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Notice Concerning the Arrangement of a Leasing Fund Business Project Including Sustainability-Linked Loans that Contribute to Promoting the Transition to a Global Decarbonized Society

Financial Products Group Co., Ltd. (hereinafter “FPG”) is pleased to announce that it has arranged a Leasing Fund Business project that incorporates a Sustainability Linked Loan (hereinafter “SLL”) for the first time in the marine container project handled by FPG.

SLL is a type of loan in which the terms and conditions of the loan are linked to the borrower's Sustainability Performance Targets (hereinafter, SPTs) in business operations and ESG strategies, with incentives and other benefits depending on the degree of achievement of the SPTs. The purpose of SLL is to promote sustainable economic activities and economic growth.

In arranging a Leasing Fund Business project for marine containers, FPG has worked with the lessee of the containers and financial institutions that provide non-recourse loan financing to incorporate a structure in which the interest rate on the non-recourse loan fluctuates according to the degree of lessee's annual ESG scores, which are defined as SPTs by a third-party evaluation agency, and the lease fee increases or decreases in conjunction with the fluctuating interest rate.

Through this structure, the lease fee will be reduced if the lessee's annual ESG score improves from the previous year, providing an incentive to improve ESG scores and promoting the lessee's sustainability activities.

Going forward, FPG will continue to contribute to the realization of sustainable economic growth by supporting the efforts of lessees around the world to improve their sustainability activities, not only in marine containers, but also in our Leasing Fund Business projects for ships and aircraft.

There is no change to our financial forecast for the fiscal year ending September 30, 2022 as a result of the matters contained within this notice.

(Reference: SDG targets related to this matter)

