

March 31, 2023

News Release

Fuyo General Lease Co., Ltd.

(Securities Code : 8424 TSE Prime)

President & CEO Hiroaki Oda

Release of Japan's first "Circular Economy Lease" that enables customers to participate in and contribute to the Circular Economy; and Execution of a syndicated DBJ-Interactive Sustainability Linked Loan.

Fuyo General Lease Co., Ltd. (Chiyoda-ku, Tokyo; President & CEO Hiroaki Oda; hereinafter: "Fuyo Lease") is pleased to announce we have begun to offer a "Circular Economy Lease" (CE Lease) to promote the circular economy. In addition, we have entered into a syndicated loan, "DBJ-Interactive Sustainability Linked Loan" (the "Loan"), with The Development Bank of Japan Inc. (Chiyoda-ku, Tokyo; President: Seiji Jige; hereinafter DBJ) as the arranger, to evaluate the sustainability strategy, other initiatives of Fuyo Lease and this service.

The "Circular Economy Lease (CE Lease)" is a lease that promotes the circular economy by utilizing a residual value and a contractual clause for returning the property at the end of the lease. Products are returned with their value retained after use and Fuyo Lease contributes to the promotion of the circular economy by ensuring the reuse and recycling of products that are not discarded, thereby extending product life and improving resource recycling.

For plastic materials in particular, thorough resource recycling through material or chemical recycling*₁ that does not involve incineration has become a social issue. We have set an ambitious goal of raising this recycling ratio to 80% by FY2025 ("waste plastic recycling rate") to ensure that plastics from properties returned by CE leasing are recycled.

Furthermore, a percentage of the lease transaction amount will be periodically donated to organizations that promote the circular economy to support their activities.

This is the first lease in Japan with such commercialization, and by using this CE Lease, customers will be able to participate in and contribute to product lifecycle management in line with the aims of the circular economy.

(See Attachment 1 for the development concept and service structure of "CE Lease.")

In addition, Fuyo Lease concluded a "DBJ-Interactive Sustainability Linked Loan" agreement and implemented the loan under the arrangement of DBJ, targeting the evaluation of the

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Company's sustainability strategy and other initiatives, including an ambitious plastic recycling rate target. This will be the first syndicated loan under the Internal Review Format*2.

Under our Fuyo Lease Group medium-term management plan "Fuyo Shared Value 2026," we aim to achieve sustainable growth as a corporate group by simultaneously solving social issues and realizing economic value through the practice of Creating Shared Value (CSV). Leasing is a business that connects the forward and backward value chains of resources and is a core area for the realization of the circular economy.

Based on this belief, we will create opportunities for customers to easily participate in the circular economy and contribute to the realization of resource recycling in Japan through the network we have cultivated in our leasing business.

*** 1 Material Recycling & Chemical Recycling**

Material recycling refers to the reuse of waste materials as raw materials. Chemical recycling refers to the recycling of used resources after converting their composition through chemical reactions.

*** 2 Internal Review Format**

A format in which the borrower prepares a self-assessment of the Sustainability Linked Loan without obtaining a third-party review.

< Syndicated Loan Outline of [DBJ-Interactive Sustainability Linked Loan]* 3 >

Borrower : Fuyo General Lease Co., Ltd.

Arranger : Development Bank of Japan Inc.

Sustainability Coordinator: Development Bank of Japan Inc.

Lender : The Ogaki Kyoritsu Bank Ltd., The Shikoku Bank Ltd., The Shonai Bank Ltd.,
Suruga Bank Ltd., Daishi Hokuetsu Bank Ltd, The Chiba Kyogyo Bank Ltd,
The Development Bank of Japan Inc., The Higo Bank Ltd., other.

Contract Date : March 24 2023

Execution Date : March 31 2023

*** 3 Outline of DBJ-Interactive Sustainability Linked Loan**

DBJ-Interactive Sustainability Linked Loan will be made in accordance with the Sustainability-Linked Loan Principles (SLLP) developed by the Loan Market Association and other organizations and the Guidelines for Green Loans and Sustainability-Linked Loans (Ministry of the Environment Guidelines) developed by the Ministry of the Environment, and DBJ, as the lender, will support the borrower in setting appropriate Sustainability Performance Targets (SPTs) that contribute to the improvement of sustainability management through dialogue with the borrower.

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Under Fuyo Lease's medium-term management plan, "Fuyo Shared Value 2026," the following KPIs and SPTs were established for business areas in which the company aims to secure corporate earnings and sustainable growth by solving social issues.

KPI : Percentage of waste plastic from returned properties received at the Hachioji Technical Center of Fuyo Lease subsidiary FGL Circular Network Co., Ltd. that was materially or chemically recycled by FGL Circular Network's contractors (waste plastic recycling rate) (On a kg basis).

SPT : Achieve a waste plastic recycling rate of at least 80.0% in FY2025.

※ For more information on this loan's compliance with the SLLP and Ministry of Environment guidelines, please refer to the link below.

