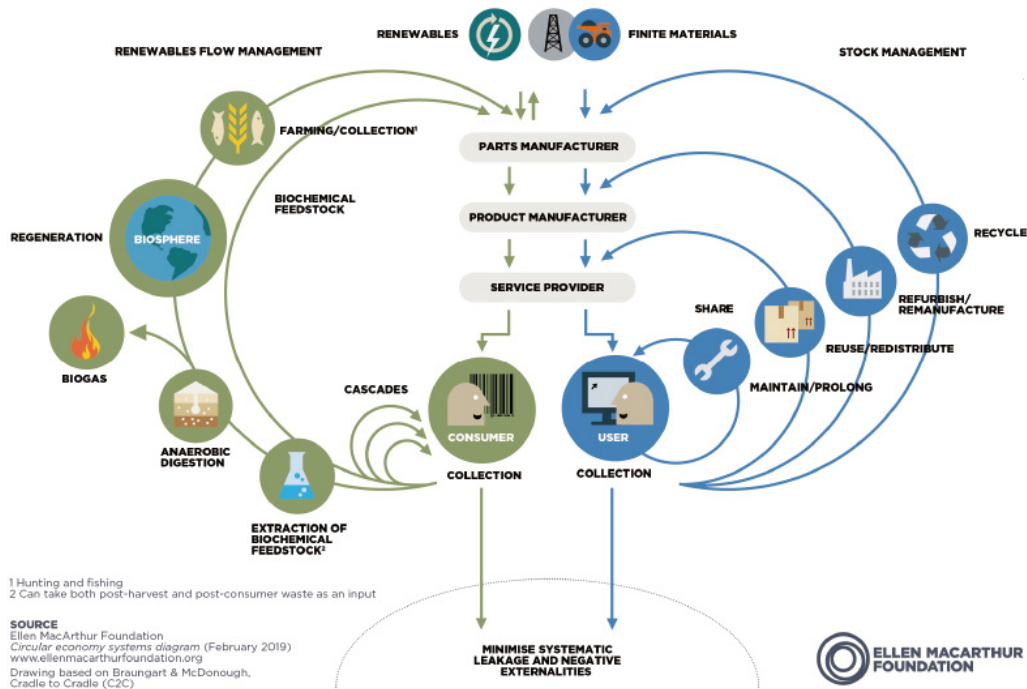
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"The Butterfly Diagram" Proposed by the Ellen MacArthur Foundation



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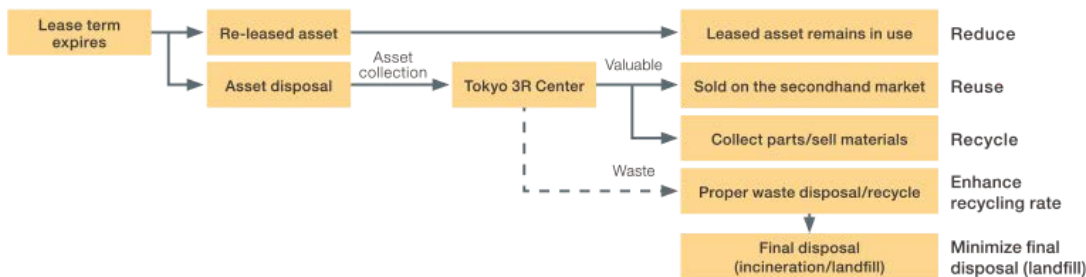
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Environmental Conservation Initiatives to Date

Under our Environmental Policy, the Fuyo Lease Group has been working to incorporate the 3Rs (Reduce, Reuse, Recycle) in disposing of leased assets after their leases expire in an effort to reduce the environmental impact of our business activities.

At the Tokyo 3R Center, which is responsible for reusing and recycling leased assets after their leases expire, we reuse and recycle not only items leased by our corporate group, but also used assets we have bought from other companies. Beyond proper compliance with applicable laws and regulations, as a waste generating business operator, we track every piece of waste we dispose of through an electronic manifest system. We also conduct regularly scheduled on-site inspections of waste disposal contractors, part of our effort to prevent the generation of environmental pollution.

3Rs initiatives for leased assets after their leases expire



New Initiatives Toward the Circular Economy through the Lease Business

In April 2020, the Group launched its “Circular Economy Domain” as a business domain to evolve its existing environmental conservation efforts, and is advancing circular economy initiatives through its leasing business. Achieving the circular economy will require a diverse range of functions, and we believe that this is an issue we are uniquely positioned to solve, with our vast lease resources and accumulated know-how in proper disposal.

For example, Fuyo Lease reuses and recycles 100% of the more than 100,000 PCs returned to it each year, thereby minimizing waste. This is made possible by the Group's strong information security system and reliable data erasure, as well as its diverse sales channels, which allow us to sell even old PCs that have been used for nearly 10 years. In addition, office automation equipment such as printers, which are difficult to resell, would otherwise become industrial waste with no value, but by dismantling and sorting them by material, we can convert them into raw materials such as recycled plastic. In fact, in 2020 Fuyo Lease began a pilot program for material recycling*1 of printers and other equipment.

In the future, we aim to work in cooperation with our business partners to reduce industrial waste derived from information and office equipment to zero.

Material Recycling Flow



*1 Material recycling: The process of crushing and processing used plastics, pelletizing them by heat treatment, and reusing them as resin material for plastic products.

A “Platformer” for the Circular Economy

The number of new services aimed at achieving the circular economy are gradually expanding. In April 2021, we began providing a new PC Lifecycle Management Service (PC-LCM) when PCs are being deployed. In addition to conventional PC leasing functions, the service provides comprehensive support functions across the entire PC lifecycle, including consulting services for planning PC deployment; help desk services when failures occur; maintenance support in case of breakdowns; and arrangements for return at the end of the lease, erasure of HDD data and eventual reuse. We have thus evolved from providing products to providing services. By offering appropriate support over the lifetime of our products, the Group enables customers to deploy PCs longer, more comfortably and with enabling a reduced burden on the environment when installing.

In auto leasing, Fuyo Auto Lease, a group company, has begun a used auto lease service in which vehicles whose leases are up are serviced and offered at lower lease rates. This is part of our effort to take on the challenge of extending product life, in this case by developing new ways of utilizing used vehicles in addition to traditional used car sales channels. Further, we are steadily advancing efforts to put in place infrastructure and networks aimed at achieving the circular economy in other fields, including medical equipment, information and communication equipment and material handling equipment.

The Fuyo Lease Group will continue to evolve in order to achieve the circular economy through its business. In the future, we aim to build a wide-area ecosystem by expanding the circular economy infrastructure and network we have built up in the leasing business with the goal of becoming a

platformer for the circular economy. This will allow those using the Group's services to automatically participate in the circular economy, and by extension contribute to society as a whole.

VOICE



General Manager, Business Assets Management Division
Yasushi Mizuta

In November 2020, Fuyo Lease became the first Japanese financial institution to join the U.K.-based Ellen MacArthur Foundation. The Foundation is one of the world's leading organizations promoting the circular economy, and is engaged in global activities in collaboration with companies, research institutions, and government agencies. We will actively participate in workshops organized by the Foundation and joint projects with

participating companies in order to gain knowledge of the circular economy and to collaborate with other companies and research institutions. Together with the world's leading companies and research institutions, we hope to contribute to the establishment of a recycling-oriented society in line with the vision for a circular society.

CSV3:BPO



Issues in Promoting the Introduction of Telecommuting under the COVID-19 Pandemic Become Clear

The introduction of telecommuting in the corporate sector has progressed, driven by the spread of COVID-19. Still, the percentage of employees coming to work remains high, in part because of the need for some departments such as accounting to handle work like dealing with paper invoices in the office; this has hindered the more widespread use of telecommuting. This kind of work, including receipt of paper invoices, is affected by the practices and methods used by business partners, and it is extremely difficult to review these operations without their cooperation.

At the same time, telecommuting has also caused an increase in inquiries to information systems departments responsible for building a company's system infrastructure, leading to a chronic personnel shortage. There have also been a number of organizational management issues, including lack of an environment that allows employees to concentrate on their core duties, and cases in which telecommuting systems were hastily built but still face issues in terms of security and telecommunications quality.

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Resolving Corporate Issues by Providing New Solutions

The Group is working to support the resolution of these kinds of issues involved in the introduction of telecommuting by providing new solutions.

1. Supporting the Complete Shift of Accounting Departments to Telecommuting: A Total Solution for Accounting and Invoicing

This solution supports the complete shift of accounting departments to telecommuting by utilizing BConnection Digital Trade*¹, a cloud-based invoice digitization service provided by NTT Communications Corporation (“NTT Com”), and a system linking high-speed document readers and AI-OCR*² offered by Group subsidiary NOC Outsourcing & Consulting Inc. (“NOC”), and leverages NOC’s many years of know-how in accounting BPO. It is provided as an integrated package for undertaking a whole series of accounting department operations, and combines the digitized BPO and accounting BPO services NOC had been providing individually, including receipt and digitization of paper and PDF invoices; journalizing of accounting data by accounting professionals; and linking of journalized invoice data with other accounting systems.

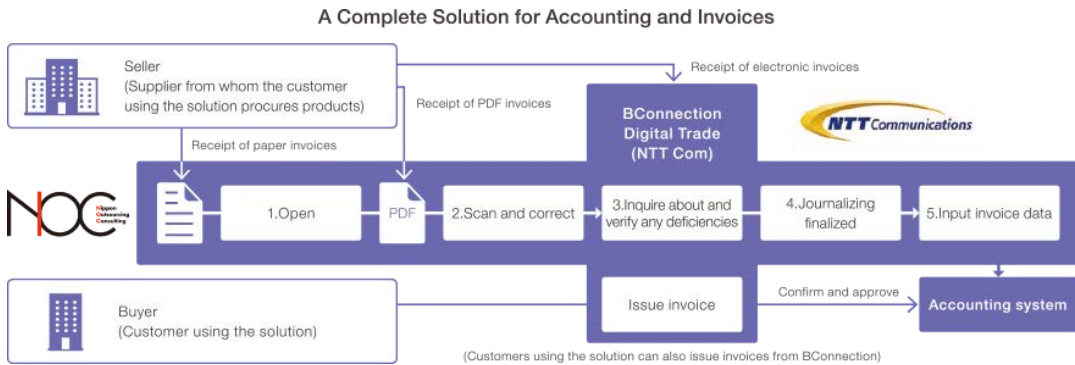
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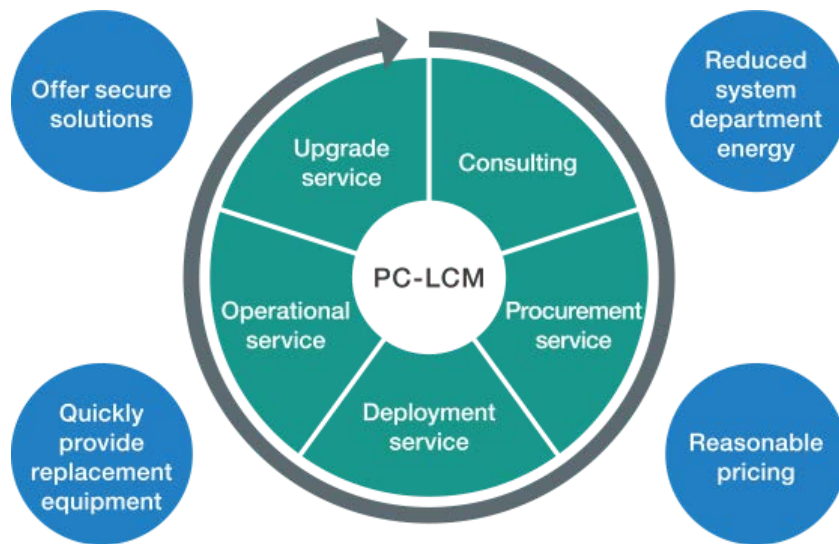
*1 BConnection Digital Trade: A cloud-based service provided by NTT Com for digitizing invoices and other documents. It offers functions including creation and issuing of electronic invoices, viewing of electronic invoices within the company, and linking of invoice data to other accounting systems. The service promotes the corporate shift to paperless operations and remote work, and contributes to improved productivity.

*2 AI-OCR: The utilization of AI technology in optical character recognition (OCR) used to read and digitize hand-written documents and forms.

2. Complete Support for Information System Departments: PC Lifecycle Management (PC-LCM) Service

As information system departments shift their focus to core operations, outsourcing of PC-related tasks that require energy to manage and run will become an increasingly important factor.

The PC-LCM service includes consulting in overall operations, procurement (equipment selection and rental provision), deployment (setup and delivery management), operations (help desk, replacement equipment in case of failure, provision of security products), and upgrades (equipment replacement and data deletion), as well as full outsourcing of various tasks associated with all of these processes. Our group companies work together seamlessly to achieve reasonable pricing while providing complete support to company information system departments, solving a variety of issues involved in managing PCs.



Supporting Acceleration of the Shift to a Focus on Core Operations

Recently, we have been receiving an increasing number of requests for advice from companies that want to concentrate their management resources on their core business (and consider streamlining or outsourcing non-core operations), and during the COVID-19 pandemic, we have had a strong sense that companies are increasingly conscious of the importance of sustainable growth. These include such requests as, “We want to take advantage of our head office relocation to streamline operations. Can you manage our general affairs operations?” or, “We want to consolidate our group company back office divisions, and would like your advice on setting up a shared company.”

In responding to such inquiries, the Group does not limit itself to the mere general affairs operations, but also visualizes business processes, handles system deployment, and conducts regular reviews of service levels and labor costs. In addition, based on our cumulative know-how as an outsourcing company in standardizing operations, we can also assist in designing shared company business design and operations.

We not only improve efficiency, but by consulting on overall operations promote optimal solution proposals—including full outsourcing—from a medium to long-term perspective.

BPO Service Lineup

General Affairs	Accounting & Finance	IT Systems	Human Resources	Sales Administration
	Bill Aggregation INV		Payroll Accounting NOC	Sales Administration Services NOC
Office Concierge NOC	General Accounting NOC/MB	IT Services / IT Specialist Placement NOC	Attendance Management NOC	
Vehicle Management FAL	Accounting Services (Accounts Payable to Payments) AGR	PC-LCM Services NOC/YRL/FNET	Human Resource Management NOC	
	Money Collection SFC	RPA Services NOC	Employee Benefits INV	
Comprehensive Accounting and Asset Management Service (FLOW Cube+) FGL				

FGL	Fuyo General Lease Co., Ltd.
FAL	Fuyo Auto Lease Co., Ltd.
SFC	Sharp Finance Co., Ltd.
AGR	Accretive Co., Ltd.
INV	INVOICE Inc.
NOC	NOC Outsourcing & Consulting Inc.
FNET	Fuyo Network Service Co., Ltd.
YRL	Yokogawa Rental & Lease Corporation
MB	MerryBiz Inc.

OneVoice, an integrated billing service for utilities that group company INVOICE began offering in April of last year is attracting renewed attention.



General Manager, BPO Service Promotion Division
Koji Yamamoto

Since the signing of the Paris Agreement in 2015, growing international momentum aimed at a decarbonized society and an emphasis on ESG investing have required companies to actively work to reduce their CO₂ emissions. While many companies manage their use of electricity, gas and water and their CO₂ emissions, they are also expected to properly calculate and review their emissions volumes.

In addition to improving operational efficiency by collecting invoices delivered separately to each office and converting invoice information to data, OneVoice returns information on utility usage to each location in the form of data, supporting clients in their efforts to calculate CO₂ emissions and contributing to the resolution of social issues.



CSV4:Mobility Business



Challenges Facing the Industry and How the Fuyo Lease Group Will Respond

The automotive industry is entering a once-in-a-century period of great change due to the technological innovations known as CASE*1 and advancements in MaaS*2. In the logistics industry, many social issues have become apparent, including an increase in the volume of cargo being handled due to the expansion of the e-commerce market with the impact of the COVID-19 pandemic, shortages of truck drivers and the aging driver population, and long work hours. Addressing these changes and their resultant social issues has become an urgent, important issue for many companies, and has also increased the importance of the create shared value (CSV) perspective in achieving sustainable corporate growth and enhancing corporate value through solutions to these problems.

Against the backdrop of these changes, in April 2020, the Company created a new Mobility Business domain combining Fuyo Auto Lease, which provides comprehensive vehicle support services, and YAMATO LEASE, which offers management support services centered on truck leases to transport companies, and also established a new Mobility Business Promotion Division, responsible for planning, operations, and promotion of this initiative. Further, by adding the Machinery Business Division, which deals in financing services for material handling equipment*3 and construction equipment, to this domain, we are positioning the Mobility Business in the Strategic Areas, and have put in place a structure for the Group as a whole to provide services in the industries of automobiles and logistics. We are currently working through YAMATO LEASE to actively establish a business collaboration with the Yamato Group, and are moving forward to review specific strategies.

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- *1 CASE: A term that has been coined from the initial letters of 4 automotive trends: Connected (connected cars), Autonomous (autonomous driving), Shared & Service (shared cars and driving as a service), and Electric (electrification of vehicles).
- *2 MaaS: An acronym for Mobility as a Service, which indicates the creation of services based on means of transportation (mobility).
- *3 Material handling equipment: Refers to cargo handling machinery used in logistics operations. These include pallets, forklifts, automated warehouses, conveyer belts and others.

Our Strategic Vision for Future Business Development and Mobility Business

The Mobility Business aims to solve customer issues by providing wide-ranging solutions in the logistics and general vehicle areas.

In the logistics areas, we will promote our upstream strategy by further deepening collaboration with partner companies with the goal of establishing a consulting sales process that visualizes customer issues and provides solutions in terms of logistics, materials handling and work styles. We will also work to utilize the know-how of our overseas group companies and in other domains, including PRC^{*4}, which is involved in the forklift leasing business, primarily in the U.S., and TDF^{*5}, which is involved in the pickuptruck rental, leasing and sales business in North America. Further, we will enhance the added value of our services by strengthening collaboration and business synergies with close partners such as the Yamato Group, Sompo Japan Insurance Inc. and Nakamichi Leasing Co., Ltd., while advancing the development of new services that will lead to resolving customer issues.

In the general vehicle areas, our goal will be to enhance customer satisfaction even further by supporting safe operations through the introduction of total fleet management services^{*6}, improving customer fleet utilization rates through the use of car sharing, and encouraging the deployment of electric vehicles. We are also focusing on autonomous driving and other new technologies, and are collecting and accumulating knowledge to leverage in developing the Group's own new services through ongoing dialogue with companies that provide state-of-the-art technology and services.

- *4 PRC: A company that handles operating leases for material handling equipment mainly in the United States.
- *5 TDF: A company that engages in rental, leasing, and sales of pickup trucks in North America.
- *6 Total fleet management service: A service in which a leasing company contracts to provide centralized repair, inspection and other vehicle maintenance operations, and that works to streamline vehicle use and management through the utilization of driving data.

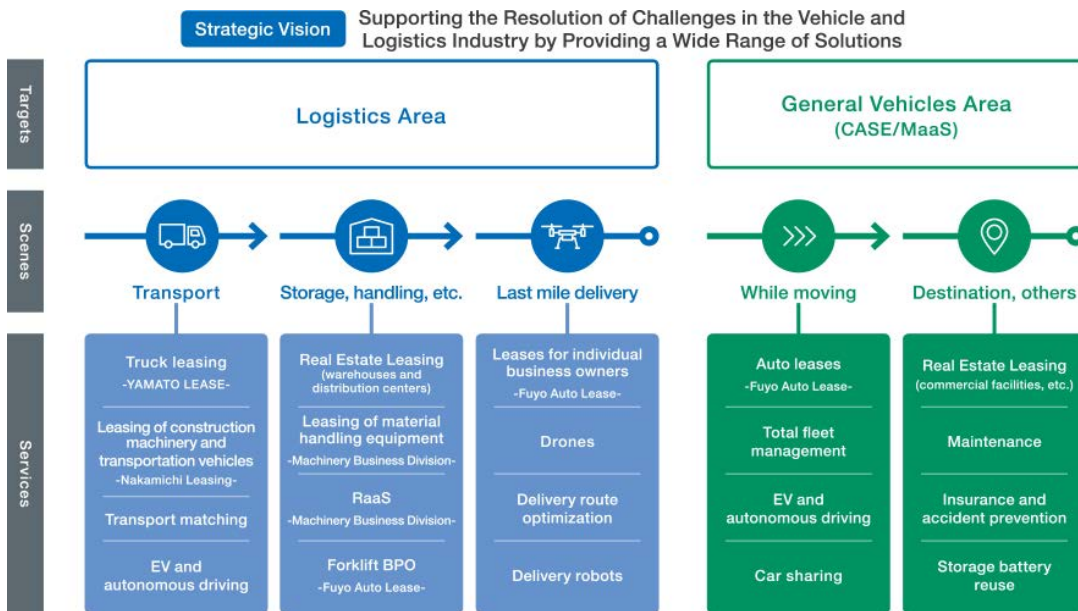
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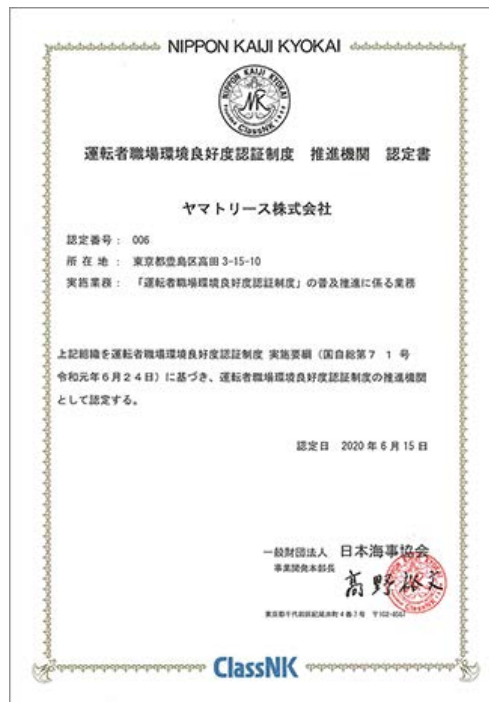
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Fuyo Lease Group CSV Initiatives in the Mobility Business Area

Due to changes in its social structure—including a declining birthrate, aging population and the concentration of population in urban areas— Japan today is seeing the emergence of a variety of social issues related to mobility, such as ensuring freedom of movement, revitalizing local communities and reducing environmental impact. Expectations are focused on autonomous driving as one means of solving these kinds of issues. In June 2021, the Group entered into a business alliance with MACNICA, Inc. for the social implementation of autonomous driving, and has introduced the ARMA self-driving car manufactured by Navya, SA of France. We plan to offer our self-driving vehicles and know-how for use by local governments and companies in proof-of-concept testing, with the goal of achieving early implementation of autonomous driving and contributing to solving social issues.



