Corporate Governance Report

Last Update: May 31, 2021
Fuyo General Lease Co., Ltd.
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Securities Code: 8424
https://www.fgl.co.jp/

The corporate governance of Fuyo General Lease Co., Ltd. (the "Company") is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

1. Basic Views

The Company believes that placing importance on relationships with shareholders, customers, employees, local communities, and various other stakeholders and engaging in honest and fair business activities to achieve the performance targets of Frontier Expansion 2021, the medium-term management plan for fiscal 2017 to fiscal 2021, in accordance with the Company's Management Philosophy is the foundation of corporate governance and the most important task of management.

[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.

[Reasons for Non-compliance with the Principles of the Corporate Governance Code]

The Company implements all principles of Japan's Corporate Governance Code.

[Disclosure Based on the Principles of the Corporate Governance Code]

Our basic views on Corporate Governance, the governance structure, operating policy, and other aspects of corporate governance are set forth in our Corporate Governance Guidelines (hereafter, "Guidelines"), on the Company website. They can be viewed at the following URL:
https://www.fgl.co.jp/csr/corporate/governance.html.

[Principle 1.4 Basic Policy on Cross-Shareholding and the Exercise of Voting Rights Pertaining to Cross-Shareholdings]

See Article 6 in the Guidelines. An overview of due diligence on cross-shareholdings of listed companies by the Board of Directors as of March 31, 2020 is disclosed in the Securities Report for Period 51. See EDINET (Electronic Disclosure for Investors' NETwork), hosted by the Financial Services Agency.

[Principle 1.7 Related Party Transactions]

See Article 7 in the Guidelines.

[Principle 2.6 Roles of Corporate Pension Funds as Asset Owners]

The Company has appointed people with the appropriate qualifications to manage the contract-based corporate pension fund. We have established a basic policy on pension fund management and manage reserves through an investment management firm. People who possess expertise are also assigned as members of the Asset Management Committee and a management structure for supplementary enrollment in the group pension fund has been established.
Management of both pension funds is entrusted to management firms that adhere to the Japanese Stewardship Code and the Company monitors each firm contracted for management on a regular basis.

[Principle 3.1]

(1) Corporate Vision (Management Philosophy, etc.), Management Strategy, and Management Plan

See Provision 1., above, for the Management Philosophy.
We disclose management strategy and management plans in our Medium-term Management Plan, the business segments overview in the Business Report attached to the Notice of the 52st Annual General Meeting of Shareholders, in the Integrated Report, and on our website. They can be viewed at the following URLs:
（https://www.fgl.co.jp/ir/plan.html)
（https://ssl4.eir-parts.net/doc/8424/ir_material/160479/00.pdf）
(https://www.fgl.co.jp/csr/pdf/integrated20.pdf)

(2) Basic Views and Basic Policy on Corporate Governance

See Provision 1., above, and the Guidelines.

(3) Policy and Procedure for Determining Compensation of Directors and Audit & Supervisory Board Members

See Article 19 in the Guidelines.

(4) Policy and Procedure for Nomination and Dismissal of Directors and Audit & Supervisory Board Members

See Articles 9, 10, and 11 in the Guidelines.

(5) Providing Explanations for Individual Appointments and Nominations for the Positions of Director and Audit & Supervisory Board Member

The reason for nomination is disclosed in the Reference Documents appended to the Notice of the 52st Annual General Meeting of Shareholders for each candidate nominated for the position of director or audit & supervisory board member.
See the Company's website.
（https://ssl4.eir-parts.net/doc/8424/ir_material/160479〇〇〇〇〇〇/00.pdf）

[Supplementary Principle 4.1.1 Overview of the Scope of Delegation to Management]

See Article 8, Paragraph 4 in the Guidelines.

[Principle 4.9 Independence Standards for Outside Officers]

See the Annex to the Guidelines (Independence Standards).

[Supplementary Principle 4.11.1 Views on the Overall Balance of Knowledge, Experience, and Skills, and Diversity and Size of the Board of Directors]

See Articles 9 and 10 in the Guidelines.