Link to the results of the self-assessment:

https://www.fgl.co.jp/sustainability/esg/pdf/self_evaluation_result.pdf

Contact for Inquiries

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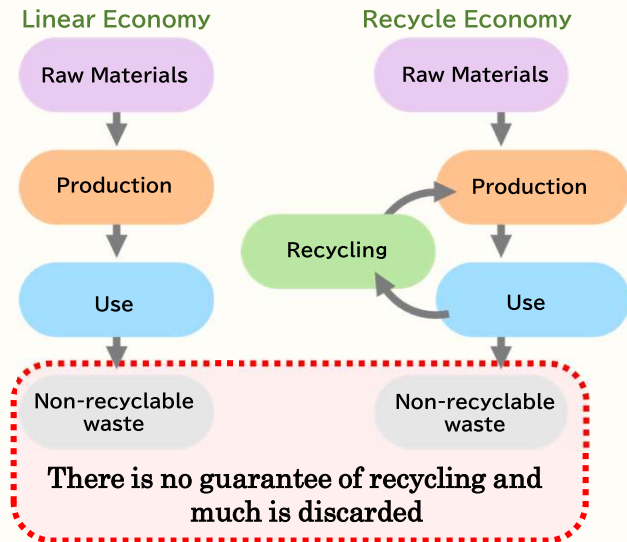
Circular Economy Lease

A Lease structure that properly reuses and recycles

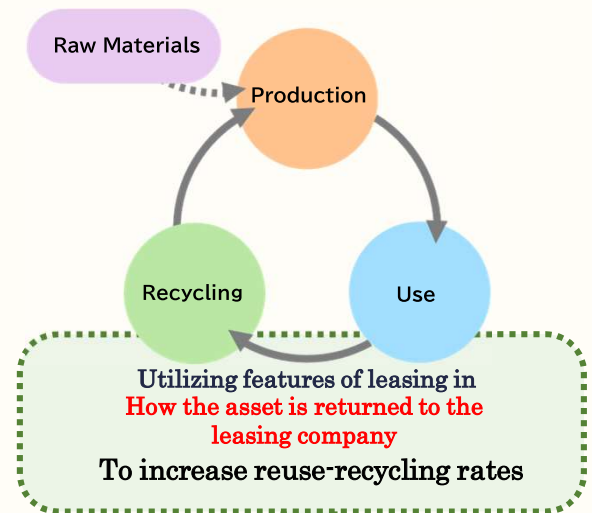
What is the Circular Economy

It is an economic principal in which products are continuously used through reuse and recycling. As an economic mechanism, it recognizes products and raw materials that were discarded in the previous linear economy (take, mass consumption and mass disposal) economic system as new resources and creates maximum added value through the efficient use of resources. It is desirable to establish a mechanism to ensure a looped circulation without disposal.

【Current Purchase Model】

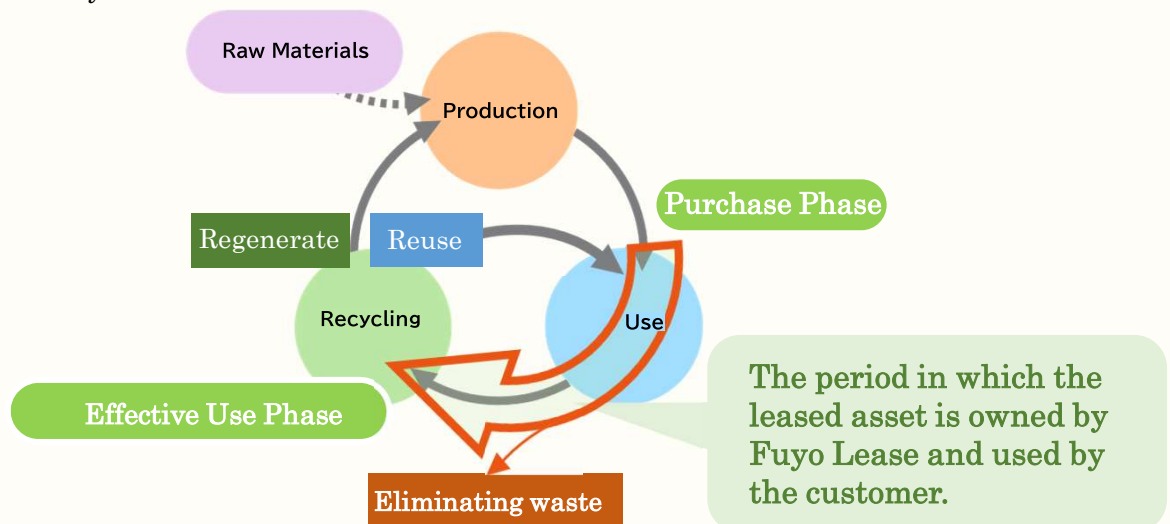


【Circular Economy】



What is the Circular Economy Lease

Fuyo Lease has traditionally focused on the recycling economy as the owner of many leased assets. In order to take this concept one step further toward the realization of a circular economy, we will utilize the characteristics of residual value-based leases, which require the return of the property to the leasing company at the end of the contract, to ensure that the returned property is reused and recycled, thereby extending the product life and improving resource recycling. By taking advantage of this lease, customers can participate in and contribute to the promotion of product lifecycle operations in line with the objectives of the Circular Economy.



Waste Plastic Recycle Rate: Percentage of waste plastic from returned properties received at the Hachioji Technical Center of Fuyo Lease subsidiary FGL Circular Network Co., Ltd. that was materially or chemically recycled by FGL Circular Network's contractors.