YAMATO LEASE Comfortable Workplace Certification

In addition, as part of its management support services for transport companies, YAMATO LEASE is working on a support service for the acquisition of certification under the Driver's Workplace Environment Quality Certification System (commonly known as the Comfortable Workplace Certification System)^{*7}, under which thirdparty organizations evaluate and certify driver working conditions and working environments at trucking companies. The company is the first leasing company to be certified as an organization that promotes the Comfortable Workplace Certification System, and since the start of the system in fiscal 2020, has helped more than 100 firms obtain certification. Going forward, the

company will continue working to solve transport company management issues by supporting certification under this system and providing a variety of other services.



Self-driving shuttle bus manufactured by Navya

- *7 The Comfortable Workplace Certification System: A system aimed at improving working conditions and workplace environments for drivers, while also certifying operators who are striving to institute work style reforms, including remedying long working hours as a means of acquiring and training the drivers they need.

VOICE



General Manager, Mobility Business Promotion Division
Shinji Sasakura

Established in April 2020, the new Mobility Business Promotion Division is approaching various issues in the areas of automobiles and logistics, which are undergoing a period of historic change. The types of customer issues we see have changed significantly, and include an increase in the volume of cargo handled with the rapid expansion of the e-commerce market; the expansion of the logistics robot market in response to labor shortage and BCP; work style reforms driven by long working hours and an aging population; the shift to electric vehicles in response to climate change and resource shortages; and initiatives for safe driving support and autonomous vehicles. Through alliances with the Yamato Group, material handling manufacturers and other partner companies, we will promote an upstream strategy to provide consulting services in the areas of automobiles and logistics, and contribute to resolving customer issues by providing solutions.

CSV5:Medical & Welfare



Management Issues Faced by Medical Institutions and Nursing Care Providers, and the Fuyo Lease Group's Initiatives

With the year 2025 fast approaching, when all baby boomers will be at least 75 years old, demand for medical and nursing care services for the latter-stage elderly is growing. At the same time, conditions surrounding medical institutions and nursing care providers are growing increasingly challenging, with the need to secure doctors, nurses and other medical workers and nursing care staff, work on reforming work styles, and respond to the spread of COVID-19. Further, the Regional Medical Care Vision^{*1} advocated by the Ministry of Health, Labour and Welfare is expected to accelerate the shift in hospital bed functions and moves to consolidate nursing care providers.

Under these circumstances, medical institutions and nursing care providers must work quickly to rationalize management and streamline operations through advancements in ICT and the use of BPO services in order to secure a reliable supply of human resources and reform work styles. In addition, the need to effectively procure funding and equipment following the breather provided by the directed loan program of the Welfare and Medical Service Agency^{*2} is gradually becoming apparent.

The Fuyo Lease Group has positioned Medical & Welfare as one of its Strategic Areas, and is working to provide lease financing for medical institutions and nursing care providers, factoring of medical and nursing care receivables and other financing services; the Group is also working to acquire and strengthen consulting capabilities. The main pillar of our strategy is to offer a one-stop solution for a variety of management issues faced by our customers by working in cooperation with alliance partners and utilizing the Group's healthcare-related services.

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- CSV2:Circular Economy
- CSV3:BPO
- CSV4:Mobility Business
- CSV5:Medical & Welfare**

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- *1 Regional Medical Care Vision: This initiative aims to create a framework for the division of roles and cooperation among medical institutions through the cooperation of local stakeholders, in order to estimate medical needs in 2025 and create a medical system that responds to those needs.
- *2 Welfare and Medical Service Agency: An independent administrative corporation established to promote welfare and improve the spread of medical care. It engages in loan business for the development of social welfare facilities and medical facilities, etc.

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Integration of Group Functions in the Medical and Welfare Fields and Expansion of the Fuyo Lease Platform Concept

Utilizing the specialized knowledge and human networks of our Healthcare Advisory Division, established in April 2019, the Group is working to enhance sales activities aimed at management at medical institutions that play a central role in regional medical care. By actively approaching management, we gain a better understanding of the specific needs of each medical institution. We utilize their needs in proposals aimed at solving their issues, while also leveraging this information to develop new services and expand our business domains.

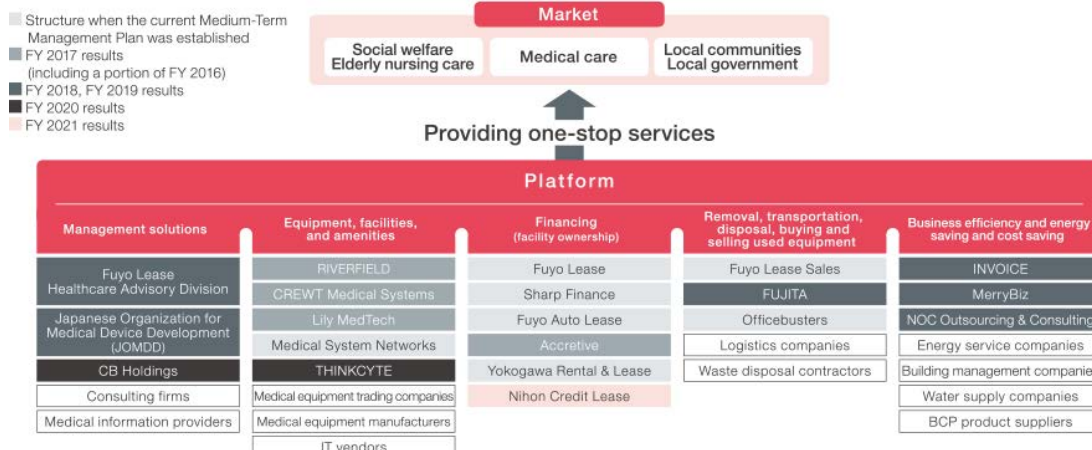
On their own or in collaboration with alliance partners, each of our group companies is working to enhance the Fuyo Lease Platform Concept to offer one-stop, wide-ranging solutions by combining the services they are capable of providing tailored to customer needs.

The Group provides a wide range of services, including leasing and financing of medical equipment and nursing care facilities; factoring services for medical and nursing care receivables provided by Accretive; removal and resale of used medical equipment provided by FUJITA; opening support services for clinics such as initial capital loans and clinic area surveys provided by Sharp Finance; and BPO services provided by NOC Outsourcing & Consulting. In addition, we are expanding our consulting services for business improvement using RPA and AI-based medical fee billing in collaboration with medical consulting companies by utilizing our ties with alliance companies.

In addition, under the platform concept, we are working to promote and spread the use of advanced medical devices developed by medical venture companies. In April 2020, we entered into a capital and business agreement with THINKCYTE INC., which conducts research and development in next-generation cell isolation systems using AI. We will continue to promote collaboration and cooperation with highly specialized alliance companies, including the development of high value-added products with this company and other medical device manufacturers, to further expand our platform concept and contribute to solving diverse customer needs.

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Fuyo Lease Platform Concept



Taking on New Business Domains

In January 2021, the Group entered into a capital and business agreement with CB Holdings Inc., which provides information services specific to the medical and welfare industries, including M&A brokerage, support for opening businesses, management consulting, recruiting and business development support and news distribution. Through the trust it has built with medical institutions since its founding, and through its networks and wide-ranging solutions, the CB Group leads to solving a wide variety of management issues in the medical and welfare industries. We are working to create business synergies through the integration of the know-how, networks and services of the CB Group and the Fuyo Lease Group, with the goal of expanding our business domains in the Medical & Welfare fields.

Another new business area we are working in is to improve the sustainability of medical and nursing care functions in local communities. The sustainability of these functions is an essential element in the revitalization of local economies, and we believe that regional financial institutions, which have built relationships of trust with local governments, medical institutions and nursing care providers, play an important role in this regards. The Group has provided a variety of services to local medical institutions and nursing care providers in cooperation with regional financial institutions. For example, as part of the lineup of management support services offered by major nursing care providers, ranging from the opening of new nursing care facilities to operational improvements, the Group's nursing care and welfare equipment leasing and nursing care receivables factoring services are offered to providers that are clients of regional banks. We are currently working to further advance collaboration with regional financial institutions to build a framework to financially support the business operations of local nursing care providers and to meet the financial needs of medical institutions for business succession and rebuilding of aging facilities. Through these various efforts, we will contribute to improving the sustainability of medical and nursing care functions in local communities.

VOICE

The Healthcare Business Promotion Division, established in April 2021, has taken the lead in building a group-wide website that will enable the Group to provide its products and services in the Medical & Welfare fields in an integrated manner. We will position this website as a point of contact for providing services that will lead to solving issues faced by medical institutions and nursing care providers, and aim to build a website that is attractive to customers by providing information that is useful for their business operations.



Executive Officer and General Manager,
Healthcare Business Promotion Division
Hideyuki Otsubo

In addition, FUJITA, a group company engaged in removal and resale of used medical equipment, dismantles medical equipment that has been returned at the end of the lease period and breaks it down into parts and materials that can be resold, and has started a business to sell the parts to used equipment domestic and overseas trading companies, and the materials to buyers of valuables. In the future, we will expand the scope of this business to

include other companies that have terminated their leases, and by promoting the recycling of medical equipment, we will contribute to reducing environmental impact and promoting a resource-recycling economy.

The Business of Selling Used Medical Equipment Parts and Materials



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Environmental Philosophy/ Environmental Policy

Environmental Philosophy

The Fuyo Lease Group constantly adopts environmentally-friendly business practices in order to realize a sustainable society and promotes activities to address environmental issues in line with its environmental policy.

Environmental Policy

1. Providing products and services that contribute to environmental conservation

We endeavor to provide products and services that contribute to environmental conservation by having each Group company leverage the characteristics of their business activities.

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.

3. Contributing to the development of a circular 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 set environmental targets as we endeavor to respond to climate change, prevent environmental pollution, and conserve biodiversity.

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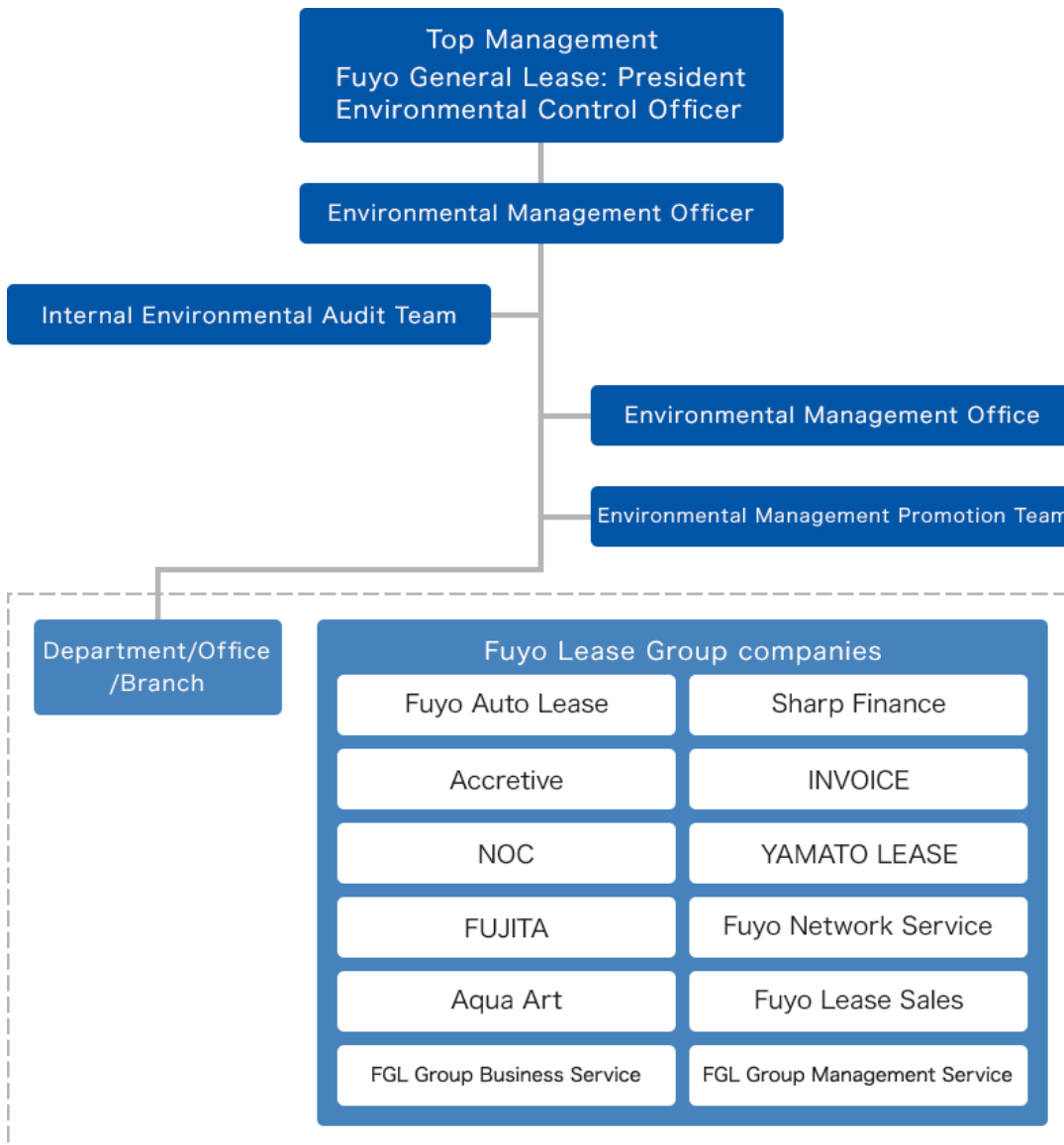
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Environmental Management

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 Group companies acquired [ISO14001](#) [See Glossary](#) certification for their main business offices in July 2006, and passed a renewal audit for the fifth time in June 2021. 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 (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, Technical Support Center and Hachioji Technical Center (selling computers, software and networking devices)
- FGL Group Business Service (engaged in contract sales administration and non-life insurance agent business)
- FGL Group Management Service (engaged in contract human resources and general affairs operations)

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ISO14001: 2015 Management System Certificate



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 fiscal 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 2015	FY 2016	FY 2017	FY 2018	FY 2019
Head Office Departments/ Offices	9 departments/ offices	23 departments/ offices	14 departments/ offices	18 departments/ offices	27 departments/ offices
Branches	-	1 branch	-	-	-
Group companies	None	3 companies	1 company	None	1 company
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	2 cases	None	None	None	None

* Opportunities for improvement: advice on making future improvements

External audit

In August 2020, 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 2016	June 2017	June 2018	June 2019	August 2020
Strong point	None	None	None	1 case	None
Good point	2 cases	1 case	3 cases	1 case	3 cases
Opportunities for improvement*	2 cases	3 cases	1 case	1 case	None
Findings for improvement	None	None	None	None	None

* Opportunities for improvement: advice on making future improvements

Environmental education

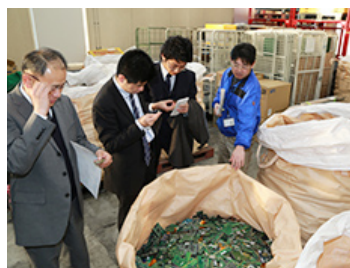
The Fuyo Lease Group regularly provides environmental training to deepen the understanding of the environmental management system and to increase environment-related knowledge and skills.

The following table shows the implementation status for fiscal 2019

Implementation status of environmental education (FY 2019)

	Training	Period	Number of Participants
Employee Training	Environmental e-learning	July 2019	1,168 employees
	Tokyo 3R Center Training Program	July 2019	32 employees
	Sanden Forest Biodiversity Training Program	May 2019	New employees 31 employees

In fiscal 2019, 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 fiscal 2019, 11 employees passed the test, and as of the end of March 2020, a total of 282 employees have passed the test.

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 fiscal 2019 compliance checks, covering the period between February 2019 and January 2020, were inspected in February 2020. 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 ninth consecutive year**

In fiscal 2019, 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 ninth 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 continued to identify materiality and set as well as review KPIs while being conscious of connections to our core businesses based on the SDGs and environmental changes caused by climate change and other issues. Additionally, we constructed a company-wide sustainability management system through the establishment of the Creating Shared Value Promotion Office. (2.) We became the first general lease company in Japan to join RE100. Additionally, we launched the Fuyo 100% Renewable Electricity Declaration Support Program, established an original financing model to promote renewable energy, and have been promoting trailblazing initiatives. (3.) We positioned CSV as the focal point of our long-term strategy, and not only did we respond to environmental issues through the previously mentioned Energy & Environment fields, but we are also actively creating new businesses that contribute to multi-faceted value creation based on social issues through the Medical & Welfare field and BPO business.

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

Environmental Targets (Medium to Long-term)

The Fuyo Lease Group has set forth the use of renewable energy in its operations and the achievement of carbon neutrality as its medium to long-term environmental targets, and we are advancing the decarbonization of our own business.

	2024		2030
RE100 Target*1	Renewable energy usage rate 50%	➔	Renewable energy usage rate 100%
CO₂ Emissions*1,*2 (Scope 1,2)	Decrease from the FY 2020 level 30%	➔	Achieve carbon neutrality

*1 Scope covers Fuyo General Lease and its consolidated subsidiaries.

*2 Scope 1: Direct emissions from the use of fuel for company vehicles and city gas, Scope 2: Indirect emissions from the use of purchased electricity, etc.

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Environmental Targets (Short-term)

Evaluation: ○ target achieved, × target not achieved

Objectives	Scope	FY 2020 targets	FY 2020 results	Evaluation	FY 2021 targets
Climate change initiatives	Fuyo General Lease & Group companies* ³	10.0% decrease from the FY 2013 level of CO ₂ emissions (t-CO ₂) (Scope 1 & 2)	28.6% decrease from the FY 2013 level	○	5.0% decrease from the FY 2020 level of CO ₂ emissions (t-CO ₂)(The scope of coverage was expanded to include Fuyo General Lease and its consolidated subsidiaries.)
Promote energy conservation	Fuyo General Lease & Group companies* ³	5.0% decrease from the FY 2013 level of energy consumption (kWh)	13.4% decrease from the FY 2013 level	○	5.0% decrease from the FY 2013 level of energy consumption (kWh)
		10.0% decrease from the FY 2013 level of gasoline and diesel consumed by company vehicles (L)	47.7% decrease from the FY 2013 level	○	10.0% decrease from the FY 2013 level of gasoline and diesel consumed by company vehicles (L)
Comply with environmental laws and regulations	Fuyo General Lease & Group companies* ³	Assess compliance with environmental laws and regulations	Conducted compliance assessment. No non-compliance found	○	Assess compliance with environmental laws and regulations

*³ Scope: all domestic locations of Fuyo General Lease and Group companies including Fuyo Auto Lease, Fuyo Network Service, Aqua Art, Fuyo Lease Sales, FGL Group Business Service and FGL Group Management Service.

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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 holding up "responding to climate change issues and renewable energy" as one of its materialities (material issues), and 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

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 renewable energy generation 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 equipment, 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 Chief Executive (the President of Fuyo General Lease) and the Environmental Control Officer (the Director responsible for the Creating Shared Value Promotion Office). The president, who serves as the Chief Executive, regularly receives reports on the Group's progress on climate change initiatives, and decides on policies after reporting and discussing particularly important issues with the Board of Directors. We will continue to properly manage and promote our efforts group-wide.