[Supplementary Principle 4.11.2 Concurrent Appointments of Directors and Audit & Supervisory Board Members]

Significant concurrent appointments of directors and audit & supervisory board members are disclosed in the Business Report and in the Reference Documents for the General Meeting of Shareholders in the Notice of the 52st Annual General Meeting of Shareholders.
See the Company's website.
（https://ssl4.eir-parts.net/doc/8424/ir_material/160479/00.pdf）

[Supplementary Principle 4.11.3 Analysis and Evaluation of Overall Effectiveness of the Board of Directors]

All directors and audit & supervisory board members were surveyed and interviewed as needed to analyze and evaluate the overall effectiveness of the Board of Directors. The results were discussed and recommendations issued by the Nomination and Remuneration Advisory Committee (supported by an advisory attorney who serves as the administrative office), which has a majority of independent directors as committee members. The recommendations were implemented in Board of Directors meetings.
The outline of the analysis / evaluation results for FY2020 is as follows.

1. 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 functioning of the Board of Directors, make those activities part of our daily operations, and continually review the Board's functions to accommodate changes in the internal and external environments.
2. Issues found in in the previous analysis / evaluation were 1) in regards to "Further activation of Board of Director discussions." In addition to enhancing the content of deliberation by integrally reporting the status of related subsidiaries in the progress report of the Medium-Term Management Plan by business domain, we will commence the reporting on the risk management capital situation, and present the minutes in detail to outside officers so that the discussions at the Executive Committee can be conveyed in a realistic manner. 2) in regards to "Further reflection on CSV (Creating Shared Value) / ESG (Environment / Society / Governance) perspectives." A CSV promotion committee will establish a system for reporting the results of deliberations to the Board of Directors from the first half of 2021 and to explain the status of CSV management initiatives in the Group to outside officers and share awareness. 3) in regards to "Further enhancement of information provision to outside officers," By explaining the effects of the novel coronavirus at the Board of Directors, and by building a system to accept questions and answer them in a timely manner according to the concerns of outside officers, and providing external training opportunities to outside officers, etc. at any time, it was confirmed that the effectiveness was improved.

   In addition, we recognize it is necessary to further improve diversity, expertise and supervisory functions in the composition of the Board of Directors, further deepen CSV management on a group basis, and further provide information to outside officers. Based on the above analysis and evaluation results, the

Board of Directors of the Company will further work to improve the functions and effectiveness of the Board of Directors.

The Company's Board of Directors will take further steps to improve the functioning of the Board of Directors and work toward further improvement in effectiveness, based on the results of the analysis and evaluation described above.

[Supplementary Principle 4.14.2 Policy on Training Directors and Audit & Supervisory Board Members]

See Article 17 in the Guidelines.

[Principle 5.1 Policy on Establishing a Structure and Taking Steps to Promote Constructive Dialog with Shareholders]

See Article 5 in the Guidelines.

2. Capital Structure

Foreign Shareholding Ratio: From 10% to less than 20%

[Status of Major Shareholders]

Name / Company Name	Number of Shares Owned	Percentage (%)
Hulic Co., Ltd.	4,218,200	14.02
Meiji Yasuda Life Insurance Company	2,690,400	8.94
Retirement Benefit Trust managed by Mizuho Trust & Banking Co., Ltd. (Marubeni Corporation account); Custody Bank of Japan, Ltd. as a Trustee of Retrust	1,512,300	5.03
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,485,000	4.93
Custody Bank of Japan, Ltd. (Trust Account)	1,100,800	3.66
Sompo Japan Nipponkoa Insurance Inc.	1,002,400	3.33
Azbil Corporation	1,000,000	3.32
Mizuho Bank, Ltd.	907,900	3.02
BBH FOR FIDELITY PURITAN TR: FIDELITY SR INTRINSIC OPPORTUNITIES FUND	600,000	1.99
Nichirei Corporation	416,600	1.38

Controlling Shareholder (except for Parent Company)	―――
Parent Company	None

Supplementary Explanation

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3. Corporate Profile

Stock Market and Market Section Listed on	Tokyo Stock Exchange, First Section
Fiscal Year-end	March
Type of Business	Other financing business
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	More than 1,000
Sales (Consolidated) as of the End of the Previous Fiscal Year	From ¥100 billion to less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 50 to less than 100