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 the same year, we officially joined the Japan Climate Leaders Partnership (JCLP), a group of companies that aims to realize a sustainable, carbon-free society. In addition, we joined RE100, a business initiative which aims to source 100% renewable energy to power business activities. In 2019, we publicly 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.

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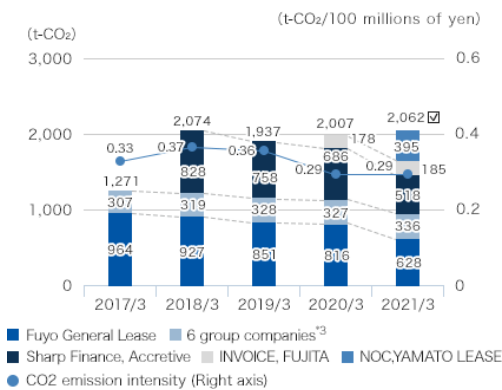
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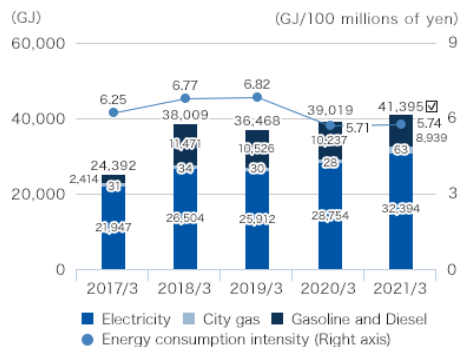
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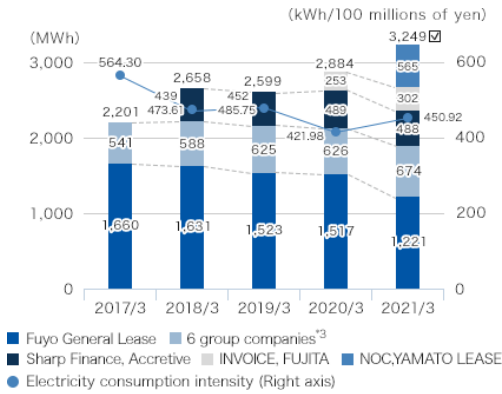
Total CO₂ Emissions (Scope 1, 2)*1 *2



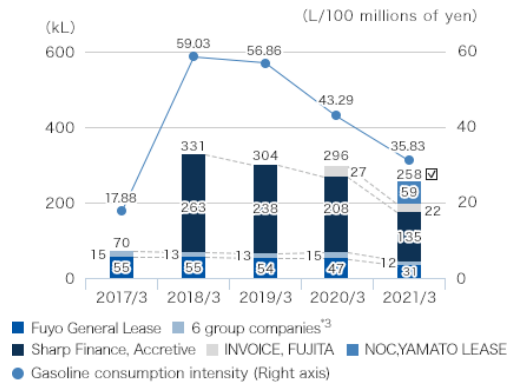
Total Energy Consumption*2



Electricity Consumption*2



Total Gasoline and Diesel Consumed by Company Vehicles*2



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

Independent assurance

*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 603 t-CO₂ and 1,460 t-CO₂ respectively in fiscal 2020.

*2 Data coverage: all domestic locations of Fuyo General Lease, Fuyo Auto Lease, Sharp Finance, Accretive, INVOICE, NOC Outsourcing & Consulting, YAMATO LEASE, FUJITA, Fuyo Network Service, Aqua Art, FGL Group Business Service, and FGL Group Management Service. For group companies, figures prior to the start of data collection are not included.

*3 6 group companies: all domestic locations of Fuyo Auto Lease, Fuyo Network Service, Aqua Art, Fuyo Lease Sales, FGL Group Business Service, and FGL Group Management Service.

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 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. At the same time, we are contributing to further expanding the introduction of renewable energy by forming business alliances with venture companies that have advanced renewable energy-related technologies, and supporting industrialization and commercialization.

■ Initiatives in the Renewable Energy Generation Business

The Fuyo Lease Group launched its renewable energy generation business in 2012, and now supplies renewable energy to local communities equivalent to the annual power consumption of approximately 85,000 households.* In fiscal 2020, we participated in a fund organized by Green Power Investment

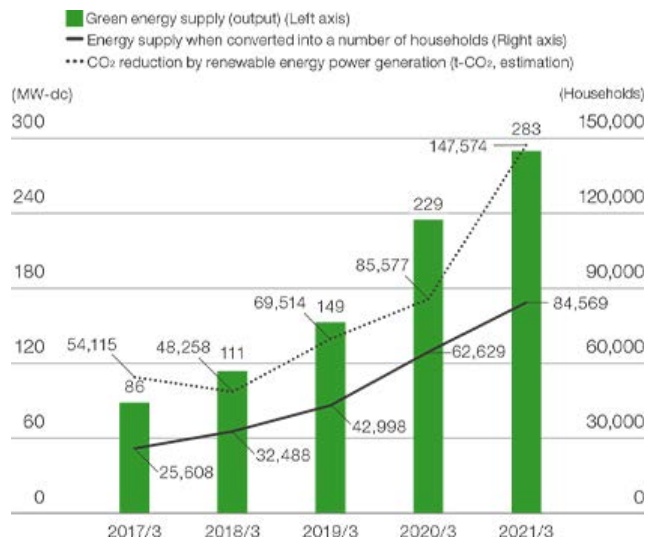


Wind Farm Tsugaru in Tsugaru City, Aomori Prefecture, Japan

Corporation to invest in renewable energy power generation projects in five locations in Japan, as well as renewable energy power generation projects in the U.S. and Taiwan. Including equity participation, this increased the Group's power generation capacity to 283 MW-dc.

* Calculated based on electricity consumption of 3,600 kWh/year per household.

Renewable Energy Power Generation Capacity (output)/Power Supplied/CO₂ Reduction (estimation)



Promoting Renewable Energy-Related Infrastructure

We offer two programs that provide financial support to companies and organizations working toward decarbonization: the Fuyo 100% Renewable Electricity Declaration Support Program, and the Fuyo Zero Carbon City Support Program.

The Fuyo 100% Renewable Electricity Declaration Support Program is a preferential financing program for businesses and organizations that have joined RE100 and the 100% Renewable Electricity Declaration RE Action. Using funds raised by the Company through green bonds, the program is aimed at encouraging the introduction of renewable energy facilities and energy-efficient equipment.

[Click here for details](#)

The Fuyo Zero Carbon City Support Program is a donation-built-in program open to all companies, organizations, and local governments. Along with customers who install facilities and equipment that contribute to decarbonization in areas of municipalities that have declared themselves zero-carbon cities, the program donates an amount equivalent to 0.2% of the value of lease contracts to organizations that contribute to promoting zero-carbon cities.

[Click here for details](#)



■ Providing Support for Investments in Renewable Energy-Related Technologies and Their Commercialization

In order to contribute to the further expansion of renewable energy introductions, we provide commercialization support to venture companies possessing cutting-edge renewable energy technologies through investments and business collaborations.

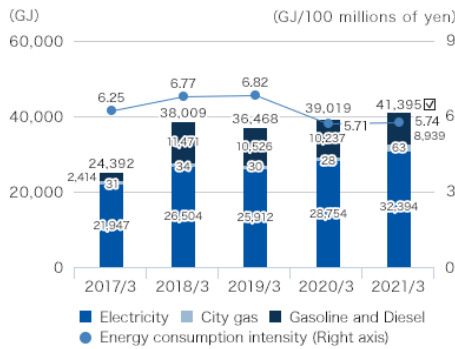
▮ Major Support Results

Investment Timing	Partner	Description
June 2018	Exergy Power Systems	Development and manufacture of next-generation energy storage systems
Mar. 2019	NExT-e Solutions	Provision of battery management systems that utilize advanced battery control technologies
Feb. 2020	Girasol Energy	Development of IoT platforms for the maintenance and management of solar power facilities
Oct. 2020	Tsubame BHB	Development manufacturing technology for distributed production of ammonia under low-temperature, low-pressure conditions

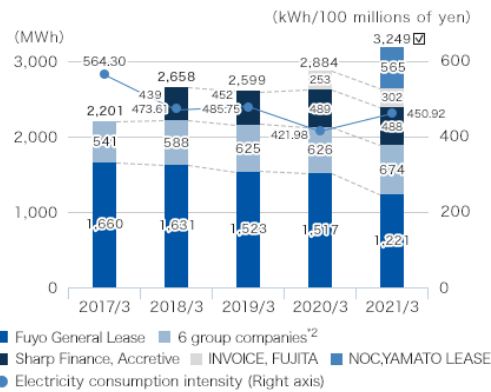
Environmental Data

Energy / CO₂ *1

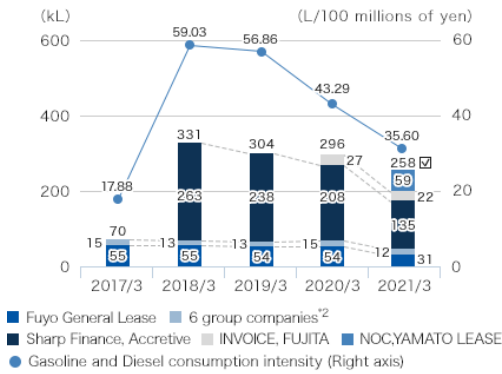
Total Energy Consumption



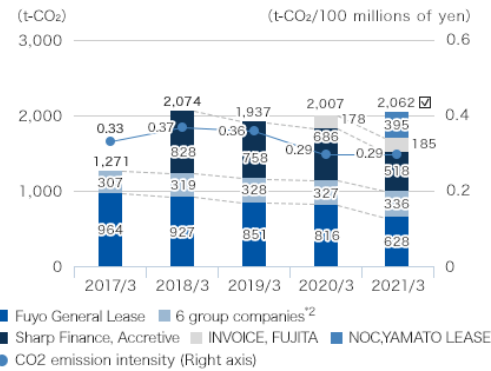
Electricity Consumption



Total Gasoline and Diesel Consumed by Company Vehicles



Total CO₂ Emissions (Scope 1, 2)*3



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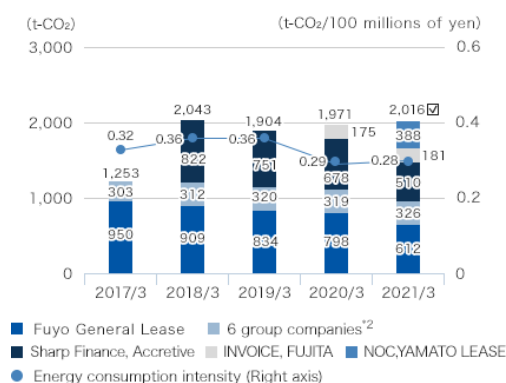
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Total CO₂ Emissions (adjusted) (Scope 1, 2)*⁴



* A checkmark indicates that fiscal 2020 figures have been assured by KPMG AZSA Sustainability Co., Ltd.

Independent assurance

CO₂ emissions (Scope 1, 2, 3)

	CO ₂ emissions (t-CO ₂)					Ratio of total CO ₂ emissions(2021/3)
	2017/3	2018/3	2019/3	2020/3	2021/3 <input checked="" type="checkbox"/>	
Scope 1	163	770	707	687	603	0.03%
Scope 2	1,108	1,304	1,230	1,318	1,460	0.06%
Scope 3*⁵	1,639,334	1,768,197	1,660,727	2,866,387	2,372,283	99.91%
Total CO₂ emissions	1,640,605	1,770,271	1,662,664	2,868,394	2,374,345	100%

CO₂ emissions(Components of Scope 3)*⁵

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Category	CO ₂ emissions (t-CO ₂)					Composition ratios in total CO ₂ emissions (2021/3)	Calculation method/remarks
	2017/3	2018/3	2019/3	2020/3	2021/3		
1. Purchased goods and services	-	-	2,120,559	2,166,659	1,837,264	77.45%	Calculated by multiplying the actual amount by segment based on the contract execution results of leasing and installment sales for the current fiscal year in consolidated accounting by the emission intensity based on the Input-Output Tables for Japan and purchase price for the target device.
2. Capital goods	1,638,389	1,767,060	994	1,074	8,359	0.35%	Calculated by multiplying the acquisition amount of corporate assets purchased in the current fiscal year by the emission intensity.
3. Fuel- and energy-related activities not included in Scope 1 or 2	102	207	347	362	366	0.02%	Calculated by multiplying the amount of electricity and fossil fuels used in the Scope 1 and 2 calculations by emission intensity.
4. Transportation and distribution (upstream)	-	-	413,244	436,416	303,049	12.77%	Based on the contract execution results of leasing and installment sales for the current fiscal year in consolidated accounting, and assuming the weight per amount of the representative product, the transportation tonne -kilometer is calculated from the transportation distance (domestic truck transportation of 1,000 km one way) based on the transportation scenario. This transportation tonne -kilometer is then multiplied by the domestic truck transportation emission intensity.

Category	CO ₂ emissions (t-CO ₂)					Composition ratios in total CO ₂ emissions (2021/3)	Calculation method/remarks
	2017/3	2018/3	2019/3	2020/3	2021/3		
5. Waste generated in operations	214	294	258	291	170	0.01%	Until 2020/3, calculated by multiplying the amount of industrial waste and the amount of general waste by the emission factors for each type of waste and disposal method. From 2021/3, calculated by multiplying the amount of industrial waste by the emission factors for each type of waste and disposal method.
6. Business travel	221	223	255	314	94*	0.00%	Calculated by multiplying the number of consolidated employees by the emission intensity per employee. * Because business travel was significantly reduced in 2021/3 due to the impact of the COVID-19, calculated by multiplying the number of consolidated employees by the emissions intensity and percentage of business travel expenses compared to previous year.
7. Employee commuting	408	412	471	576	631	0.03%	Calculated by multiplying the number of consolidated employees by the number of business days and the emission intensity by work type and city per number of working days.
8. Leased assets (upstream)	N/A	N/A	N/A	N/A	N/A	N/A	Not applicable(Energy usage for rented offices, etc., is included in Scope 1 and 2.)
9. Transportation and distribution (downstream)	N/A	N/A	N/A	N/A	N/A	N/A	Not applicable(There are no applicable emissions since the Company bears transportation costs in the entire logistics process.)

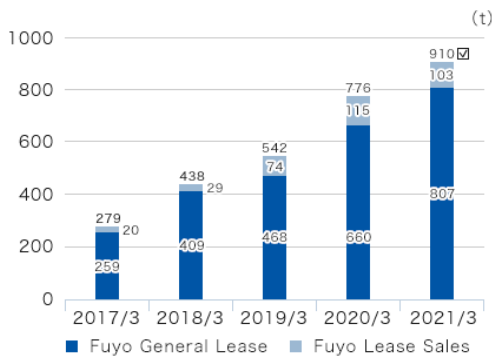
Category	CO ₂ emissions (t-CO ₂)					Composition ratios in total CO ₂ emissions (2021/3)	Calculation method/remarks
	2017/3	2018/3	2019/3	2020/3	2021/3		
10. Processing of sold products	N/A	N/A	N/A	N/A	N/A	N/A	Not applicable(There are no applicable emissions since the Company does not handle intermediate products.)
11. Use of sold products	-	-	247,227	254,848	213,255	8.99%	Calculated by estimating the energy consumption during use and multiplying by the emission intensity for each energy type, based on the contract execution results of leasing and installment sales for the current fiscal year in consolidated accounting, assuming sales volume per price of the representative product and the standard usage scenario (with assumptions regarding product design specifications and consumer conditions of use), etc.
12. End-of-life treatment of sold products	-	-	16	17	15	0.00%	Based on the contract execution results of installment sales for the current fiscal year in consolidated accounting, the weight per amount of representative product is assumed, the installment sales product weight is calculated, and this weight is multiplied by the emission intensity for each waste type.
13. Assets (downstream)	-	-	-	-	-	-	Emissions associated with use of leased products are recorded in Category 11.

Category	CO ₂ emissions (t-CO ₂)					Composition ratios in total CO ₂ emissions (2021/3)	Calculation method/remarks
	2017/3	2018/3	2019/3	2020/3	2021/3		
14. Franchises	N/A	N/A	N/A	N/A	N/A	N/A	Not applicable(There are no applicable emissions since the Company has no franchise.)
15. Investments	-	-	6,185	5,830	9,080	0.38%	Calculated by multiplying previous fiscal year's Scope 1 and 2 emissions of major investees by the shareholding ratio. (2021/3 is calculated by multiplying the Scope 1 and 2 emissions of major investees in fiscal 2019 by the shareholding ratio.)
Total CO₂ emissions	1,639,334	1,768,197	2,789,556	2,866,387	2,372,283 <input checked="" type="checkbox"/>	100%	The Ministry of the Environment's "Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (ver.3.0)" and the "LCI database IDEAv2 (for calculating greenhouse gas emissions in supply chains)" are applied to the above emission intensity.

- *1 Data coverage: all domestic locations of Fuyo General Lease, Fuyo Auto Lease, Sharp Finance, Accretive, INVOICE, FUJITA, Fuyo Network Service, Aqua Art, Fuyo Lease Sales, FGL Group Business Service, FGL Group Management Service, NOC Outsourcing & Consulting and YAMATO LEASE.
For group companies, figures prior to the start of data collection are not included.
- *2 6 group companies: all domestic locations of Fuyo Auto Lease, Fuyo Network Service, Aqua Art, Fuyo Lease Sales, FGL Group Business Service and FGL Group Management Service.
- *3 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.
- *4 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).
- *5 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 data up until fiscal 2017 was calculated using the emissions unit values from the "Database for Emissions Unit Values for Calculation of Greenhouse Gas Emissions, etc., by Organizations throughout the Supply Chain (Ver. 2.6)"
From fiscal 2018, the data was calculated using emissions unit values from the "Database for Emissions Unit Values for Calculation of Greenhouse Gas Emissions, etc., by Organizations throughout the Supply Chain (Ver. 3.0)" and "LCI Database IDEAv2 (For Calculating Greenhouse Gas Emissions in the Supply Chain)."
The scope of calculations is the Fuyo Lease Group.

Waste

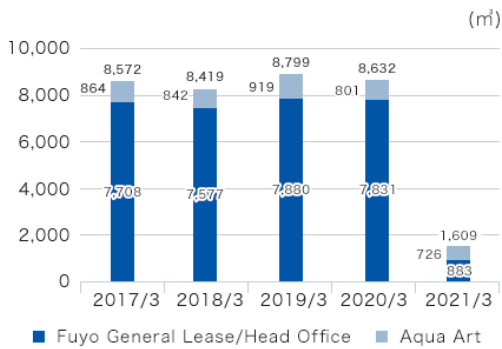
Volume of Industrial Waste Generated*6



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

Water Consumption*7

Water Consumption



*7 The scope of calculations is Fuyo General Lease / Head Office (including FGL Group Business Service) and Aqua Art. Due to the relocation of the head office, water consumption at Fuyo General Lease/Head Office has been significantly reduced since fiscal 2020, as water consumption on only some floors has been counted since June 2020.

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.

* 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.

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(t-CO2)*2"	Reduction in volume of waste discharge (tonne)	
Promoting resources saving and energy saving activities	Reducing electricity use	Introducing energy-saving equipment, eco-friendly office activities, etc.	0	0	-141	-	-1,699
		Purchasing green electric power	x	0	0	-	x
	Reducing use of paper for copying and printing		x	x	-	37	5,162
	Reducing fuel consumption and exhaust emissions of company cars		x	71	91	-	1,172
Contributing to the development of a recycling society	Establishing a prudent administration system for the disposal of goods no longer leased		x	23,924*3	-	591*4	122,369
Establishing an environment management system	Acquiring, maintaining and expanding ISO14001 Certification by the Group		x	2,690	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	378	x	x	x
Total			0	27,063	-50	628	127,004

- *1 Data coverage: all domestic locations of Fuyo General Lease, Fuyo Auto Lease, Sharp Finance, Accretive, INVOICE, FUJITA, Fuyo Network Service, Aqua Art, Fuyo Lease Sales, FGL Group Business Service, and FGL Group Management Service.
- *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 required to donate (free rental) the interior aquarium "AQUA ART" to local nursery schools, etc. for environmental education.

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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.

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



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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.

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.

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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.

[Disclosure Policy](#)

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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. Additionally, 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.

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 fiscal 2020, we conducted meetings with a total of 55 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

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.

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.

The contributions made to date can be viewed on the following page.

[>](#) Donation activities

Stock Information (As of March 31, 2021)

- Number of shareholders: 16,080
- Number of shares outstanding: 30,288 thousand shares

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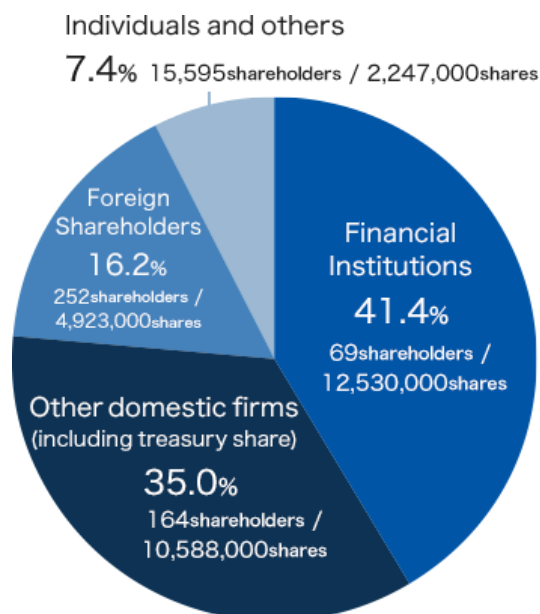
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Breakdown of Shareholders	Number of Shareholders	Number of Shares held (in thousands)
Financial Institutions	69	12,530
Other domestic firms	164	10,588 (treasury share included)
Foreign Shareholders	252	4,923
Individuals and others (including treasury share)	15,595	2,247

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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.

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

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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 fiscal 2020, no employees used volunteer leave as activities were limited by the impact of the COVID-19 pandemic.

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Community Engagement

Recognizing close ties with its neighbors, the Fuyo Lease Group hopes to grow together with them, while being a good corporate citizen who contributes to the development of local communities. The Group has formulated a Social Contribution Policy and is conducting social contribution activities that make best use of its knowhow, products, and services focusing on the environment, community engagement, academia and research, and assistance to disaster-affected areas.

Environmental and Community Engagement

Environmental Activities and Student Support by Aqua Art

Aqua Art, a group company, provides decorative interior aquariums for rent. Replicating a natural ecosystem in these tanks promotes purification of the water and minimizes water use. To also minimize the impact on the environment and the ecosystem, fish and aquatic plants are procured through aquaculture farms, and the company is also working to breed these itself. As part of a biodiversity conservation project, in 2020 the company also succeeded in breeding the Japanese rosy bitterling, a freshwater fish endemic to Japan that has been designated as an endangered species.

These aquariums also serve as a teaching tool that enables people to learn about the mechanisms of the natural world. Out of a wish to bring smiles and comfort to children with these aquariums, Aqua Art donates (rents for free) them to nursery schools and maternal and child living support facilities, and also holds regular visiting lectures at facilities to which aquariums have been donated, offering children an opportunity to learn about the environment and ecosystem.

Fuyo Lease and Aqua Art also hold an annual aquarium design contest jointly with TOKYO DOME HOTEL CORPORATION. Students majoring in art and design at Tokyo Metropolitan Kogei High School and Tokyo Designer Gakuin College, as well as students studying to become aquarists at TCA Tokyo College of ECO & Animals, design and decorate aquariums which are then exhibited at the entrance and lobby of the Tokyo Dome Hotel. During the exhibition period, a contest is held in which visitors to the hotel vote for their favorite.



Japanese rosy bitterling laying eggs



Children cheerfully responding during a visiting lecture (FY2019)

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Participation in FIT Charity Run 2020

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 16th FIT Charity Run 2020 was held online due to the impact of the COVID-19 pandemic. A total of 9 employees from the Group participated in the event through activities of running, walking or cycling.

Inviting the local community to Fukuoka PayPay Dome

At Fuyo Lease, we have purchased Philanthropy Seats of the baseball stadium Fukuoka PayPay Dome and invited people from the community welfare facilities and young people in sports since fiscal 2012.

With the purchased Philanthropy Seats, 20 seats reserved per year on the first base infield side, audience members can watch the full schedule of official games of Fukuoka Softbank Hawks.

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



Fukuoka PayPay Dome



The purchased Philanthropy Seats

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

The eleventh internship program, held in fiscal 2020, was carried out over a period of six days in total between December and January, with the participation of 95 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 fiscal 2021.



Group work session for interns

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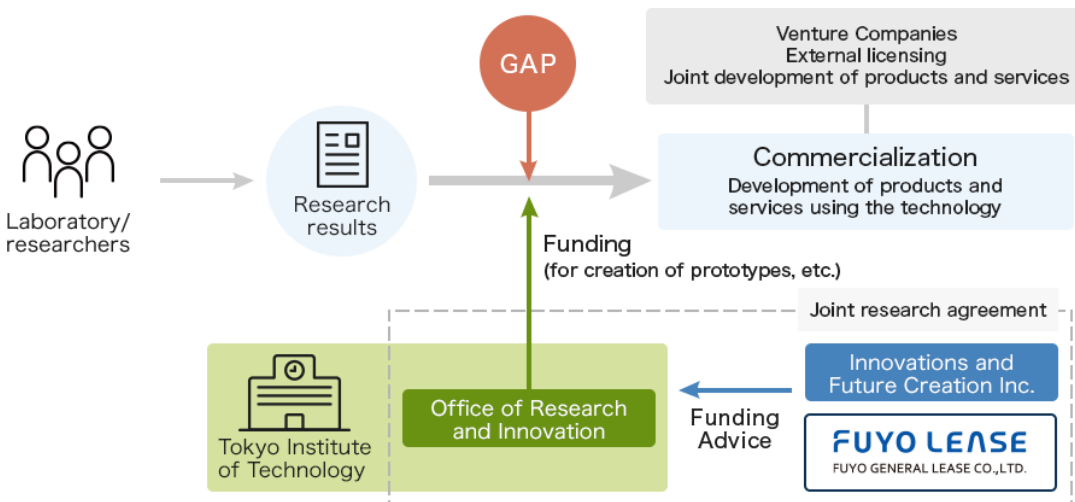
In October 2017, Fuyo Lease established Japan's first industry-academia collaborative GAP Fund in cooperation with the Tokyo Institute of Technology and Innovations and Future Creation Inc.

In general, commercializing the results of university research requires additional costs outside of research expenses, including the cost of additional testing, creation of prototypes and customer interviews. However, since the research expenses and subsidies contributed by universities are limited to academic purposes, there is a "GAP" in funding between basic research and commercialization. The GAP Fund is intended to fill this funding gap and support commercialization of research results. Fuyo Lease continues to provide funding for the GAP Fund, participate in the selection of eligible projects, and support the commercialization of advanced technology.

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GAP Fund

A fund intended to fill the "GAP" to commercialization



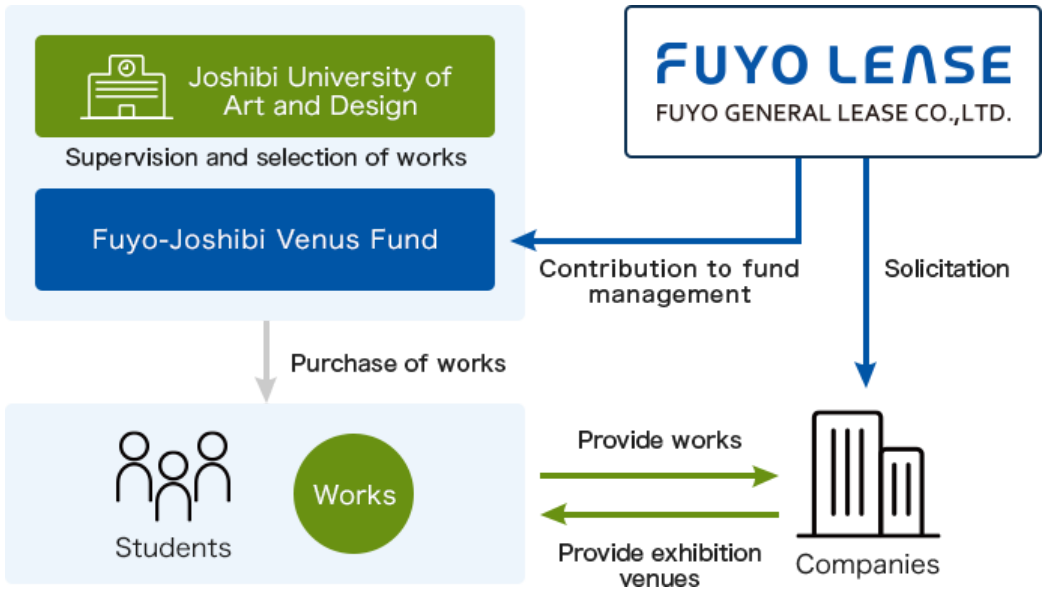
Contributions to Culture and the Arts

In June 2021, we established the Fuyo-Joshi University of Art and Design Venus Fund with Joshibi University of Art and Design to support students aiming to become artists.

Students at art colleges who seek to enter society as artists, designers and creators need opportunities for more people to learn about their work. Through ongoing funding provided to this fund over a period of ten years, Fuyo Lease will purchase works created by students at Joshibi University of Art and Design, while also working to provide numerous venues for the works to be exhibited by leveraging our relationships with our customers and many other companies. By communicating these works to the wider world—works that until now had been held by individuals or limited to on-campus exhibits—we will support these students in moving a step closer to their dreams.

Our goal is to contribute to the advancement of art and culture in Japan by actively supporting students seeking to become artists through promotion of this fund, and by giving new art back to society.

Fuyo-Joshibi Venus Fund



Donation Activities

Actual donations (unit: ten thousand yen)

Fuyo Lease makes annual donations to organizations working in disaster-affected areas, humanitarian assistance, the environment, cultural arts and academic research. In fiscal 2020, we mainly provided donations to support areas affected by disasters related to torrential rains, to children affected by the COVID-19 pandemic, and to academic research.

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Disaster-affected area support and Humanitarian Assistance	1,096	563	1,127	1,040	575
Environment	50	50	50	50	50
Cultural Arts and Academic Research	123	125	625	1,275	230
Other	18	42	4	2	1
Total	1,287	780	1,806	2,367	856

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.

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In fiscal 2020, we donated a total of ¥600,000 as donations of ¥150,000 to 4 projects in Japan and overseas related to COVID-19 countermeasures and prevention of child abuse.



Donation Activities by Shareholder Benefit Plan

Fuyo Lease annually donates an amount equivalent to 10% of shareholder benefits to organizations involved in social contribution activities.

In fiscal 2020, we donated ¥2.85 million each to the support fund for disaster volunteer and NPO activities (Donations for disasters, including torrential rain from July 3, 2020) and the "Save the Children Children's New Coronavirus Emergency Assistance Activities" at Save the Children Japan.

Actual donations

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 affected senior high 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

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Fiscal year	Donation recipient (outline of donation)	Amount (yen)
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 Tropical Storm Etau 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 Jebi 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 Hagibis 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

Fiscal year	Donation recipient (outline of donation)	Amount (yen)
	Total	5,552,400
Fiscal 2020	Central Community Chest of Japan (Donations for disasters, including torrential rain from July 3, 2020/support fund for disaster volunteer and NPO activities)	2,850,450
	Save the Children Japan (New Coronavirus Emergency Assistance Activities) ▶ Please see here (external site) for details 	2,850,450
	Total	5,700,900



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.

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.

Specifically, the Fuyo Lease Group's Human Resources Division provides instruction and support to all departments and offices as well as group companies on planning, proposal and promotion of basic human resource policies and procedures, including education and awareness raising regarding human rights, and also reports to the Executive Committee on the results of implementation.

Furthermore, Fuyo Lease's Corporate Planning Division regularly assesses the Group's risk management status, including human rights issues, and reports it to the directors. If significant risks occur these are reported to the Risk Management Officer and to the Executive Committee.

Furthermore, we regularly check the progress of human rights initiatives and report to the Risk Management Officer and the Executive Committee when significant risks occur.

Expectations toward respecting human rights for stakeholders

The Fuyo Lease Group respects the human rights of stakeholders in its business (board members and employees, business partners, suppliers, partner companies in each business, local communities, etc.) and conducts initiatives. Expectations for key stakeholders are as follows:

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Board Members and Employees	The Group has zero tolerance for all forms of discrimination and harassment on the basis of gender, nationality, race, ethnicity, religion, disability, or any other grounds. We strive to create a work environment where each and every employee respects each other's human rights and can work in comfort and with peace of mind.
Partners	Our management philosophy is to "maintain customers first philosophy, providing the best services." We will not only prevent and mitigate negative impacts on human rights related to the provision of services, but also strive to respect the human rights of all our business partners.
Suppliers	We expect suppliers providing services with our Group to understand the basic concept of human rights, and respect human rights in the same way as Group employees.

Initiatives to Assess and Mitigate Human Rights Risks

The Fuyo Lease Group works to prevent negative impacts on human rights in its business and provide access to remedy.

Board Members and Employees

In the Group, the Audit Office and Human Resources Division 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. If any human rights issue arises in relation to the Fuyo Lease Group's businesses, a team lead by the Human Resources Division will promptly resolve it.

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.

In fiscal 2020, three reports were received through the hotlines. In each report, investigations are promptly conducted, such as confirming the facts with the parties concerned with due care to protect whistleblowers against detrimental treatment and taking appropriate measures. All cases have been resolved, and measures put in place to prevent recurrences.

Partners

Recognizing that it is possible that the Group could contribute to a negative impact on human rights in providing services, we strive to take appropriate measures to prevent or mitigate any negative impacts on human rights that may occur through our business activities. In particular, we focus on protecting

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the privacy of our business partners, building an information management system according to the business content, and strictly managing our partners' information

[Information security initiatives are here](#)

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Human Rights Awareness Training

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The Fuyo Lease Group continually provides human rights awareness training in its grade-specific training, which includes that for new employees and newly appointed assistant managers/section chiefs 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 awareness of the Fuyo Lease Group's approach to human rights and labor and the importance of respecting them. In fiscal 2018, the Group introduced a new training program for all employees, in which the participants 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.

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 63.6%.

Promoting Appropriate Labor Standards

The Fuyo Lease Group strives to comply with domestic and foreign laws and regulations on labor standards where its offices are located, 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, in addition to paying living wages that exceed the minimum stipulated by local laws and regulations, to maintain high standards to ensure the retention of excellent employees. Each month, we report the company's overall status of working hours and any workers who are working long hours to the director in charge of the Human Resources Division and the President & CEO and deliberate on countermeasures when necessary. In addition, as an initiative to reduce long working hours at domestic group companies, we are actively implementing measures to prevent overwork and have introduced "Refresh Day (no overtime day)", "+ Friday (leave-work-early system)", and the "interval system" for employees to use freely.

In Fuyo Lease in fiscal 2020, there were no infringements of labor-related laws and regulations.

Human Resource Development and Recruitment

Basic Approach

The Fuyo Lease Group believes that employees are our greatest asset. We also believe it is important to respect each individual and their personalities, and to enable them to grow through their jobs and lead rich, full lives, both mentally and physically while feeling their work is satisfying and has meaning.

As we encourage the growth of each individual employee, maximizing their talents and capabilities, this in turn allows us to simultaneously enhance corporate value and create social value, which we believe will lead to sustainable growth for the Group.

The Group expects its employees to each think individually and act proactively on their own, to be eager to grow and independent. In addition, we will work to create better work environment, including diversity, that supports our employees' growth and thus enhances corporate value, while also focusing on human resource development.

Furthermore, 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.

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 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 had been served 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.

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Implement of employee satisfaction survey

We have been conducting an employee satisfaction survey since fiscal 2018 to make work more rewarding and to help employees work in a positive way each day. In fiscal 2020, a total of 2,096 employees from twelve group companies in Japan participated in the survey with a 95.2% response rate. Employee satisfaction surveys are conducted annually while expanding the number of target employees as we aim to create a rewarding workplace where every employee can work with motivation. Questions are divided into satisfaction with the workplace, job satisfaction, and work-life balance, among others, and are evaluated on a 5-point scale. After conducting the survey, we aggregate and analyze the responses by department and by gender, and use the results to expand our systems for improving on comfortable working environments and for personnel measures.

Results of employee satisfaction survey

	FY 2018	FY 2019	FY 2020
Number of employees who answered the survey	Domestic 8 group companies, 1,490 employees	Domestic 10 group companies, 1,714 employees	Domestic 12 group companies, 2,096 employees
Job satisfaction*	87.3%	85.8%	85.4%

* 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 Satisfaction Survey.

Human Resource Development

Developing autonomous human resources

As the needs of our customers gradually change, diversify and become more sophisticated, each of our employees is expected to "think for themselves and make the right choices" on the spot in order to achieve the mission assigned to them.

We believe learning the correct fundamentals, as well as practical on-the-job training (OJT), are the foundation of cultivating this ability to "think for oneself and make the right choices." We thus offer group training across a wide range of employee levels in laws, taxes and accounting, finance, financial analysis, product knowledge and thought-based business skills. We also emphasize each employee's efforts to pursue professionalism and take the initiative to develop their own abilities, and offer a varied menu of support for self-improvement. Our "+ Friday Seminars*," newly established in fiscal 2021, cover a wide range of topics, including the latest business information, general education and health, and aim to promote a habit among employees, regardless of age or position, of using their free time to learn for themselves. In addition, in cases where the COVID-19 pandemic makes it difficult to hold group training, we have created an environment where employees can continue to enjoy opportunities to learn via online training and on-demand viewing of training videos. In fiscal 2020, the average number of hours of education and training spent on each employee was 30.3 hours.

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- * "+Friday Seminars," which are seminars held at irregular intervals on Friday afternoons, provide opportunities to learn during the time created by "+Friday," in which employees select one Friday at random each month to work only for the morning and then go home early.

Independent assurance >

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

Since fiscal 2017, the Fuyo Lease Group has been jointly conducting business skill training, focused on training for new recruits, career training, and management. Based on the idea of "pursue group synergies" that we have stated in the Medium-term Management Plan, this training serves as an opportunity to help share understanding of each company's business and culture.

A total of 350 group company employees took part in 10 training programs in fiscal 2020.



Young employees working on tasks given by the training program.
(During group training, they wear masks and keep their distance to participate in the training.)

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Initiatives to strengthen guidance and development

In the second half of fiscal 2019, we also introduced coaching training for management-level employees, designed to strengthen guidance and development in cultivating the ability to "think, judge and act on one's own," and, as an organization, to pass on human resource development practices to the next generation. Those who have completed a six-month cycle of training and practice are granted our internal coaching qualification. In addition to teaching, we encourage the growth of each employee through coaching and development, as we aim to create an organization that maximizes diverse talents and capabilities.

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, the Company provides feedback to each employee on their current progress while attending various seminars in an effort to encourage employees to actively make use of various self-

development programs.

Internal recruitment system



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



A trainee dispatched to China (at that time)

Fuyo Lease has a Trainee System and Internal Recruitment System in place for supporting active career development. Furthermore, we introduced and launched the Job Posting System in fiscal 2018, and the Job FA System in fiscal 2021 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 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. At the Company, we have set Overseas as one of its strategic areas in the Medium-term Management Plan, and are working to expand the real estate leasing and environment and energy businesses in collaboration with our business partners and strengthen our overseas networks. In addition, by establishing trainee systems for operations that are indispensable to each business, we expect that businesses will be strengthened by human resources who have experience using those systems.

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.

The "Job FA System" basically allows employees who meet certain conditions to transfer to the department of their choice. This system was introduced with a view to maintain high levels of motivation.

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 2021, 13 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 2021, a total of twelve contract employees had been hired as full-time employees, and are working in the field of administration or sales administration.



Promoting Diversity

Basic approach

The Fuyo Lease Group believes that diversity is a key growth driver. Bringing together different strengths, viewpoints and values generates the innovation that creates new value, and leads to sustainable growth for the Group. To accomplish that, we are working to promote diversity with the goal of creating a workplace where every employee can maximize their full potential, regardless of age, sex, nationality, sexual orientation, gender identity, race, ethnicity or disability.

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

~

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Given a background of a shrinking productive workforce and the need to respond to diversifying market needs, the Group considers empowering women in the workplace to be a particularly important management priority. To secure talented human resources, we have worked on measures to promote roles for women aimed at creating an environment in which, more than ever, women can demonstrate their abilities and play an active role. Under our action plan launched in fiscal 2020, based on the Women's Advancement Promotion Law, we have set new targets—including "a ratio of female employees hired of 40% or more," and "a ratio of female employees in management positions of 30% or more"—and have begun a variety of measures aimed at achieving them. Specifically, we are moving forward with initiatives that strongly support women's advancement, including an expansion of seminars at women's colleges and efforts to promote follow-up with women in managerial career track positions. To encourage women to elevate their careers, we are also providing more opportunities for them to interact with a diversity of role models, including by holding informal exchanges with executives and division heads and career lectures and dialogues with female business leaders, as we work to nurture this culture.