4. Policy on Measures to Protect Minority Shareholders When the Company Engages in Transactions with Controlling Shareholder

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5. Other Special Circumstances that May Have Material Impact on Corporate Governance

None

II. Business Management Organization and Other Corporate Governance Systems Regarding Decision-making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation

Organization Form	Company with an Audit & Supervisory Board

[Board of Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	15
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	8
Appointment of Outside Directors	Appointed
Number of Outside Directors	3
Number of Independent Directors	3

Outside Directors' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Seiichi Isshiki	From another company								△			
Hideo Ichikawa	From another company								○			
Masayuki Yamamura	From another company								△			

* Categories for "Relationship with the Company"
* "○" when the director presently falls or has recently fallen under the category;
"△" when the director fell under the category in the past
* "●" when a close relative of the director presently falls or has recently fallen under the category;
"▲"when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiaries
b. Non-executive director or executive of a parent company of the Company
c. Executive of a fellow subsidiary of the Company
d. A party whose major client or supplier is the Company or an executive thereof
e. Major client or supplier of the Company or an executive thereof
f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/audit & supervisory board member
g. Major shareholder of the Company (or an executive of the major shareholder if the shareholder is a legal entity)

h. Executive of a client or supplier of the Company (which does not correspond to d, e, or f) (the director himself/herself only)
i. Executive of a company which has the same individual(s) as the Company appointed as outside directors/audit & supervisory board members (refers only to the director)
j. Executive of a company or organization that has received a donation from the Company (refers only to the director)
k. Others

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Seiichi Isshiki	○	<Outside Director Attributes > Mr. Isshiki is a former Representative Director and President of JX Nippon Oil & Energy Corporation (currently ENEOS Corporation.). The Company has routine lease transactions with JXTG Nippon Oil & Energy Corporation, but these transactions comprise less than one percent of total annual consolidated revenues.	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. <Reason for designation as an independent officer> He fulfills the Tokyo Stock Exchange, Inc. requirements for independent officers and poses no risk of a conflict of interest with general shareholders.

Hideo Ichikawa	○	<Outside Director Attributes > Mr. Ichikawa is the director, chairman of the board of Showa Denko K.K. The Company has routine lease transactions with the Showa Denko K.K., but these transactions comprise less than one percent of total annual consolidated revenues.	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. < Reason for designation as an independent officer > He fulfills the Tokyo Stock Exchange, Inc. requirements for independent officers and poses no risk of a conflict of interest with general shareholders.
Masayuki Yamamura	○	<Outside Director Attributes > Mr. Yamamura is a counselor to Nippon Telegraph and Telephone East Corporation (NTT East). The Company has routine lease transactions with the Nippon Telegraph and Telephone East Corporation, but these transactions comprise less than one percent of total annual consolidated revenues. Additionally, he is chairman of The Telecommunications Association, and the company has no transactions with the association.	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. < Reason for designation as an independent officer > He fulfills the Tokyo Stock Exchange, Inc. requirements for independent officers and poses no risk of a conflict of interest with general shareholders.

Voluntary Establishment of Committee(s) Corresponding to a Nomination Committee or Compensation Committee	Established

Committee's Name, Composition, and Designated Status of Chairperson

	Committee Corresponding to Nomination Committee	Committee Corresponding to Compensation Committee
Committee's Name	Nomination and Remuneration Advisory Committee	Nomination and Remuneration Advisory Committee

All Committee Members	4	4
Full-time Members	0	0
Internal Directors	1	1
Outside Directors	3	3
Outside Experts	0	0
Others	0	0
Chairperson	Internal Director	Internal Director

Supplementary Explanation

- The Nomination and Remuneration Advisory Committee was established as the discretionary nominating body of the Board of Directors to serve the dual functions of a nomination committee and remuneration advisory committee (Date established: November 5, 2015).
- Nomination and Remuneration Advisory Committee members consist of directors, including all independent directors (outside directors who meet the independence standards of the Company; the same applies hereafter) and the representative director and president. A majority of committee members are independent directors.
- The committee deliberates on the following matters. The results of deliberations are reported to the Board of Directors.
  (1) Selection of candidates or dismissal of directors and audit & supervisory board members
  (2) Director compensation
  (3) Planning for successor to the president (President & Executive Officer)
  (4) Revision and abolition of the Corporate Governance Guidelines
  (5) Analysis and evaluation of overall effectiveness of the Board of Directors
  (6) Matters concerning advisors, etc. who have retired from the position of president and representative director
  (7) Other matters referred by the Board of Directors
- Two meetings were held in fiscal 2020 and all committee members attended.

[Audit & Supervisory Board]

Establishment of Audit & Supervisory Board	Established
Maximum Number of Audit & Supervisory Board Members Stipulated in Articles of Incorporation	6
Number of Audit & Supervisory Board Members	4

Cooperation Among Audit & Supervisory Board Members, Accounting Auditors and the Internal Audit Department

To ensure effective and efficient audits, audit & supervisory board members, accounting auditors, and the Internal Audit Department mutually share audit results and other information appropriately and in a timely manner through reporting meetings, exchange of opinions, and other meetings.

The readiness status of the internal control system established and operated by the Internal Control Department is monitored by the Internal Audit Department, audit & supervisory board members, and accounting auditors, who exchange information on their respective audit results and monitor the system status.

Appointment of Outside Audit & Supervisory Board Members	Appointed
Number of Outside Audit & Supervisory Board Members	2
Number of Independent Audit & Supervisory Board Members	2

Outside Audit & Supervisory Board Member's Relationship with the Company (2)

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Teruhiko Numano	Attorney										△	
Yoshihiro Jinnai	From another company										△	

* Categories for "Relationship with the Company"

* "○" when the audit & supervisory board member presently falls or has recently fallen under the category;
"△" when the audit & supervisory board member fell under the category in the past

* "●" when a close relative of the audit & supervisory board member presently falls or has recently fallen under the category;
"▲" when a close relative of the audit & supervisory board member fell under the category in the past

a. Executive of the Company or its subsidiaries
b. Non-executive director or accounting advisor of the Company or its subsidiaries
c. Non-executive director or executive of a parent company of the Company
d. Audit & supervisory board member of a parent company of the Company
e. Executive of a fellow subsidiary of the Company
f. A party whose major client or supplier is the Company or an executive thereof
g. Major client or supplier of the Company or an executive thereof
h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as an audit & supervisory board member
i. Major shareholder of the Company (or an executive of the major shareholder if the shareholder is a legal entity)
j. Executive of a client or supplier of the Company (which does not correspond to f, g, or h) (refers only to the audit & supervisory board member)
k. Executive of a company which has the same individual(s) as the Company appointed as outside directors/audit & supervisory board members (refers only to the audit & supervisory board member)
l. Executive of a company or organization that has received a donation from the Company (refers only to the audit & supervisory board member)
m. Others

Outside Audit & Supervisory Board Member's Relationship with the Company (2)

Name	Designation as Independent Audit & Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons of Appointment
Teruhiko Numano	○	Attorney <Outside Audit & Supervisory Board Member Attributes> Mr. Numano is a former Vice President of Nihon University. The Company has routine lease transactions with the university, but these transactions comprise less than one percent of total annual consolidated revenues.	We believe that Mr. Numano will conduct audits appropriately from an objective standpoint based on the expertise he has gained as an attorney and will provide us with highly professional legal advice. He is also well versed in business litigation cases as an attorney and has considerable financial and accounting knowledge. <Reason for designation as an independent officer > He fulfills the Tokyo Stock Exchange, Inc. requirements for independent officers and poses no risk of a conflict of interest with general shareholders.
Yoshihiro Jinnai	○	<Outside Audit & Supervisory Board Member Attributes> Mr. Jinnai is a former executive vice president of Sompo Japan Insurance Inc. The Company has routine lease transactions with Sompo Japan Nipponkoa Insurance Inc., but these transactions comprise less than one percent of total annual consolidated revenues.	Having served as managing executive director at Sompo Japan Insurance Inc. and president of Audatex Japan (now Cognivision Inc.), Mr. Jinnai should be able to conduct audits appropriately from an objective standpoint by drawing upon his extensive experience and deep insight. <Reason for designation as an independent officer > He fulfills the Tokyo Stock Exchange, Inc. requirements for independent officers and poses no risk of a conflict of interest with general shareholders.