Outline of General Employers Action Plan

Target period	April 1, 2020 through March 31, 2022 (2 years)
Goals	I. Provision of work opportunities for female workers Ratio of new female employees hired: 40% or more Ratio of female employees in management positions: 30% or more
	II. Establishment of a work environment that contributes positively to both the working and family lives of employees Annual paid leave utilization rate: 80% or more Telework system utilization rate: 40% or more
List of activities	<ol style="list-style-type: none"> 1. Expand internships for female students and seminars at women's colleges, and promote follow-up with women in managerial career track positions 2. Provide opportunities for exchanges between corporate officers, female general managers, and female employees of key career track and candidates 3. Provide individual consultations and skills development opportunities for senior leaders and leader-class employees who are at the central level among operational staff 4. Introduce hourly leave system and actively promote use of half-day leave system 5. Fully implement telework, examine the introduction of flextime to support telework, and expand satellite offices

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

In the course of fiscal 2020 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 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.

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

The Company regularly conducts a three-party interview for the purpose of supporting women's career plans in which each female employee is interviewed by her departmental manager and a staff member from Human Resources Division. 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.

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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. From fiscal 2020, we have been holding career seminars by female executives and providing opportunities to encounter a variety of careers and work values.

* 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
5th Lecture	February 2021	1st Seminars by female executives
6th Lecture	September 2021	2nd Seminars by female executives

Working group activities toward creating a better workplace (Everyone Active Working Group)



Since January 2015, we are continuously running a working group for employees with the aim of creating a workplace that is more welcoming for employees to get actively involved in, and allows them to envision their careers over the medium and long term. 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 choose one Friday each month when they work just a half day. Flexible 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.

Through discussion and consideration by employee-participation-type working group activities, we are striving to penetrate and establish systems to create better working environments.

Period	Theme	Content
1st	<ul style="list-style-type: none"> ▪ Balancing work with childcare 	<ul style="list-style-type: none"> ▪ Formulation of the Action Plan: Stage 6 for the Next Generation Act ▪ Creation and distribution of guidebooks for empowering women in the workplace ▪ Consideration of measures to improve the percentage of male employees who take childcare leave
2nd	<ul style="list-style-type: none"> ▪ The recruitment of women ▪ Promoting male employees to take childcare leave ▪ Awareness raising etc. 	<ul style="list-style-type: none"> ▪ Revision of public relations tools for recruiting women in new graduate recruitment ▪ Consideration of measures to promote male employees taking childcare leave ▪ Initiatives for internal penetration and establishment of female empowerment in the workplace ▪ Consideration of measures for the Action Plan: Stage 6 "Implementation of Initiatives that Contribute to Reviewing Work Styles" based on the Next Generation Act
3rd	<ul style="list-style-type: none"> ▪ Flexible operation of working hours ▪ Balancing work with nursing care 	<ul style="list-style-type: none"> ▪ Consideration of "+ Friday" concept and naming ▪ Implementation of Flexible hours program ▪ Organizing and considering issues toward the realization of independent and active working styles

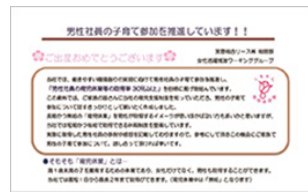
Period	Theme	Content
4th	<ul style="list-style-type: none"> Promotion of independent and active working styles Consideration of work-life balance support and organizational culture reform measures 	<ul style="list-style-type: none"> Discussion of work style systems currently being tested, examined, and implemented by the General Affairs Department Consideration of specific measures to improve efficiency and productivity Welfare system
5th	<ul style="list-style-type: none"> Activation of communication Promotion of independent and active working styles 	<ul style="list-style-type: none"> Consideration of measures to activate communication across departments Consideration of meeting efficiency that contributes to work style reform
6th	<ul style="list-style-type: none"> Activation of communication Building a rewarding workplace etc. 	<ul style="list-style-type: none"> Discussion of issues to work autonomously and improve the rate of taking paid leave Activation of communication areas at new head office, consideration of events, etc.



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)

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 fiscal 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 consider the working environment to ensure they can fulfill their potential.

As of the end of fiscal 2020, the percentage of people with disabilities employed by Fuyo Lease was 2.4 percent.

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 fiscal 2020, 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.



Building a Better Workplace

Basic Approach

The Fuyo Lease Group believes that creating a work environment in which employees can be healthy, safe and can work with energy and enthusiasm leads to a more vital, productive organization. We are 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 by maintaining and improving their health, gaining new knowledge and experiences and attaining personal growth. In addition, we believe that investing in the health of our employees—efforts to maintain and improve their health—is an investment in human capital on par with investing in education.

In addition to providing support for childcare and nursing care, we have been implementing work-style reforms across our corporate group since fiscal 2014. We are making ambitious efforts in accordance with Next-Generation Training Support Action Plan: Stage 7.

In fiscal 2020 we also introduced a hourly based annual leave and established rules for telecommuting to allow for even more flexible work styles, as we advanced efforts to meet the needs of the times.

Next-Generation Training Support Action Plan: Stage 7 (April 2017 - March 2022)

For each employee to independently and actively review workstyles tailored to their individual lifestyles, and with the aim of creating a work environment and corporate culture that enables employees to balance work and family while maintaining job satisfaction and a challenging spirit, we have formulated an action plan as follows. At present, in the latter half of the Action Plan: Stage 7, efforts are being made to achieve our numerical targets. A variety of work-styles are becoming more well-known through their active use in various programs, leading to the realization of a self-sustained work-life balance.

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

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Numerical targets

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021 target
Rate of taking annual paid leave	68.0%	68.4%	66.3%	72.0%	80% or more
Rate of male employees who take childcare leave etc.	90.0%	90.5%	85.7%	78.6%	80% or more

Main Programs and Benefits

As programs to support childcare and nursing care for our employees, etc., we have established the following to promote understanding in the workplace and the active utilization of these programs.

Name	Program contents
Maternity leave	A program that allows female employees to take a leave of six weeks before childbirth and eight weeks after childbirth
Spousal childbirth leave	A program that allows male employees to take three days of paid leave when their spouses give birth
Parental leave	A program that allows employees to take five days of leave (however, a maximum of ten days of leave can be taken for childcare leave that starts within eight weeks of the child's birth) when taking childcare leave
Nursing leave	A program that allows employees to take leave when they need to take care of preschool children (five days per child per business year)
Nursing care leave	A program that allows employees to take up to five days of leave per business year for each family member who is in need of nursing care
Shortened working hours program	A program to allow for shortened working hours for employees until the end of their child's third year of elementary school
Flexible hours program	A program that allows employees to choose from five different working-hour schedules to match their lifestyles

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Name	Program contents
Return-to-work program	A program that assists people who want to return to work after leaving due to reasons such as marriage, pregnancy, childbirth, childcare, transfer of spouse, or nursing a family member
Telework program	A program that allows employees who want to use teleworking may work from home or a location equivalent to home if they receive permission from their supervisor

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Initiatives to Support Childcare

Since the Act on Advancement of Measures to Support Raising Next-Generation Children went into effect in 2005, we have been working to create a better job environment for working parents by developing a “general employer action plan” as required by the law.

As a result, we achieved our action plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children.


In addition, following fiscal 2007, fiscal 2009, fiscal 2011, fiscal 2013, and fiscal 2015, in fiscal 2017, we received our sixth “general business owner conforming to standards” certification from the Tokyo Labour Bureau, and obtained the six-star mark of the Next-Generation Certification (the Kurumin mark) from the Ministry of Health, Labour and Welfare as a company working to support balancing work and family life.



Platinum Kurumin mark

Also, in fiscal 2017, we received the special Platinum Kurumin certification, an accreditation that is given to companies that have achieved a higher level of commitment among other Kurumin-certified companies.

In fiscal 2018, we held an Ikuboss Seminar and strove to change mindsets through our participation in the Ikuboss Corporate Alliance and by having management-level staff take part in the Ikuboss Declaration. As a result, 90% of male employees took childcare leave, and 19 of the 21 employees whose spouses gave birth had taken leave, achieving the 80% or more target set in Next-Generation Training Support Action Plan: Stage 7. In fiscal 2019, we revised a number of regulations to make it easier for male employees to take childcare leave, and in fiscal 2020, we will make it mandatory for male employees to take childcare leave. We are making these and other efforts to actively promote the participation of male employees in childcare while also aiming to further increase the rate of paid paternity leave.

 **Employee's comment: Mitsuhiro Uekusa, Business Planning & Promotion Division**

"I used childcare-related programs, and now I'm putting a lot of effort into raising my child."



I am doing my best to care for my firstchild with my wife.

I took two special leaves of absence vacations, first taking spousal childbirth leave when my wife gave birth, and then taking childcare leave when she returned home after giving birth in her hometown. The company encourages male employees to take childcare leave, and thanks to the understanding of my superiors and colleagues, I was able to devote myself to childcare with peace of mind while on leave. There is also a program to receive childcare goods as a gift to celebrate the birth of a new child, and this makes me feel like the company supports employees raising children. In the future, I would like to continue to take advantage of programs such as flexible hours to work efficiently while also valuing the time that I spend with my family.

Initiatives to Support Nursing Care

In January 2018, we held a Nursing care seminar to dispel concerns about nursing care, which is expected to affect many employees in the future. At the seminar, over 170 employees learned about balancing work and nursing care. We also provide various types of information on nursing care and support employees who are being confronted with nursing care.

Promoting Work-Style Reforms

Refresh Day

In fiscal 2021, 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.

+Friday

To encourage each individual employee to review their workstyle, from February 2017 we introduced the +Friday program, where employees can select one Friday of each month to work only for the morning then go home early. A total of 84.8 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: Yuko Hoshino, ICT Solution Business Division**

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



I'm using the afternoon to refresh myself.

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.

Flexible 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.

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



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

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

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 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 flexible 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, Corporate Business Division II

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



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

program benefit, but also others benefit from a spreading company-wide awareness of finishing work exactly at a fixed time and going home.

With the Flexible 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 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

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 fiscal 2011 that encourages taking consecutive days of leave in summer and winter. From fiscal 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 72.0% in fiscal 2020. 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.

Furthermore, in the final fiscal year of the Medium-term Management Plan (fiscal 2021), we have been promoting “bridge holiday,” by encouraging employees to use a day of leave in situations where one or two working days are bracketed by a weekend and a national holiday, in order to increase opportunities for taking four or five day breaks in order to achieve a balanced approach to work and time off, and will work toward achieving a rate of 80% or more.

Employee Health Management

Health Declaration

The Fuyo Lease Group believes that the mental and physical health of employees and their families is the source of their fulfillment and wellbeing. We believe that it leads to their growth as responsible resolvers of social issues.

Based on this thinking, we have presented our Health Declaration, stating that we will strongly promote activities to maintain and increase the health of employees and their families, and the Group is working together as one to engage in health and productivity management.

1. The Fuyo Lease Group recognizes that employees are its greatest asset, and that their health and that of their families is important.
2. Employees also recognize that their health and that of their families is irreplaceable and will proactively work to maintain and increase their own health.
3. The Company will continuously support these initiatives by employees and provide comfortable work environments.
4. With the participation of employees who are healthy and work with energy and enthusiasm, the Group will aim to resolve social issues and realize a better society.

The Fuyo Lease Group's Health and Productivity Management System



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Health Committee

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. The Health Committee consists of health and safety managers from each department, division managers, and occupational physicians. The Committee is responsible for identifying issues concerning health and safety at the Fuyo Lease Group, planning as well as implementing measures, and verifying the results of those measures.

Health examination

Health examinations for employees are held once a year. The general periodic health examination take rate for fiscal 2020 was 100%.

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 six affiliated companies since 2021.

Employees receive stress checks on the Web and, after about a month, they can check the results of evaluations given by occupational 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 occupational 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

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Fuyo Lease Group consolidated data

Number of employees (persons)

	End of FY 2014	End of FY 2015	End of FY 2016	End of FY 2017	End of FY 2018	End of FY 2019	End of FY 2020
Number of employees	1,542	1,559	1,703	1,715	1,960	2,416	2,637

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Fuyo Lease non-consolidated data

Number of employees (persons)

	End of FY 2016			End of FY 2017			End of FY 2018			End of FY 2019			End of FY 2020		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Generalist track	467	40	507	458	53	511	459	63	522	456	85	541	469	104	573
Administrative track	0	152	152	0	149	149	1	155	156	1	138	139	2	137	139
Temporary employees	26	4	30	24	5	29	20	6	26	28	7	35	38	9	47
Total	493	196	689	482	207	689	480	224	704	485	230	715	509	250	759

■ Number of new graduates employed (persons)

FY of joining Fuyo Lease	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Total	19	26	28	31	35	29	45	38
Male	13	19	20	18	20	18	27	18
Female	6	7	8	13	15	11	18	20

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

FY of joining Fuyo Lease	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Generalist track	17	16	16	26	22	29	27
Administrative track	1	0	3	0	6	2	6
Total	18	16	19	26	28	31	33
Retention rate of employees 3 years after joining Fuyo Lease	94.4	87.5	94.7	100	85.7	100	94.3 <input checked="" type="checkbox"/>

* A checkmark indicates that fiscal 2018 figures have been assured by KPMG AZSA Sustainability Co., Ltd.

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

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Generalist track	4	5	6	11	13	10	12
Administrative track	4	1	1	3	2	4	2

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	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Total	8	6	7	14	15	14	14
Voluntary resignation	5	3	6	9	14	11	11
Mandatory retirement	0	2	1	2	1	2	1
Other	3	1	0	3	0	1	2
Turnover rate	1.1	0.8	1.0	1.9	1.9	1.8	1.7 <input checked="" type="checkbox"/>

* 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 2014	End of FY 2015	End of FY 2016	End of FY 2017	End of FY 2018	End of FY 2019	End of FY 2020
Age	41.9	41.7	41.5	41.4	41.2	41.3	41.4
Length of service	16.3	16.6	16.4	14.7	14.6	14.8	14.5
Annual salary	8,293	8,366	8,410	8,454	8,669	8,833	8,675
Rate of paid leave taken	58.5	61.9	68.9	68.0	68.4	66.3*	72.0 <input checked="" type="checkbox"/>

* Due to restrictions on the number of employees coming to work in conjunction with the spread of COVID-19, actual data on paid leave for eight Fuyo General Lease (USA) Inc. employees is not included.

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

	End of FY 2014	End of FY 2015	End of FY 2016	End of FY 2017	End of FY 2018	End of FY 2019*	End of FY 2020
Female managers	25	27	29	32	36	79	114 ☑
Percentage of female managers	8.1%	9.0%	9.1%	9.9%	11.5%	19.6%	25.1% ☑

* In July 2019, our human resources system was revised to classify senior leaders (a position equivalent to the position of section chief, of which there were 40 as of the end of fiscal 2019) as managers. As a result, the number of female managers and the ratio of female managers increased year on year.

■ **Total employee training hours (hours) / Average training hours per employee (hours)**

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Total employee training hours (hours)	9,900	13,921	16,109	18,093	19,118	19,937	19,809
Average training hours per employee (hours)	18.9	25.6	29.2	31.2	31.9	32.6	30.3

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

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Number of employees sent overseas	3	5	5	8	8	9	3

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

	Apr. 2015	Apr. 2016	Apr. 2017	Apr. 2018	Apr. 2019	Apr. 2020	Apr. 2021
Number of users	2	1	1	1	0	2	6

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

	Apr. 2015	Apr. 2016	Apr. 2017	Apr. 2018	Apr. 2019	Apr. 2020	Apr. 2021
Number of users	4	1	0	3	1	0	3

■ **Other employee data**

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Number of female employees who take childcare leave (persons)	8	9	10	4	3	6	1
Percentage of female employees who take childcare leave (%)	100	100	100	100	100	100	100
Number of male employees who take childcare leave (persons)	0	11	11	7	19	12	11
Percentage of male employees who take childcare leave (%)	0.0	47.8	52.4	43.8	90.5	85.7	78.6

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Rate of employees receiving regular medical check-ups (%) ^{*1}	99.8	97.5	99.0	97.5	98.4	98.4	100
Employment rate of the disabled (%)	2.0	1.8	2.2	2.3	2.3	2.1	2.4 <input checked="" type="checkbox"/>
Number of industrial accidents (number of cases) ^{*2}	2	2	1	1	2	4	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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Corporate Governance

Basic Idea and Structure

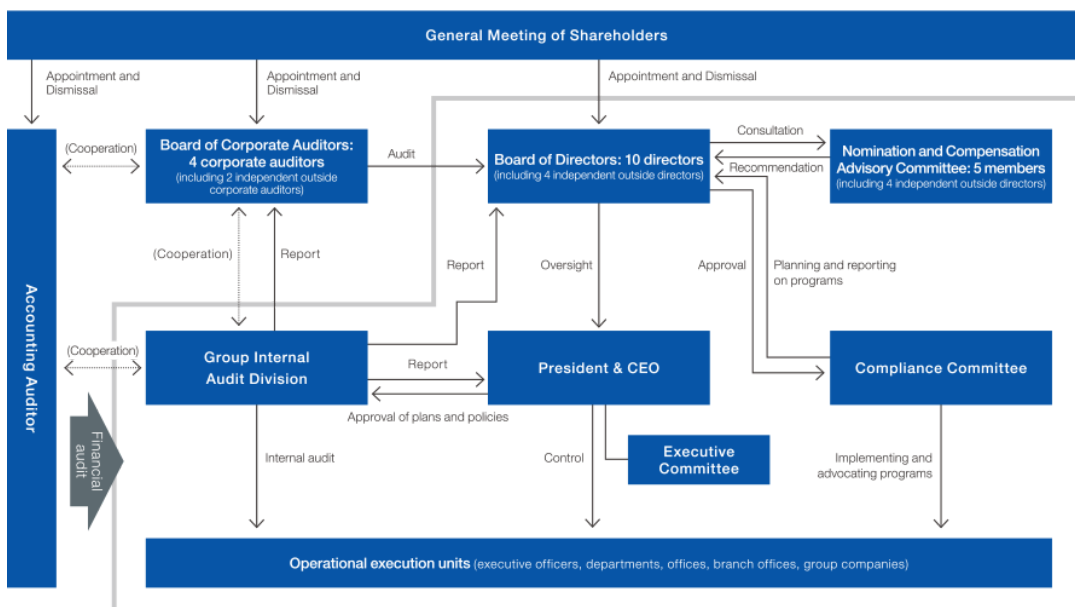
The Fuyo Lease Group places strong emphasis on creating and maintaining relationships with all stakeholders, including shareholders, customers, employees, and local communities. We believe that the fundamental objective of corporate governance is to perform business activities with sincerity and fairness 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 four independent outside directors, who provide oversight and advice on the execution of business operations from an external perspective.

Corporate Governance Structure



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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](#)  (562KB)

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
	<ul style="list-style-type: none"> ▪ Introduced a stock compensation plan (Board Benefit Trust, BBT) ▪ The base index for calculation of performance-based compensation was changed to key performance indicators for the Medium-term Management Plan (operating assets, ordinary profit, and ROA on a consolidated basis) ▪ Revised Corporate Governance Guidelines 	<ul style="list-style-type: none"> ▪ To strengthen links among the directors' remuneration, shareholder value, and achievement status of the Medium-term Management Plan ▪ To comply with the revised Japan's Corporate Governance Code

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2019	<ul style="list-style-type: none"> ▪ Released an English version of the Corporate Governance Report ▪ Began reporting annual internal audit results and annual plans and policies to the Board of Directors 	<ul style="list-style-type: none"> ▪ To enhance external disclosure related to corporate governance ▪ To expand reporting lines for internal audits
2021	Increased the number of independent outside directors from three to four	To strengthen the management oversight structure

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 ten directors, including six internal directors and four independent outside directors, with independent outside directors accounting for more than 1/3 of the Board of 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 fiscal 2020, the Board of Directors met 12 times.

■ **Nomination and Compensation Advisory Committee**

Fuyo Lease has set up the Nomination and Compensation Advisory Committee as an advisory body of 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 five members, including four independent outside directors and an internal 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 fiscal 2020, the Nomination and Compensation Advisory Committee met twice.

■ **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 Group Internal Audit Division) has been appointed to assist them.

In fiscal 2020, the Board of Corporate Auditors met 11 times.

■ **Attendance at Board and Committee meetings (attendance in FY 2020 by board members, as of June 23, 2021)**

Name	Position	Attendance at Board meetings
Takashi Sato	Director and Chairman	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: 2/2
Shozo Kazama	Director and Deputy President (Representative Director)	Board of Directors: 12/12
Hiroaki Oda	Director and Deputy President (Representative Director)	-(Elected in June 23, 2021)
Soichi Hosoi	Senior Managing Director	Board of Directors: 12/12

Keiji Takada	Senior Managing Director	Board of Directors: 10/10 (Elected in June 23, 2020)
Seiichi Isshiki	Director (Independent Outside Director), Member of the Nomination and Compensation Advisory Committee	Board of Directors: 12/12 Nomination and Compensation Advisory Committee: 2/2
Hideo Ichikawa	Director (Independent Outside Director), Member of the Nomination and Compensation Advisory Committee	Board of Directors: 12/12 Nomination and Compensation Advisory Committee: 2/2
Masayuki Yamamura	Director (Independent Outside Director), Member of the Nomination and Compensation Advisory Committee	Board of Directors: 12/12 Nomination and Compensation Advisory Committee: 2/2
Hiroko Matsumoto	Director (Independent Outside Director), Member of the Nomination and Compensation Advisory Committee	-(Elected in June 23, 2021)
Shigeru Suda	Full-time Audit & Supervisory Board Member	Board of Directors: 12/12 Board of Corporate Auditors: 11/11
Yoshito Tsuruta	Full-time Audit & Supervisory Board Member	Board of Directors: 10/10 Board of Corporate Auditors: 8/8 (Elected in June 23, 2020)
Takashi Yonekawa	Outside Audit & Supervisory Board Member (Independent Director)	-(Elected in June 23, 2021)
Hiroshi Imoto	Outside Audit & Supervisory Board Member (Independent Director)	-(Elected in June 23, 2021)

■ Executive Committee

The Executive Committee is composed of Executive Officers with positions of Managing Executive Officer or higher, the heads of the Corporate Planning Division, Human Resources Division, and Business Planning & Promotion 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 fiscal 2020, the Executive Committee met 18 times.