[Independent Officers (Directors/Audit & Supervisory Board Members)]

Number of Independent Officers	5

Other matters concerning independent officers

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[Incentives]

Incentive Policies for Directors	Introduction of performance-linked compensation and other forms of compensation

Supplementary Explanation

By increasing the link between directors' remuneration, company performance and shareholder value, we will increase the motivation to improve performance and raise stock prices, and "ensure stable performance and growth as well as increase corporate value. In addition to the basic remuneration, we have introduced performance-linked remuneration (annual bonus) and stock remuneration (stock benefit trust (BBT=Board Benefit Trust)). For details of each remuneration, please refer to [Remuneration for Directors] "Disclosure of Remuneration Amount or Calculation Policy Decision Policy".

Recipients of Stock Options	

Supplementary Explanation

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[Director Compensation]

Disclosure of Individual Directors' Compensation	Individual compensation is not disclosed.

Supplementary Explanation

Total amount of director compensation in fiscal 2020 : 324 million yen

Policy on Determining Compensation Amounts and Calculation Methods	Established

Disclosure of Policy on Determining Compensation Amounts and Calculation Methods

The Company has determined by a resolution of the Board of Directors the method of deciding the "decision policy regarding the content of individual remuneration of directors". When determining individual remuneration for directors, the basic policy is to set the level at an appropriate level based on individual responsibilities. In addition to basic remuneration paid as fixed remuneration, performance-linked remuneration and stock remuneration are introduced as variable remuneration. Regarding the ratio of each remuneration, the ratio of variable remuneration to basic remuneration 1 is set to 0.6 based on the average ratio of listed companies. The breakdown of variable compensation is that the ratio of performance-linked compensation to stock compensation is 5: 7, and the ratio of medium- to long-term incentives is increasing. The basic remuneration is within the range of the remuneration limit approved at the general meeting of shareholders, and the basic remuneration for each individual according to the position is based on the general level of employee remuneration and executive remuneration of the Company and the business condition of the company. The appropriateness and appropriateness of determining the amount is decided by a resolution of the Board of Directors after deliberation and report by the Advisory Board for Nomination and Remuneration. The basic remuneration may be temporarily reduced by a resolution of the Board of Directors after deliberation and report by the Advisory Board for Nomination and Remuneration depending on the company's business performance and other reasons.
Performance-linked remuneration shall be based on 20% to 30% of the annual amount of basic remuneration, depending on the position, within the range of remuneration approved at the general meeting of shareholders, and shall be in accordance with the executive performance-linked remuneration rules separately established by the Company. The amount to be paid is determined by a resolution of the Board of Directors after deliberation