■ Compliance Committee

Fuyo Lease has set up a Compliance Committee chaired by the Chief Compliance Officer and vice chaired by the Group Legal and Compliance Division Officer. The heads of relevant planning and administrative departments, the heads of relevant departments of domestic and overseas subsidiaries serve as full-time committee members, and outside lawyers serve as outside members. 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

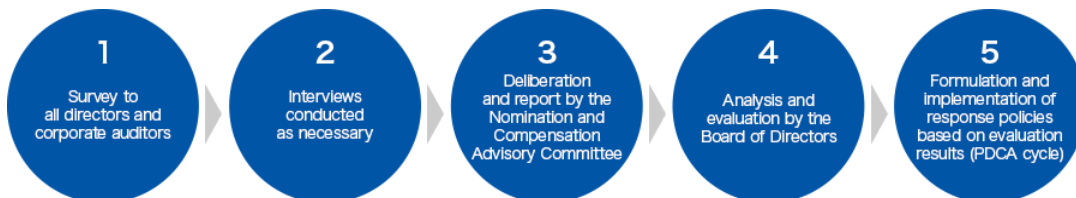
The internal audit function is administered by the Group Internal Audit Division (staffed by ten employees). The Group Internal Audit Division conducts operational audits of all departments, offices, branch offices, and major subsidiaries, and plays a part in ensuring that internal controls are functioning 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 fiscal 2020 are as follows.

└ Evaluation process (corporate lawyer assists the secretariat)



└ Assessment Criteria

We administer surveys about the Board of Directors in general, with 25 questions covering 5 categories: 1) structure of the Board, 2) role of the Board, 3) how the Board runs, 4) support system for outside directors, and 5) overview. There is a “remarks” column for each question so that respondents can voice their opinions freely.

└ 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 Issues identified last fiscal year

Analysis and Assessment for last fiscal year (i)

Revitalization of discussions at Board meetings: We decided to enhance the content of discussions on progress reports relating to the Medium-term Management Plan by business area by including reports on group companies. We also began reporting on the risk management capital status and providing more detailed Executive Committee minutes to outside directors so that they could experience the discussions as if they had attended.

Analysis and Assessment for last fiscal year (ii)

Further reflection of the perspectives of CSV and environment, social, and governance (ESG): We established the CSV Promotion Committee and made arrangements for it to report the results of discussions to the Board of Directors from the first half of fiscal 2021. We also explained to outside directors the Group's progress with CSV management to share awareness.

Analysis and Assessment for last fiscal year (iii)

Further improvement of information provided to outside directors: In addition to keeping outside directors informed of the impact of COVID-19 on our business, we have set up a system for receiving questions on matters of interest to outside directors, provide answers at appropriate times and offer third-party workshop opportunities to outside directors.

Newly identified issues

These include further improvement of the diversity, specialist knowledge, and oversight functions of members of the Board of Directors, deepening CSV management on a group basis, and further improvement of information provided 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	In addition to serving as Representative Director & President of JX Nippon Oil & Energy Corporation, Mr. Isshiki has served as a director of JX Holdings, Inc. and president of ENEOS Celltech Co., Ltd. We believe that his abundant experience and deep insight will provide a perspective that is independent of management and will contribute to enhancing the effectiveness of the decision-making and oversight functions of the Board of Directors.
Hideo Ichikawa	We believe that his many years of management experience as representative director and president, chief executive officer, representative director and chairman of the board, director, chairman of the board of Showa Denko K.K. and his abundant experience and deep insight will provide a perspective that is independent of management and will contribute to enhancing the effectiveness of the decision-making and oversight functions of the Board of Directors.
Masayuki Yamamura	We believe that his experience as representative director and president of NTT East and chairman of the incorporated association and his abundant experience and deep insight will provide a perspective that is independent of management and will contribute to enhancing the effectiveness of the decision-making and oversight functions of the Board of Directors.
Hiroko Matsumoto	We believe that her experience as after working for Toshiba Corporation, school administration and education as Administrator, Vice President, Professor and Head of Research Institute of Joshibi University of Art and Design and her abundant experience and deep insight will provide a perspective that is independent of management and will contribute to enhancing the effectiveness of the decision-making and oversight functions of the Board of Directors.
Takashi Yonekawa	To utilize the abundant experience and high insight that he has served as a Director and Managing Executive Officer, Vice-President and Executive Officer of Sompo Japan Insurance Inc., to carry out appropriate audits from an independent and objective standpoint.
Hiroshi Imoto	By making use of Mr. Imoto's abundant experience and high level of insight as a member of the Japan Bank for International Cooperation's International Management and Planning Division, Industry Finance Department, and Full-time Corporate Auditor, to carry out appropriate audits from an independent and objective standpoint.

■ Board Remuneration

The Board of Directors of Fuyo Lease has passed a resolution on the Company's policy regarding how to determine individual remuneration, etc. for directors. 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. As resolved by the Board of Directors, the President & Chief Executive Officer is delegated to determine details regarding the amounts and timing of performance-based compensation.

└ 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 (in lieu of the provision of the Company's shares, an amount equivalent to the market value of the Company's shares for a specified proportion, if the requirements specified in "Regulations for Provision of Shares to Officers" are met) 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 performance-based compensation and equity compensation are not really applicable.

The company prescribes malus provisions 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.

Board Remunerations (Fiscal 2020)

Director classification	Total amount (millions of yen)	Breakdown of remunerations (millions of yen)			Number of directors
		Basic remuneration	Performance-linked remuneration	Non-monetary remuneration	
Directors	324	208	48	66	9
(Outside Directors)	(36)	(36)	(-)	(-)	3
Board of Corporate Auditors members	66	66	-	-	5
(Outside Auditors)	(21)	(21)	(-)	(-)	2

- * The above performance-linked remuneration comprises the amount, which shall be recorded in fiscal 2020.
- * Non-monetary remuneration is a stock benefit trust (BBT). The amount of the 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 4 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.

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

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communicate with society at all times, and to ensure that our activities are fair and transparent in line with social norms.

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.

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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 entering into a transaction, we will promptly cancel such transaction.

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



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.

Under the supervision of the Risk Management Officer, our group risks are monitored from a cross-group perspective. The Risk Management Officer receives reports from the departments assigned to each risk and provides instructions where necessary to correct and improve issues. The officer also reports twice a year on the status of group overall risk management to the Executive Committee, which is convened and chaired by the President & CEO.

Furthermore, 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 task force 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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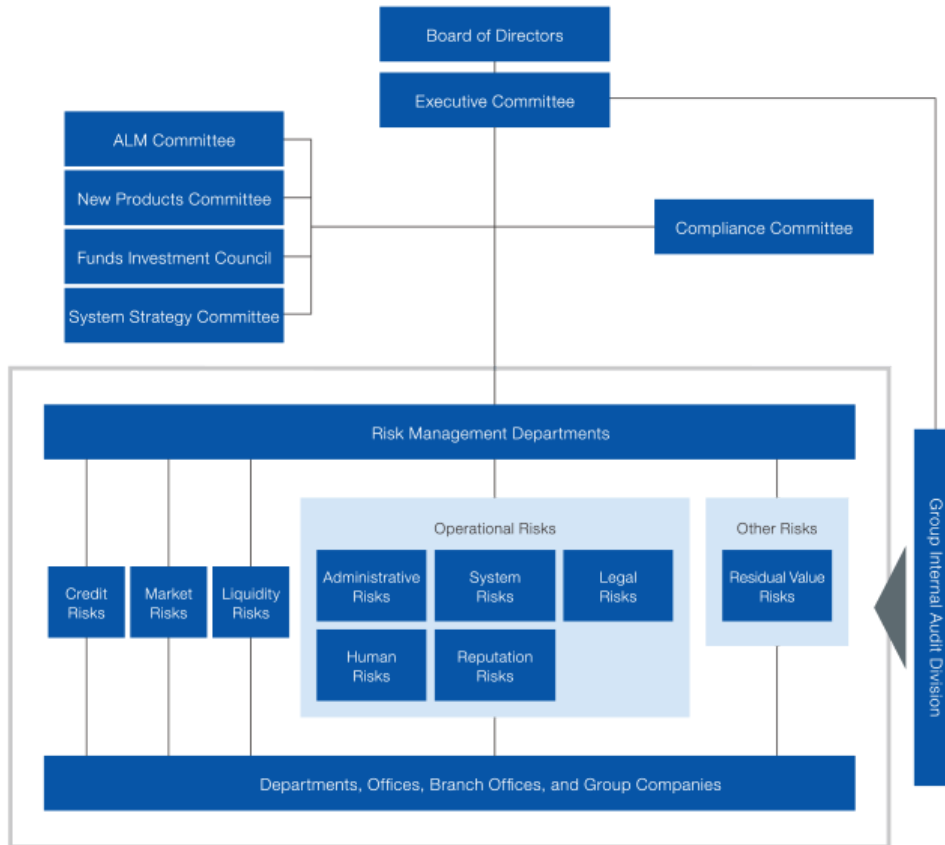
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Risk Management Training

In order to foster a corporate culture that enables risk prevention and that can take appropriate measures against risks, the Fuyo Lease Group regularly conducts training that includes content related to risk management. For example, in the leasing industry, legal risks are expected to be high, so training is conducted for new employees on regulatory laws and regulations. We focus on training using case studies and other methods so that each employee can deepen their understanding of possible risks in their work and take appropriate measures.

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.

The core of group compliance system is the Compliance Committee chaired by the Chief Compliance Officer and vice chaired by the Group Legal and Compliance Division Officer. The heads of relevant planning and administrative departments, the heads of relevant departments of domestic and overseas subsidiaries serve as full-time committee members, and outside lawyers serve as outside members. To verify the effectiveness of the compliance system for the entire group, the Compliance Committee meets every three months to deliberate and report on the formulation and progress of the Group's compliance program, whether or not compliance problems have occurred and how to deal with them, and trends in the enactment, revision, or abolition of major laws and regulations.

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.

We conduct training programs and offer e-learning courses to all 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 whistleblower hotlines.

In addition to the in-house compliance hotline, we provide a consultation service desk through a cooperating law firm. These services are available on a regular basis and guidance to these services is always posted on the company's intranet bulletin board. 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.

Compliance Officers* as well as persons in charge of compliance are appointed as consultants within their departments and group companies to handle individual cases. In the event of non-compliance or a suspected violation, compliance personnel such as compliance officers are responsible for taking appropriate measures and conducting investigations and reports in accordance with instructions and orders from Fuyo Lease's Group Legal and Compliance Division and the heads of the compliance departments of the relevant group companies as per the Compliance Manual.

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

Furthermore, Fuyo Lease has appointed full-time corporate auditors as a contact point for receiving whistleblower reports from group companies, and we have also set up a contact point at affiliated law

firms for whistleblowing from employees of overseas subsidiaries.

In fiscal 2020, three reports were received through the hotline. In each case, investigations are promptly conducted, such as confirming the facts with the parties concerned with due care to protect whistleblowers against detrimental treatment and taking appropriate measures. All cases have been resolved, and measures put in place to prevent 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, and facilitation payments are no exception. 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. In business audits, risks regarding the identification and prevention of corruption and bribery are appropriately evaluated based on confirmation of items such as proper use of entertainment expenses and the existence of a long-term employees in the sales department. Furthermore, for cases that are considered to be particularly high risk, we confirm that the compliance officer has further evaluated the appropriateness, and we are thoroughly preventing corruption and bribery.

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 fiscal 2020, no infringements related to corruption were found in the Group. Additionally, no employees were dismissed or subjected to disciplinary action due to corruption.

In fiscal 2020, 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. *

Compliance Training (fiscal 2020)

Group training and workplace training

Participant	Subject	# of session
New recruit	Introduction to compliance, Fuyo General Lease Group Code of Corporate Conduct, Unreasonable demand	1
1st 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	Information management and prevention of wrong emails	1
Directors and head of department/office/branch office	Importance of the whistleblower system that directors and head of branch/department should understand	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.

Furthermore, we continuously strive to promote understanding by way of training for all group employees and by inviting outside experts to train the compliance and legal staff of each group company.

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.



Information Security

Our Approach and Management System for Information Security and Customer Information Protection

With unauthorized access to information via the Internet as well as cyber-attacks increasing daily and becoming more sophisticated, the Fuyo Lease Group recognizes that information security risks are an important management issue. The Group has established an information management system based on work content, and strictly manages customer information.

In order to establish a strict information management system for the entire Group, data is strictly controlled by our information security manager in accordance with detailed rules, including the Confidential Information Management Rule. Additionally, each employee is thoroughly informed of the Appropriate Information Management section included in the Code of Corporate Conduct as well as the Privacy Policy, and we have implemented level-specific information security training programs.

Initiatives to Information Security and Customer Information Protection

To appropriately protect customer information, when outsourcing work, we impose confidentiality obligations on outsourcers, and when obtaining personal information from individual customers, we always give notice of the purpose of use in accordance with the Act on the Protection of Personal Information and its guidelines. In addition, our rules and regulations subject to disciplinary action under the rules of employment include rules and regulations that concern information security, and we make efforts to prevent violations. Furthermore, to maintain our information security system, once a year, we confirm procedures that are not only conducted under regular circumstances but also those in which we assume emergency situations in response to incidents such as cyber-attacks and natural disasters.

Also, training is provided for each level of employment so that each employee can recognize the importance of information security and manage information appropriately. In fiscal 2020, we focused on the protection of customer information through e-learning training for all employees, and we provided training on the confidential information management and personal information protection for 1st year employees (generalist track).

In fiscal 2020, there were minor issues, such as wrong email transmissions and incorrect delivery of mail, but there were no incidents, such as violations of laws and regulations concerning information security, and there were no related sanctions.

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In response to each customer segment and the work being handled, 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.

Sharp Finance

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.

Privacy Mark Registration Certificate

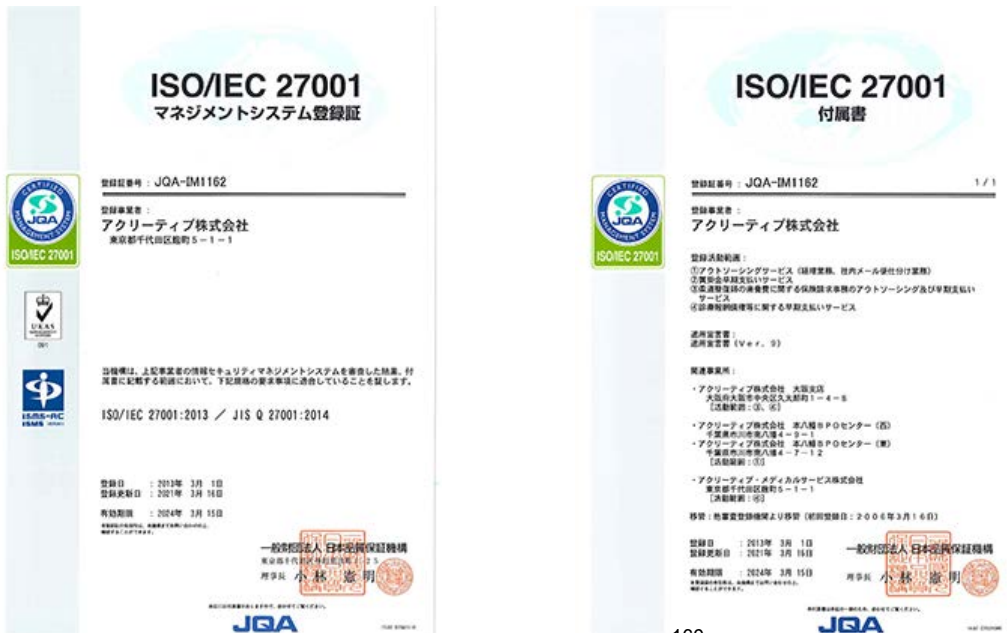


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Accretive

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




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INVOICE

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.

NOC Outsourcing & Consulting

NOC Outsourcing & Consulting handles a wide range of business outsourcing such as back office services (accounting, HR and payroll, general affairs, sales administration), IT services, personnel services.

In 1998, NOC Outsourcing & Consulting was granted the Privacy Mark by JIPDEC first in Japan.

Furthermore, in February 2006, it acquired ISO27001 certification for the Information Systems Department, Business Headquarters.

Privacy Mark Registration Certificate

ISO27001 Management System Registration Certificate



Click on the image to enlarge.



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.

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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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

Fuyo Auto Lease



Sharp Finance



Accretive



INVOICE



NOC Outsourcing & Consulting



YAMATO LEASE



FUJITA



Fuyo Network Service



Aqua Art



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YAMATO
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FUJITA

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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

[Fuyo Auto Lease website](#)

Reducing the environmental impacts of auto leasing business

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

Environmental activities in the auto leasing business

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Each Group Company's Environmental and Social initiatives

Fuyo Auto Lease

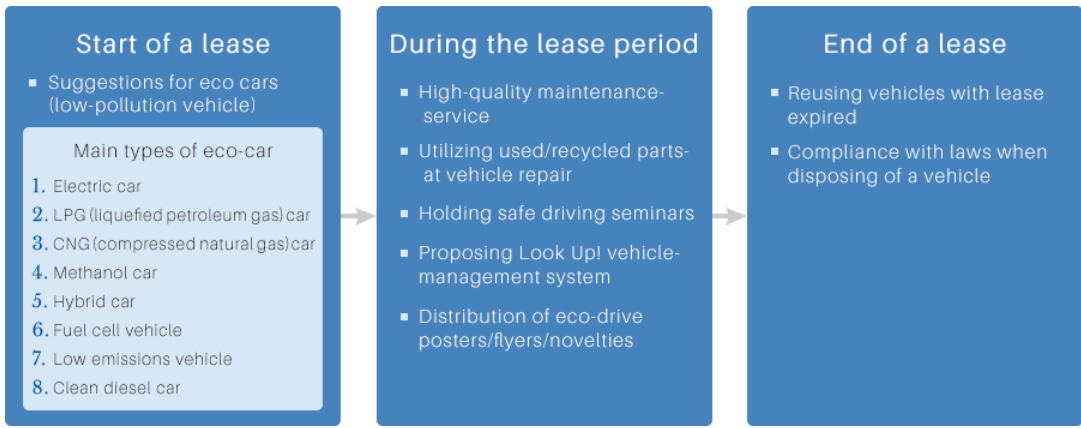
Sharp Finance

Accretive

INVOICE

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YAMATO LEASE



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Initiatives to contribute to customer safety

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 fiscal 2020, we held 13 seminars for major companies, medium-sized companies, and small to mid-sized companies, which were attended by a total of 325 participants. At the seminars, we provided the attendees with lectures, paper tests, video training programs, and driving aptitude tests using equipment.



Donation activities to assist 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 fiscal 2020, continuing from the previous year, we donated funds to support children orphaned by traffic accidents.

Results of support provided from FY 2014 to 2020

	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

FY 2019	Donated funds from the company to the Scholarship Foundation for Traffic Accident Orphans	200,000 yen
FY 2020	Donated funds from the company to the Scholarship Foundation for Traffic Accident Orphans	200,000 yen



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

["Sharp Finance" website](#)

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

Development of community-based healthcare through support to establish clinics and initiatives to improve the health and welfare of residents

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As the average age of doctors at clinics supporting community-based healthcare continues to increase*, "cycles" in which young doctors offer additional support will be essential to maintain healthcare systems. One of those cycles will be the establishment of new clinics, which is actively supported by Sharp Finance. In this way, we aim to make social contributions toward maintaining community-based healthcare systems.

Through leasing initiatives implemented in the course of our main business, which is medical equipment sales to vendors, we have amassed a business network of many customers that includes a large number of medical institutions, medical equipment manufacturers, pharmaceutical wholesalers, and accounting firms. In addition to being a finance company providing financial support for business launches, we also provide one-stop support for starting a business in cooperation with our business partners by fully utilizing our network in each specialized field, such as accounting firms that handle various notifications necessary for starting a business.

We supported the opening of a clinic for the Toyochō Hagukumi Family Clinic, a pediatric clinic in Koto-ku, Tokyo which opened in October 2021, as a result of an inquiry to our company's specialized website for business launch support. The area around Toyochō Station is being redeveloped, with construction of condominiums underway and the number of new families on the rise. We feel that we have contributed to community-based healthcare in this neighborhood by helping hospital directors actualize their desire to build clinics that support the growth of children and the health of their families, while fulfilling the demand for pediatric healthcare that has been continually increasing in this region.

* The percentage of doctors over the age of 60 assigned to clinics was 59.8% in 2018; from the Statistics of Physicians, Dentists and Pharmacists 2018 published by the Ministry of Health, Labour and Welfare

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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%) Pan Pacific International Holdings Corporation (26%)
Business Activities	Financial services centering on the purchases of accounts receivables, BPO services such as accounting administration

["Accretive" website](#)

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.

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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.



We handed stationery directly to about 120 elementary school students



Teaching hand-washing with soap



Playing together using a donated long rope



Commemorative photograph

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Approach to Positive Off Motion

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.



INVOICE

Outline of INVOICE

Profile

INVOICE 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
Shareholders	Fuyo General Lease (80%) Development Bank of Japan Inc. (20%)
Business Activities	Integrated billing services for business clients and Internet services for residential buildings for individual customers

["INVOICE" website](#)

Contributing to Client Companies' Improved Productivity through BPO Services

INVOICE provides integrated billing services, which are BPO services where INVOICE compiles the individual telecommunications and public utility bills that are delivered to a customer's individual offices, pays those bills on behalf of the customer, and then bills the customer for those charges all at once.

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

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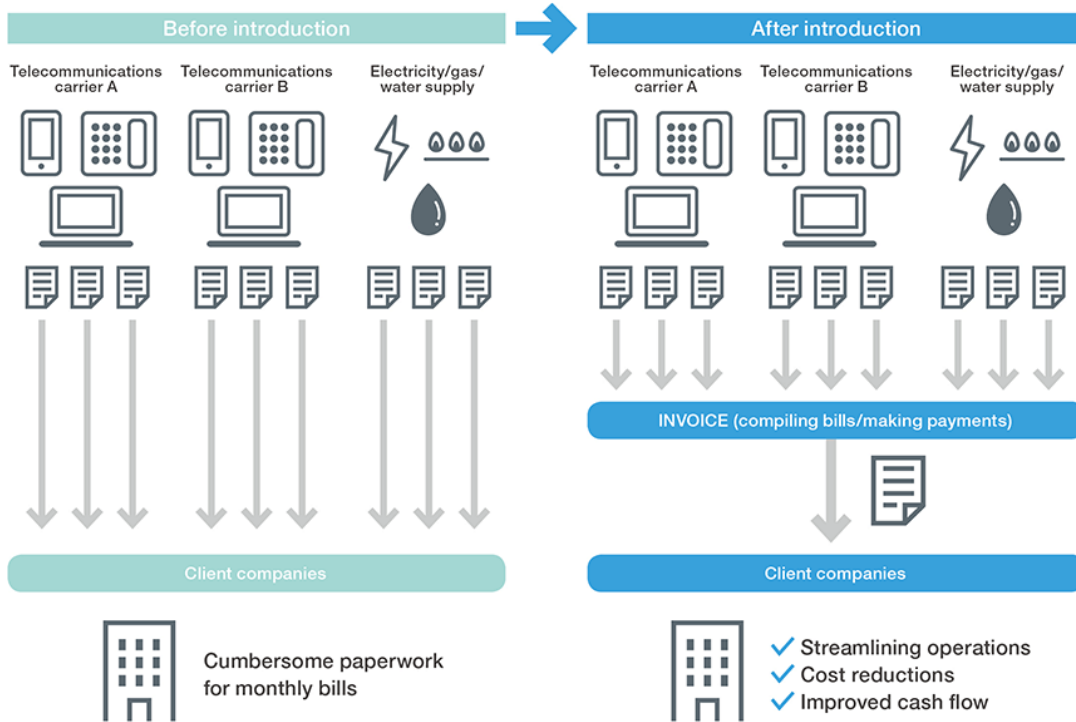
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increase the productivity of employees by streamlining cumbersome bill-processing tasks and increasing the time used to focus on high value-added core business activities.

Against this backdrop, the utilization of INVOICE’s integrated billing services allows customers to unify the different payment procedures used by each telecommunications carrier and utility provider, improving operational efficiency. Using the client’s mobile phone and Internet-related bills to understand the details of usage and then proposing the most suitable communication plan also helps client companies reduce their communication costs.

There have been drastic changes in the business environment surrounding payment and settlement services as a result of technological advances. With INVOICE, we will take advantage of these changes to increase character recognition rates using AI and improve the overall efficiency of business processes through the use of robotic process automation (RPA), thus contributing to the reduction of costs and improved productivity for more customers.

Workflow of integrated billing service



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NOC Outsourcing & Consulting

Outline of NOC Outsourcing & Consulting

Profile

NOC Outsourcing & Consulting provides "total outsourcing" targeting administrative departments such as general affairs, accounting, and human resources, as well as sales administration and IT.

Company profile

Established	November 1988
Capital	100 million yen
Shareholders	Fuyo General Lease (100%)
Business Activities	Comprehensive outsourcing, human resources services, and shared services

[🔗 "NOC Outsourcing & Consulting" website](#)

Providing BPO services that meet the needs of the times

The strengths of NOC Outsourcing & Consulting lie in its outsourcing services (BPO services) targeting administrative departments such as general affairs, accounting, and human resources, as well as sales administration and IT. In addition to its robust consignment and operational functions, NOC Outsourcing & Consulting is contributing to operational efficiency and cost reductions at approximately 1,000 companies. It is doing this by visualizing and standardizing operations through the use of its own consulting functions, and by automating and reducing the number of employees through the use of system development functions such as RPA.

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The recent decline in the number of people coming to work due to the spread of COVID-19 has prolonged risks to business continuity for companies. This has raised the question of what tasks can be handled with minimum personnel. As a result, there is a growing need to develop telecommuting environments and BPO services as part of BCP measures. In March 2020, NOC Outsourcing & Consulting also began providing IT outsourcing services that make use of the Tokyo Metropolitan Government Business Continuity Emergency Measures (Telecommuting) Grant. It has promptly engaged in supporting clients who have already entrusted it to carry out payroll processing to prepare documents related to payment applications for employment adjustment subsidies.

Going forward, NOC Outsourcing & Consulting will continue to be more sensitive to changes in the business environment as well as accompanying changes in needs, and will proactively respond to new needs of the times.

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YAMATO LEASE

Outline of YAMATO LEASE

Profile

YAMATO LEASE provides support services for the management issues of transportation companies, such as succession problems and driver shortages in addition to providing support for the leasing, procurement, and sales of new and used trucks.

Company profile

Established	March 1977
Capital	30 million yen
Shareholders	Fuyo General Lease (60%) YAMATO HOLDINGS CO., LTD. (40%)
Business Activities	Truck leasing and installment sales, used car sales

["YAMATO LEASE" website](#)

Supporting vehicle procurement to resolve management issues faced by transport companies

In the logistics industry, many social issues have become apparent, including an increase in the volume of cargo being handled due to the expansion of the e-commerce market, shortages and aging of truck drivers, and work-style reform in response to the reduction of long working hours. In addition, the automobile industry is said to be entering a once-in-a-century period of great change due to CASE*1 technological innovations and the progress of MaaS*2 that connects vehicles and other means of

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transportation with IT. Environmental regulations, such as automobile exhaust regulations, are also being strengthened. Against the backdrop of such changes in the business environment, transportation companies are also required to procure vehicles in an optimal manner to adapt to these changes.

By using truck leasing from YAMATO LEASE, transportation company customers can introduce vehicles that are suited to the latest environment without the need for large sums of money. In addition, as truck distribution support, we offer full support for the replacement of trucks through proposals for purchase of existing and used trucks to meet our customers' and social needs. When selecting a used truck, we provide an environment where customers can search for a vehicle that meets their needs in a catalog-like manner through our "Tora-Machi" used-truck matching application.

Our strengths lie in our customer network as well as proposal-based sales, and going forward, we will continue to leverage these strengths in support of vehicle procurement that resolves the issues faced by transportation companies.

- *1 CASE stands for Connected, Autonomous/Automated, Shared, and Electric. It is expected that technological innovation in these new areas will change the ways in which mobility and our society will exist.
- *2 MaaS refers to Mobility as a Service, which indicates services that connect vehicles, public transportation, and other means of transportation through IT.

The first leasing company to be certified as an organization that promotes the Comfortable Workplace Certification System

YAMATO LEASE has been certified by the Ministry of Land, Infrastructure, Transport and Tourism and the Nippon Kaiji Kyokai as an organization that promotes the Driver's Workplace Environment Quality Certification System (commonly known as the Comfortable Workplace Certification System).

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The Comfortable Workplace Certification System is a system to certify companies that are engaged in work-style reform, such as the revision of long working hours, in order to improve working conditions and the working environments of drivers as well as to secure and train drivers who are needed.



In order to promote the Comfortable Workplace Certification System, YAMATO LEASE holds briefing sessions, provides advice as well as guidance, and supports trucking companies in obtaining certification. In fiscal 2020, YAMATO LEASE supported 174 companies in obtaining certification. We aim to maintain safety management of the transportation industry and solve social issues such as the shortage of human resources.

* The Comfortable Workplace Certification System is a system in which a third-party organization evaluates and certifies the working environments of automobile transportation companies and provides this information mainly to job seekers. To encourage companies that have acquired certification to move to a higher level, there are three levels of certification depending on the number of certification items that a company has achieved. The three levels of certification are one star, two stars, and three stars.

Business succession support services specifically for the transportation industry

YAMATO LEASE provides business succession support services specifically for the transportation industry. The business succession support services provided by YAMATO LEASE leverage the experience and know-how that we have acquired from leasing trucks to transportation companies to match companies that are struggling to continue business due to aging managers and a lack of successors with companies that want to expand their business.

Through our business succession support services, we aim to solve the challenges facing the industry, such as the problems of finding successors at transportation companies, retaining employees, and resolving driver shortages.

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 Disposal of leftover office items

["FUJITA" website](#)

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

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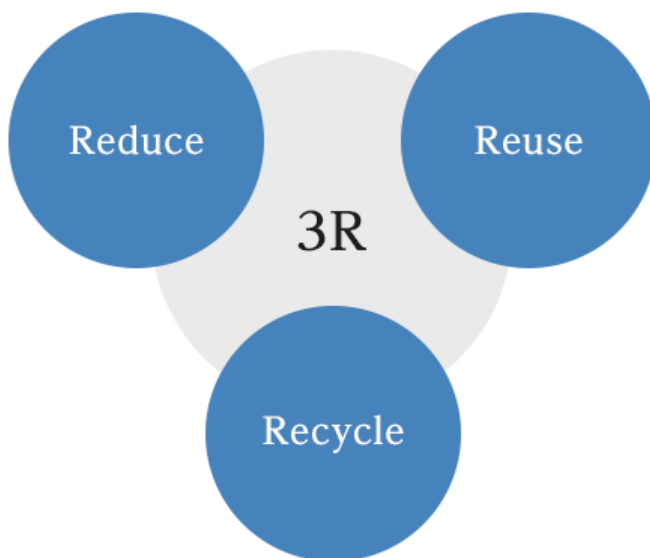
medical equipment from hospitals or clinics that have been closed.

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 items^{*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.

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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, data erasure services, constructing network systems

[Fuyo Network Service website](#)

Promoting the reuse of used PCs and contributing to a circular society

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 Rental and PC Eco & Value leases 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 take appropriate measures such as erasing existing data and checking the operational status of the computer. By

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establishing a system for the resale of used PCs that have been leased or rented and are no longer in use and promoting reuse, we are contributing to creating a circular society.

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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](#)

AQUA ART interior aquarium

AQUA ART is a product that reproduces the structure of the natural world in an aquarium using real creatures.

Specialist staff create each aquarium using detailed work and skills in a production process of around 50 steps. These include cleaning the sand laid in the bottom of the aquarium, circulating water to disperse bacteria through the tank, individually planting each aquatic plant and positioning each rock and piece of driftwood to create the layout inside the aquarium to incorporate and adjust each of the materials.

AQUA ART is unique, individually crafted rental aquarium.

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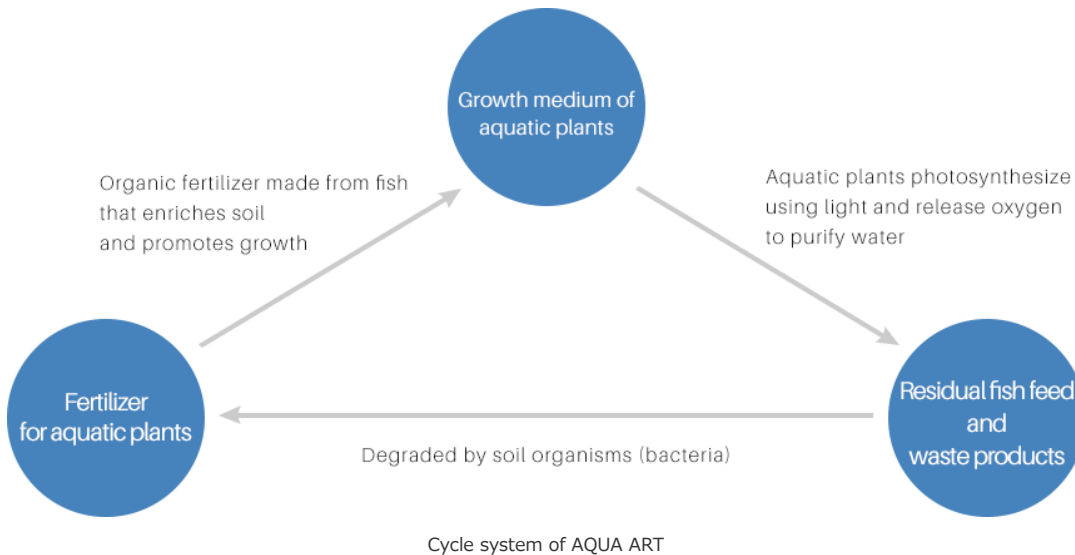
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■ **(1) Drawing people together to foster communication**

AQUA ART provides spaces for people to share meaningful connections through conversation. It provides places for people to congregate naturally, and a pocket of relaxation in places where people visit for the first time, releasing tension and starting conversations.

■ **(2) Raising awareness about preserving the natural environment and educating the next generation**

AQUA ART recreates environments for living creatures inside an aquarium, offering a chance to learn about how the natural world works. We provide an opportunity to think about nature in terms of familiar living creatures, the food chain, and biodiversity.



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Contributing to the environment through products

Our AQUA ART rental aquariums are tended by specialist staff, who recreate natural eco systems inside them. The connection between aquatic plants and tropical fish promotes purification of the water, helping to maintain water quality. This helps to minimize the amount of water used for replacement, and maintains the condition of the fish and plants, helping to protect water resources and living creatures.

Tropical fish and aquatic plants are procured through nurseries to maintain and protect the natural environment. At the same time, the Company is also working to breed its own. We also strive to actively reuse and recycle old aquariums and apparatus.

Contributing to society through products

Aqua Art is also collaborating with Fuyo General Lease in the "Aqua de Smile" social contribution activity using AQUA ART aquariums.

As part of this activity, we provide AQUA ART free of charge to nine maternal and child living support facilities and facilities supporting employment for people with disabilities in Tokyo and neighboring prefectures. Moreover, as part of environmental education activities undertaken by our staff, during the summer holidays they hold visiting lessons for the children at the facilities. The lessons are filled with full

of happy faces and joyful cheering, using a quiz format to teach children about the habits and characteristics of tropical fish in a fun way, and helping them to learn about ecosystems.

We also hold the AQUA ART Design Contest. Students of the Tokyo Metropolitan Kogei High School, Tokyo Designer Gakuin College, and TCA Tokyo College of Eco & Animals near the Fuyo General Lease Head Office compete to create special design and decoration for an aquarium interior, with the best entries displayed at the entrance and lobby of the Tokyo Dome Hotel. During the exhibition period, the hotel visitors vote for their favorite entry, enabling a large number of people to enjoy the competition.



Children cheerfully responding during a visiting lecture (fiscal 2019)



Students in the production group from Tokyo Metropolitan Kogei High School with their entry displayed in the lobby of the Tokyo Dome Hotel (Summer 2019)

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](#)

Saving resources and reducing waste through the 3Rs

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

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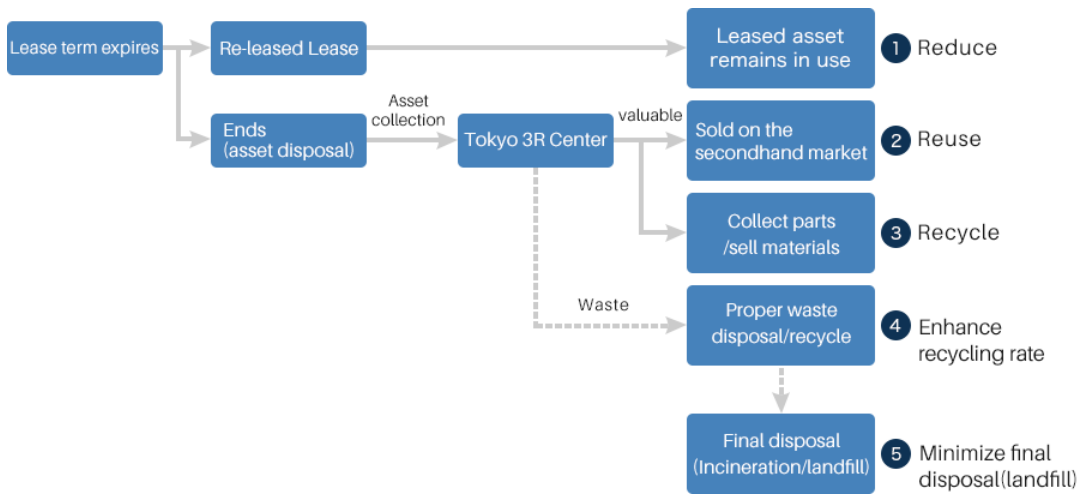
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Fuyo Lease Sales Operations and Promoting the 3Rs

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 at the Seki Factory of 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.

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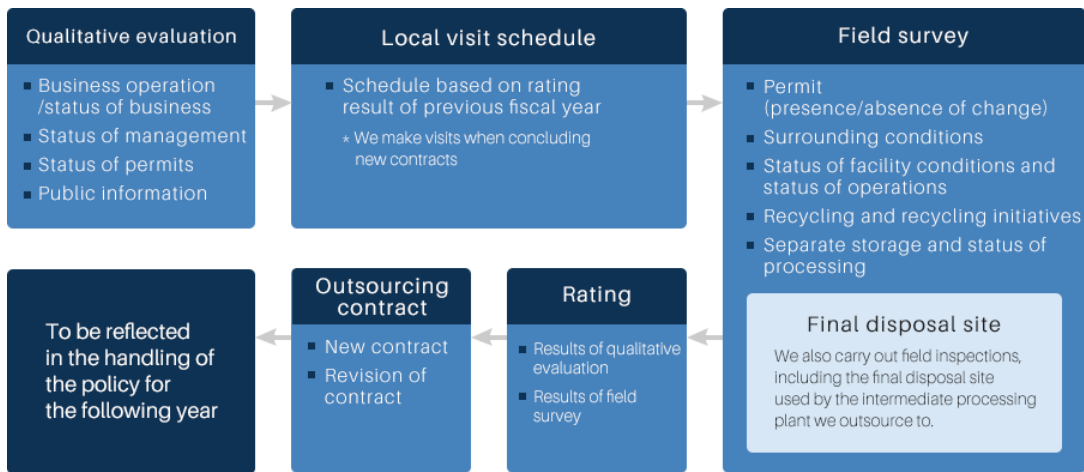
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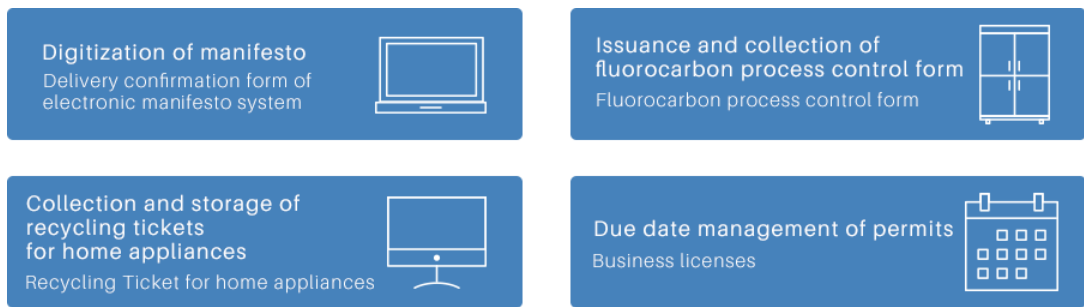
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Management of outsourcers



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.