and reporting by the Advisory Board for Nomination and Remuneration within the range of 0 to 200% of the standard amount, depending on the consolidated performance of the company in the fiscal year preceding the payment date, the degree of contribution of each person to the company performance, the status of efforts to address medium- to long-term management issues, etc.
It consists of two parts: a part linked to applicable indicators such as the company's consolidated business performance (hereinafter referred to as "applied index linked portion") and a part reflecting the individual evaluation of each director (hereinafter referred to as "individual evaluation portion "). The composition ratio is determined for each position. The "applied index-linked portion" is calculated from financial metrics like balance of operating assets, ordinary income, etc. The "individual evaluation portion" is determined by the president based on the performance and qualitative evaluation of the section of business the director is in charge of.
Performance-linked remuneration may be reduced or not paid if the director inflicts great material loss to the company or if the director is on long-term leave due to illness treatment.
The performance indicators that form the basis for calculating the amount of performance-linked remuneration are "balance of consolidated operating assets," "consolidated ordinary income," and "consolidated ROA," which are important performance indicators in the current medium-term management plan.
[Calculation method of performance-linked remuneration]
Performance-linked remuneration amount = payment standard amount for each position x performance-linked payment coefficient (*)
(*…Performance-linked payment coefficient is calculated by combining the achievement rate compared to the plan and previous year-on-year comparison ratio for each of “balance of consolidated operating assets”, “consolidated ordinary income” and “consolidated ROA” .Within the range of 0 to 200%, the decision is made by a resolution of the Board of Directors after deliberation and reporting by the Advisory Committee for Nomination and Compensation. For directors under the Senior Managing Director, the performance of the business under their jurisdiction and qualitative evaluation are taken into consideration, and the individual evaluation decided by the president is also reflected.
For stock compensation, we have introduced a “stock benefit trust (BBT (= Board Benefit Trust)”), which is based on the directors' stock benefit regulations resolved by the Board of Directors within the compensation limit approved at the general meeting of shareholders. If a director retires after satisfying the eligibility requirements, they will acquire the right to receive benefits of the Company's shares acquired by the Trust according to their position and term of office on the date of resignation. If it is resolved for a director is to be dismissed at a general meeting of the shareholder, or if a director retires during tenor because of certain misconduct, or if there is any inappropriate behavior that might damage the company during tenor, the director will not have the right to receive benefits.
For outside directors and corporate auditors who are supervisors, performance-linked remuneration and stock remuneration are not suitable, so only fixed remuneration is provided.
Regarding the amount of individual remuneration for the directors of the Company, Yasunori Tsujita, Director and CEO, who supervises and controls the business activities of each department as the chief executive officer and evaluates the directors in charge of each department, who based on the resolution of the Board of Directors, is entrusted with the determination of the amount of performance-linked remuneration to be paid to directors and the specific details regarding the timing of payment. After deliberation and report by the Advisory Committee for Nomination and Compensation, the appropriateness of the evaluation method of performance-linked remuneration and the appropriateness of the calculated remuneration amount should be examined and reported so that the authority can be exercised appropriately; the Director and CEO decides the amount and timing of performance-linked remuneration to be paid to each director.

[Support System for Outside Directors and/or Outside Audit & Supervisory Board Members]
Outside directors (referring to Outside Officers and Outside Auditors. The same implies hereinafter.) have 2 persons in charge (serving concurrently in Corporate Planning Department and/or General Affairs Department) and the secretariat and various communications for the in advance explanation for Board of Director agenda items are held with outside directors.
The Company provides outside officers with advance delivery of proposals for meetings of the Board of Directors and Auditors, implementation of advance explanations of proposals attached to the Board of Directors, provision of materials and minutes for management meetings, and provision of opportunities to attend external seminars.

[Retired Presidents/CEOs Holding Advisory Positions (Consultant, Advisor, etc.)]

Information on retired presidents/CEOs holding advisory positions (consultants, advisors, etc.)

Name	Job title/ position	Responsibilities	Employment terms (Full/part time, with/without compensation, etc.)	Date when former role as president/CEO ended	Term
Toshiyuki Ogura	Special Advisor	• Advice as requested by management • Maintenance of relationships with customers and business partners	Part-time, compensated	March 31, 2014	One-year renewable

Number of Retired Presidents/CEOs Holding Advisory Positions (Consultant, Advisor, etc.)	1

Other Matters

The Company does not have a system for consultants, special advisors, or other such positions. However, the president makes the decision on the role expected of a special advisor and on concluding an agreement, after these matters are discussed by the Nomination and Remuneration Advisory Committee, the majority of members of which are independent directors.
Special advisors do not attend the Company's Board of Directors meetings and Executive Committee meetings, or other internal meetings, and do not have the authority to make management decisions for the Company.
The status of special advisor activities is reported to the Nomination and Remuneration Advisory Committee on a regular basis.
Compensation for special advisors is paid as fixed compensation, according to their current roles.

2. Matters Concerning the Functions of Business Execution, Auditing, Oversight, and Nomination and Compensation Decisions (Overview of Current Corporate Governance System)

The content of the management structure for executing the Company's business, supervision and oversight, and other organizational aspects of corporate governance are described below. Also see the Guidelines for further information concerning Points A through C and G. In regard to the nomination of officers, see

"Committee's Name, Composition, and Designated Status of Chairperson" in Section II-1. For officer remuneration, also see [Director Compensation] in Section II-1.

A. Board of Directors

The Board of Directors consists of eight directors. It deliberates on and decides important matters concerning management and matters specified in laws and regulations, the Company's Articles of Incorporation, and the Board of Directors Regulations. The Board also oversees the execution of duties by directors and executive officers. See Article 8, Paragraph 4 of the Guidelines in regard to matters subject to approval by the Board of Directors. Three independent directors are appointed to increase the objectivity and transparency and strengthen the oversight function of Board of Directors. The Board of Directors met 12 times in fiscal year ended March 31 2021 (fiscal 2020). The attendance record of each officer (Current officers as of May 17 2021) during fiscal 2020 is shown below.

Directors
Takashi Sato, Yasunori Tsujita, Shozo Kazama, Soichi Hosoi, Seiichi Isshiki and Hideo Ichikawa, Masayuki Yamamura attended 12 meetings. - *
* Keiji Takada was elected at the Annual General Meeting of Shareholders held on June 23, 2020. He was therefore eligible to attend 10 Board of Directors meetings during fiscal 2020.

Audit & Supervisory Board Members
Shigeru Suda, Yoshihiro Jinnai, Teruhiko Numano attended 12 meetings.
Yoshito Tsuruta attended 10 meetings.*
*Yoshito Tsuruta was elected at the Annual General Meeting of Shareholders held on June 23, 2020. He was therefore eligible to attend 10 Board of Directors meetings during fiscal 2020.

B. Nomination and Remuneration Advisory Committee

The Nomination and Remuneration Advisory Committee was established as a discretionary committee of the Board of Directors. It consists of three independent directors and one internal director. The Committee deliberates on the selection or dismissal of directors and audit & supervisory board members, including the representative director and president (President & Executive Officer), director compensation and other matters, and presents its recommendations to the Board of Directors. The Nomination and Remuneration Advisory Committee met 2 times in fiscal 2020.

C. Audit & Supervisory Board

Our Audit & Supervisory Board consists of four auditors, including two full-time members and two part-time audit & supervisory board members who are also independent audit & supervisory board members. According to the audit plan formulated by the Audit & Supervisory Board, each audit & supervisory board member 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. The audit policy for fiscal 2020 states that, in accordance with the Code of Audit & Supervisory Board Member Auditing Standards, the Audit & Supervisory Board is an independent body which has received the mandate for its responsibilities from shareholders. Audit & supervisory board members perform audits from the following main perspectives to ensure healthy, sustainable growth of the Company and work to establish a strong corporate governance system that can earn the trust of society.
The Audit & Supervisory Board met 11 times during fiscal 2020 .

D. 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 major subsidiaries. Full-time audit & supervisory board members 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 by the president, and to discuss important issues concerning internal controls. Its aim is to improve the quality of management decisions and to speed up decision-making. The Executive Committee met 18 times during fiscal 2020.

E. Compliance Committee

The officer in charge of compliance serves as the chair of the Compliance Committee and the officer in charge of Group Legal and Compliance serves as vice chairman. Full-time members include the head of the relevant planning and administrative departments, the representative directors and others from domestic subsidiaries, the general managers of the supervising divisions of overseas subsidiaries, and outside lawyers are outside committee members. Additionally, acting as an observer, full-time auditors and presidents of domestic subsidiaries participate in the committee. The Legal & Compliance Division serves as the administrative office for the Compliance Committee. Compliance Committee meetings are held once a quarter, and matters relating to establishment of a compliance structure and furtherance of annual compliance plans are debated and discussed. The matters debated and discussed at the committee meetings are reported and presented to the Board of Directors and the Executive Committee, which take steps to establish and strengthen the compliance structure.

F. Internal Audits

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 audit policy for fiscal 2020 is as follows.

(1) Promote risk-based audits and objectively evaluate the effectiveness of internal controls, risk management, and the compliance structure.

(2) The internal audit departments of each company in the group share, cooperate, and cooperate with each other to strengthen the internal control of the group.

(3) Improve corporate value through the assurance function and consulting function of internal audit.

The results of these audits of operations are reported to the president and audit & supervisory board members when they are conducted and periodically to the Board of Directors and the Executive Committee.

G. Accounting Audits

The Company's consolidated and unconsolidated financial statements are audited by Ernst & Young ShinNihon LLC, based on Article 193, Paragraph 2-1 of the Financial Instruments and Exchange Act. There are no conflicts of interest between the Company and audit firm or the employees of the audit firm performing the audit that are notable pursuant to the Certified Public Accountants Act. The names of the certified public accountants (CPAs) who performed the accounting audit on our Company are listed below.