In 2002, it obtained ISO14001 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.



Shikahama Recycling Center, KANAME KOGYO Co., Ltd.

■ 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.

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.



Yorii Eco Space, ECO KEIKAKU CO., LTD.

Fund procurement through ESG finance

The Fuyo Lease Group is promoting business strategies based on the CSV approach, and proactively advancing ESG financing initiatives in its fund procurement.

We will continue to diversify our methods of fund procurement and further promote our response to the problem of climate change and to social issues, aiming to contribute to the realization of a sustainable society.

Issuance of Green Bonds

Green bonds are bonds whose proceeds may only be used for green projects (projects that are expected to improve the environment), such as renewable energy projects, construction and upgrade of energy-saving buildings, and the prevention and management of environmental pollutants.

- 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)

Issuance of Sustainability-Linked Bonds

Sustainability-linked bonds are bonds whose conditions vary depending on the achievement of set sustainability performance targets (SPTs), which are based on sustainability targets that have been set out in the issuers comprehensive social responsibility strategy.

- Fuyo General Lease Co., Ltd. No.27 unsecured corporate bonds (limited to corporate bonds with a special agreement on the same priority) (Sustainability-linked Bond)

Issuance of Sustainability Bonds

Sustainability bonds are bonds whose proceeds may only be used for projects that contribute to environmental and social sustainability.

- Fuyo General Lease Co., Ltd. No.31 unsecured corporate bonds (limited to corporate bonds with a special agreement on the same priority) (Sustainability Bond) (Fuyo CSV Bond)

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Issuance of Sustainability-Linked Bonds

Issuance of Sustainability Bonds

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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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Outline of Sustainability-Linked Bond

Name	Fuyo General Lease Co., Ltd. No.27 unsecured corporate bonds (limited to corporate bonds with a special agreement on the same priority) (Sustainability-Linked Bond)
Issue duration	7 years
Issuance amount	10 billion yen
Issuing Conditions and Related Sustainability Performance Targets (SPTs)	<ol style="list-style-type: none"> 1. Renewable energy usage rate for group electricity consumption 50% or more (Maturity: July 2024) 2. Cumulative amount of the Fuyo 100% Renewable Electricity Declaration Support Program, and the Fuyo Zero Carbon City Support Program 5 billion yen or higher (Maturity: July 2024)
Coupon rate	<p>0.380% per annum from the day following December 24, 2020 to December 24, 2024.</p> <p>From the day following December 24, 2024, a coupon step-up of 0.10% will be generated if any of the SPTs linked to the issue conditions have not been met on July 31, 2024.</p>
Condition decision date	December 18, 2020
Issue date	December 24, 2020
Redemption date	December 24, 2027
Ratings	Japan Credit Rating Agency, Ltd. (JCR): A+ Rating and Investment Information, Inc. (R&I): A

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Issuance of Sustainability-Linked Bonds

Issuance of Sustainability Bonds

Fuyo General Lease Co., Ltd. No.17

Third-party Assessment of Eligibility

Ministry of the Environment's Model Case for Issuance

The Fuyo Lease Group's Sustainability-Linked Bond was selected as a model case for the fiscal 2020 Sustainability Linked Loans, etc. Issuance by the Ministry of the Environment, and on November 27th, 2020 it was announced that the Ministry of the Environment and certification bodies (Japan Credit Rating Agency, Ltd. and E&E Solutions Inc.) had verified the conformity of the framework for issuing of the Sustainability Linked Bond with the Ministry of the Environment's Green Loan and Sustainability Linked Loan Guidelines 2020 and the International Capital Markets Association's (ICMA) Sustainability-Linked Bond Principles.

- [Conformity results for the Guideline of a model case for fiscal 2020 Sustainability Linked Loan, etc.](#)
- [Pre-issuance Report](#)

Announcement of Investment in the Sustainability-Linked Bond

These are the investors who have announced that they will invest in the Sustainability-Linked Bond

List of investors who have announced investment (Japanese alphabetic order)
(As of December 18, 2020)

IO Shinkin Bank	The Toyota Shinkin Bank
AICHI CHITA AGRICULTURAL COOPERATIVE ASSOCIATION	Nagano Shinkin Bank
Asset Management One Co., Ltd.	Nagano Labour Bank
Awaji Shinkin Bank	Nagoya Broadcasting Network Co., Ltd.
Ishinomaki Shinkin Bank	Nishihyogo Shinkin Bank
Ibaraki Prefectural Credit Federation of Agricultural Cooperatives	Nishimikawa Agricultural Cooperative
Okayama Shinkin Bank	Nissay Asset Management Corporation
THE KANAGAWA BANK, LTD.	Hagi Yamaguchi Shinkin Bank
Kanonji Shinkin Bank	Hamamatsu Iwata Shinkin Bank
Gifu Prefectural Credit Federation of Agricultural Cooperatives	Handa Shinkin Bank
Kuwanamie Shinkin Bank	Hanno-Shinkin Bank
The 77 Bank, Ltd.	Hyogo Shinkin Bank
Shinonome Shinkin Bank	Hiratsuka Shinkin Bank
Shibata Shinkin Bank	Fukoku Mutual Life Insurance Company
Suwa Shinkin Bank	BlackRock Japan Co., Ltd.
Seishin Shinkin Bank	The Hekikai Shinkin Bank
Saison Automobile and Fire Insurance Co., Ltd.	Mie Prefectural Credit Federation of Agricultural Cooperatives
Takanabe Shinkin Bank	Sumitomo Mitsui Trust Asset Management Co., Ltd.
Tajima Shinkin Bank	The Miyazaki Taiyo Bank, Ltd.
Danyo Shinyo Kumiai Bank	Moka Credit Union
Choshi Shinkin Bank	The Yuki Shinkin Bank
Tokyo City Shinkin Bank	Yokohama Agricultural Cooperative
Tokyo Higashi Shinkin Bank	Lifenet Insurance Company

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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SPTs and Status of Progress on Targets

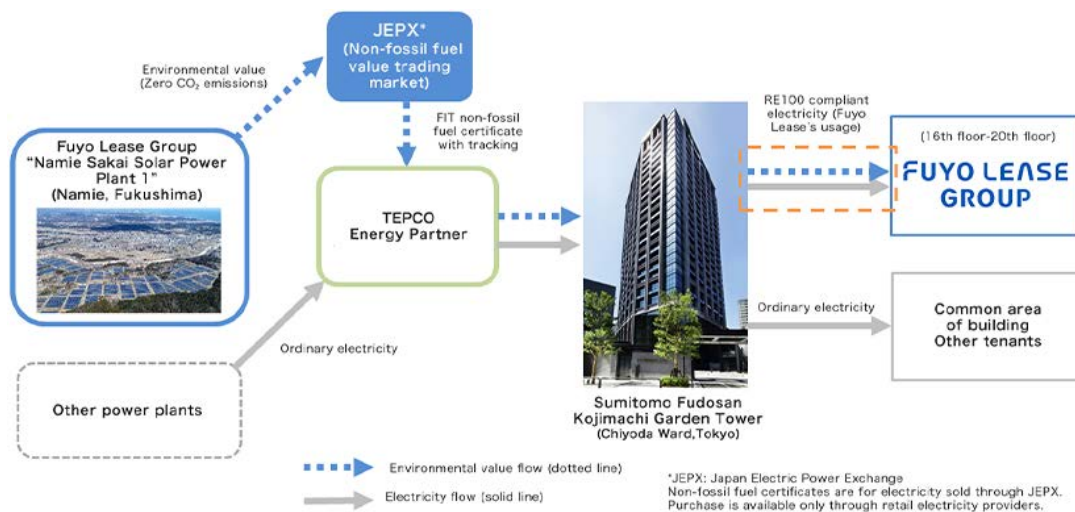
■ SPT 1 Renewable energy usage rate for group electricity consumption 50% or more (Maturity: July 2024)

In participating in RE100, Fuyo General Lease has set a target of 50% renewable energy use for the Group by 2030 and 100% by 2050. However, under SPT (1) for this sustainability linked bond, we have brought forward the medium-term target achievement timing to renewable energy use of 50% by July 2024. *1 Most of the Fuyo Lease Group's electricity consumption takes place among tenants of its office buildings. However, the Company is cooperating with the building owner of its head office building and with retail electricity providers to develop a new method for realizing effective transition to renewable energy for tenants.*2 From April 2021, all of the electric power used at the Company's head office building has been converted to RE100 compliance electricity, and we plan to convert to renewable energy at remaining locations as well.

▮ Status of Progress

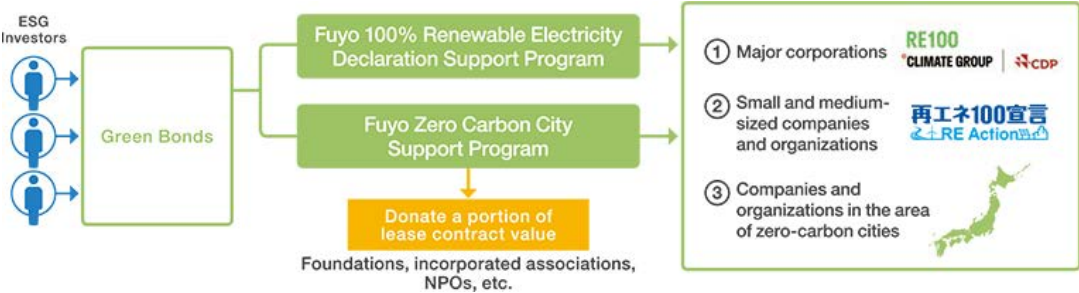
Renewable energy usage rate for group electricity consumption: 1% (as of March 31, 2021).

- *1 In July 2021, we brought the target forward again, so that the current target is "50% by 2024, 100% by 2030."
- *2 Relevant press release: "Individual Office Building Tenants Switch to RE100 Compliant Electricity from Solar Power Station at Namie, Fukushima Prefecture, which is Working to Recover from the Great East Japan Earthquake" (In Japanese only)



■ SPT 2 Cumulative amount of the Fuyo 100% Renewable Electricity Declaration Support Program, and the Fuyo Zero Carbon City Support Program 5 billion yen or higher (Maturity: July 2024)

The second SPT is a target for the cumulative handling amount of the [Fuyo 100% Renewable Electricity Declaration Support Program](#), and the [Fuyo Zero Carbon City Support Program](#) of 5 billion yen or higher by 2024. By setting new quantitative targets based on the progress of the two programs, we aim to actively support companies and local governments working to decarbonize.



▮ Status of Progress

Cumulative amount: 2.64 billion yen (as of March 31, 2021)

Outline of Sustainability Bond ("Fuyo CSV Bond")

Name	Fuyo General Lease Co., Ltd. No.31 unsecured corporate bonds (limited to corporate bonds with a special agreement on the same priority) (Sustainability Bond) (known as "Fuyo CSV Bond")
Issue duration	5 years
Issuance amount	10 billion yen
Coupon rate	0.120%
Condition decision date	September 10, 2021
Issue date	September 17, 2021
Redemption date	September 17, 2026
Use of proceeds	Refinance of the following in Use of Proceeds for this Sustainability Bond
Ratings	Japan Credit Rating Agency, Ltd. (JCR): A+ Rating and Investment Information, Inc. (R&I): A

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Issuance of Sustainability Bonds

Fuyo General Lease Co., Ltd. No.17

Third-party Assessment of Eligibility

















JCR Sustainability Bond Rating

This sustainability bond has been externally evaluated by the Japan Credit Rating Agency (JCR) regarding its conformance with the Green Bond Principles 2021, the Social Bond Principles 2021, and the Sustainability Bond Guidelines 2021 of the International Capital Market Association (ICMA) and the Green Bond Guidelines 2020 of the Ministry of the Environment.

[JCR Sustainability Bond Rating](#)  (1945KB)

Use of Proceeds for this Sustainability Bond

This sustainability bond ("Fuyo CSV Bond") is intended to refinance the following green projects and social projects among the important initiatives related to the Group's CSV.

		Fuyo Lease Group CSV						
		Material Issues (Materiality)	Relevant SDGs	Themes of Target	Specific initiatives	Properties (projects)	Location	
Environment	Responding to climate change issues and renewable energy	 	 	○	Expand supply of renewable energy	Solar power plants	Samegawa Aono Solar Power Plant	Samegawa, Higashi Shirakawa-gun, Fukushima
					Supplying of environmentally friendly real estate (green building)	Office building (green building)	Ochanomizu Sola City	Chiyoda-ku, Tokyo
Social Value	Contributing to the creation of a circular society							
Society and People	Promoting health and wellbeing			○	Expand access of medical, elderly nursing care, and welfare services	Facilities for the elderly	Medical rehabilitation home Granda Takarazuka Sakasagawa	Takarazuka, Hyogo
	Developing safe and livable cities and providing transportation			○	Supplying of real estate with nursing care for the elderly		Granda Yukigaya	Ota-ku, Tokyo
	Achieving economic growth and fulfilling work						Rehabilitation home Granda Issha	Nagoya, Aichi
System that Support Sustainable Value Creation	Diversity and work-style reform	 	 					

(News release as of August 20, 2021: [Issued Sustainability Bond \(Fuyo CSV Bond\)](#))

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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Announcement of Investment in the Sustainability Bond

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

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

(As of September 10, 2021)

- Asset Management One Co., Ltd.
- Izawa Metal Co., Ltd.
- The 77 Bank, Ltd.
- Jodo Shu
- Tokio Marine Asset Management Co., Ltd.
- The Toa Reinsurance Company, Limited
- Nissay Asset Management Corporation
- Higashi-Nippon Bank, Ltd.
- Mitsui Sumitomo Insurance Company, Limited
- Sumitomo Mitsui DS Asset Management Company, Limited
- Sumitomo Mitsui Trust Asset Management Co., Ltd.

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- Mitsubishi UFJ Trust and Banking Corporation

Reporting

Scheduled to be updated after fund allocation

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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

Issuance of Sustainability 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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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 43,495 tons and total annual electricity generated will be 98,428MWh.

(Theoretical value based on output standard as of December 20, 2019)

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](#)  (201KB)

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	The 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-

Third-party assessment of green bond eligibility

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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 fiscal 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 fiscal 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

Allocation of capital raised

As of the end of July 2020, the allocation of capital raised for the Green Bond is as follows: We plan to continue updating our website annually with disclosures related to the latest information on the allocation of capital raised through green bonds.

	Amount raised	Amount of capital allocated (End of July 2020)
“Fuyo 100% Renewable Electricity Declaration Support Program” Program A (Green Bond)	5 billion yen	102 million yen

Issuance of Sustainability 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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Positive environmental impacts

Because it is difficult to individually calculate the reduction of carbon dioxide emissions and other positive environmental impacts for the wide range of properties subject to the Green Bond, the program execution amount, the number of users, expected positive environmental impacts for each property type, as well as the number of organizations participating in RE100 and the 100% Renewable Electricity Declaration RE Action since the start of the program are disclosed.

■ “Fuyo 100% Renewable Electricity Declaration Support Program” Program A (Green Bond) handling results (total amount spent/number of users/expected positive environmental impacts)

Property type	Total amount spent on Program A (Oct. 2019 to July 2020)	Expected positive environmental impacts
1. Renewable energy equipment (solar power, wind power, hydropower, biomass power including biogas, and geothermal power for private use)	—	Newly created renewable energy (power generated):0MW-dc
2. Energy-efficient equipment (equipment covered by the Eco-Lease Promotion Project Subsidy Program or equipment with 10% or more improved energy efficiency*1)		Promotion of low carbon and decarbonization in companies and organizations participating in RE100 and the 100% Renewable Electricity Declaration RE Action
Projects with 30% or more improved energy efficiency	—	
Projects with 10% to 30% improved energy efficiency	2 million yen / 1 organization	
3. Devices that are compliant with the Act on Promoting Green Procurement		
Information equipment, office automation equipment, etc.	89 million yen / 11 organizations	
Electric vehicles, hybrid vehicles*2, plug-in hybrid vehicles*2, fuel-cell vehicles	11 million yen / 1 organization	

*1 This excludes energy-efficient equipment that uses coal. In cases where non-coal fossil fuels such as oil and natural gas are used, it is possible to either reduce greenhouse gases or improve energy efficiency by at least 30% for all initiatives in buildings and other facilities including initiatives related to renewable energy, and this is limited to the replacement of equipment.

*2 Hybrid vehicles/plug-in hybrid vehicles are limited to those that satisfy emissions of less than 75 g CO₂-p/km (CO₂ emissions per person when traveling 1 km).

■ Participation in RE100 and the 100% Renewable Electricity Declaration RE Action

	End of July 2019		End of July 2020	
	Number of domestic participating companies and organizations	Power consumption (Total)	Number of domestic participating companies and organizations	Power consumption (Total)
RE100	20 companies	Approx. 17 TWh	35 companies	Approx. 26 TWh
100% Renewable Electricity Declaration RE Action	0 organizations (Established in Oct. 2019)	0 GW (Established in Oct. 2019)	71 organizations	Approx. 914 GWh

Annual Review

In an annual review by the 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 Results](#)  (488KB)

Participation in Initiatives and Third-Party Evaluation

■ UNGC: United Nations Global Compact

The United Nations Global Compact (UNGC) is a voluntary initiative in which companies and organizations act as good members of society and participate in the creation of a global framework for sustainable growth by demonstrating responsible and creative leadership. We became a signatory in January 2018. We support the 10 principles of the UNGC in four categories (human rights, labor, environment, and anti-corruption) and work toward making them happen.



■ TCFD: Task Force on Climate-related Financial Disclosures

The Task Force on Climate-related Financial Disclosures (TCFD), which was set up by the Financial Stability Board (FSB), an international organization of major countries' central banks and financial regulators, presents a framework for disclosures relating to climate change. In May 2019, Fuyo Lease expressed its support for the recommendations set out in the final report of the TCFD and is preparing to make the required disclosures.



■ RE100 : Renewable Electricity 100

RE100 is a global initiative run by the Climate Group, an international NGO in partnership with CDP. Member companies commit to, and publish, a target of 100% renewable energy use in their businesses by 2050. Fuyo Lease became a member in September 2018, announced targets of 50% renewable energy use by 2024 and 100% by 2030, and is taking action to make them happen.



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■ JCLP: Japan Climate Leaders' Partnership

In February 2018, we became a supporting member of JCLP, a coalition of companies working toward a sustainable, zero-carbon society, and an executive member in December 2018. As well as engaging in our own zero-carbon initiatives, we are involved in a broad range of activities that address climate change, such as developing and providing solutions that will help the transition to a zero-carbon society, collaborating with global networks, and making policy recommendations.



■ EMF: Ellen MacArthur Foundation

The Ellen MacArthur Foundation (EMF) is an international initiative whose purpose is to accelerate the transition to the circular economy. We became a member of the foundation in November 2020 to acquire knowledge of the circular economy and collaborate with other companies and research organizations.



■ Financial Behavior Principles for the Formation of a Sustainable Society : Principles for Financial Action for the 21st Century

The Principles for Financial Action for the 21st Century were formulated as the policy recommendation for financial institutions seeking to fulfill their roles and responsibilities in forming a sustainable society. Fuyo Lease signed the principles in June 2016.



Third-Party 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 ESG-Related Stock Indices

■ 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

■ 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.



■ MSCI Japan ESG Select Leaders Index

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



Evaluation of Our Initiatives

■ ESG Finance Awards Japan

In fiscal 2019, in the bond category of the ESG Finance Awards, in which the Ministry of the Environment recognizes financial institutions that are actively engaged in ESG finance and companies engaged in environmentally sustainable management, we received the Gold Prize (Minister's Prize, the Ministry of Environment) in recognition of our efforts in the Fuyo 100% Renewable Electricity Declaration Support Program.



■ Environmental Communication Awards

The Fuyo Lease Group Integrated Report 2020 received the Excellence Award in the Environmental Reporting category of the 24th Environmental Communication Awards hosted by the Ministry of the Environment and Global Environmental Forum.



■ 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 fiscal 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

About this website

On this website, we report on Fuyo Lease Group's approach to sustainability and on the main activities carried out by the Group in fiscal 2020 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.

➤ Each Group Company's Environmental and Social initiatives

Since fiscal 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.

➤ "Integrated Report" PDF download

The Group would like to receive opinions and impressions from a wide range of stakeholders which we would like to refer to in future activities and 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 52 consolidated subsidiaries and 8 affiliated companies

Reporting period

Fiscal 2020 (April 1, 2020 to March 31, 2021)*

* Some reports include reports from outside the reporting period.

Update time

September 2021 (previous information was updated in October 2020)*

* The English version was updated in October 2021.

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.

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■ For inquiries and comments regarding the CSV activities of Fuyo Lease Group, please contact:

Fuyo General Lease Co., Ltd.

Creating Shared Value Promotion Office

TEL +81-3-5275-8809

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, 2020 to March 31, 2021 included in its Fuyo Lease Sustainability Website 2021 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 one of the Company's domestic business sites 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
November 26, 2021

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