Names of CPAs and Name of the Firm They are Affiliated With

<Name & Title of CPA>	<Name of Firm Affiliated With>
Hirokazu Tanaka, Managing Partner	Ernst & Young ShinNihon LLC
Toru Nakagiri, Managing Partner	Ernst & Young ShinNihon LLC

* All personnel had seven years or less of continuous auditing experience.
* The audit firm has voluntarily taken steps to ensure that accounting audits of our Company will not be performed by the same managing partners for more than a certain time period.
* Audit support staff included 10 CPAs and 26 assistant accountants and other staff.

3. Reasons for Adoption of Current Corporate Governance System

The Company has adopted the corporate form of a company with an Audit & Supervisory Board. Audit & supervisory board members work closely with the Internal Audit Department and the Internal Control Department on audits. The Company also appoints outside auditors to ensure independence and a sufficient corporate governance function. The Company also appoints multiple outside directors whose independence is demonstrated. These outside directors provide oversight and advice on the execution of business from an external perspective to improve the oversight function of the Board of Directors. A Nomination and Remuneration Advisory Committee, which is comprised of a majority of outside directors has also been established to ensure a highly transparent system of management and eliminate arbitrariness.
We also believe that, by working together, the outside directors and the Audit and Supervisory Board will enable the Company to strengthen corporate governance and thereby continue to enhance corporate value.

The Company has introduced an executive officer system to speed up decision-making and improve management efficiency by separating the management supervisory function and the executive function.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Ensure Dynamic General Shareholder Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Shareholder Meetings	The Notice of the 51st Annual General Meeting of Shareholders was sent out on June 5, 2020, three days prior to the legally mandated deadline (18 days prior to the meeting date).
Scheduling General Shareholder Meetings on Days When Numerous Other Companies Are Not Holding Theirs	The 51st Annual General Meeting of Shareholders was held on June 23, 2020.
Electronic Exercise of Voting Rights Permitted	The Company has permitted the exercise of voting rights via the Internet since the 37th Annual General Meeting of Shareholders held on June 27, 2006.
Participation in an Electronic Voting Platform or Other Means to Increase the Exercise of Voting Rights by Institutional Investors	The Company has participated in a platform for the exercise of voting rights since the 42nd Annual General Meeting of Shareholders.
Convocation Notice in English Provided	Since the 49th Annual General Meeting of Shareholders, the Company has posted the convocation notice (partial excerpt) in English on the Company website on the date on which the notice is sent, and makes it available for viewing on the Internet via the TDnet Company Announcements Service operated by Tokyo Stock Exchange, Inc.
Other Matters	After it has been approved by the Board of Directors, the convocation notice was posted on the Company website before it was sent out on May 29, 2020 and was also made available for viewing on the Internet via the TDnet Company Announcements Service operated by Tokyo Stock Exchange, Inc.

2. IR Activities

	Supplementary Explanations	Explanation from Representative
Formulation and Public Disclosure of the Disclosure Policy	The Company formulated a Disclosure Policy in March 2010. It is posted on the Company website.	
Regular Investor Briefings for Analysts and Institutional Investors	The Company holds financial results briefings for analysts and institutional investors after summary financial results are announced for the second quarter and the full year.	Yes
Posting of IR Materials on Website	The Company posts summary financial statements, an overview of financial results, financial results presentation materials, the securities report, the Integrated Report, news releases, other IR information on the Company website.	
Establishment of Department and/or Manager in Charge of IR	Division in charge of IR: Corporate Communications Office, Corporate Planning Division	

3. Measures to Ensure Respect for Stakeholders' Positions

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The Company has established the Fuyo General Lease Group Code of Corporate Conduct as a code of ethics. This code sets forth our basic position for each stakeholder.
Implementation of Environmental Conservation Activities, CSR Activities, etc.	As a member of society, the Company carries out CSR activities that fulfill our responsibilities, not only from an economic perspective, but also in a wide variety of areas from the environmental and social perspectives. On the environmental front, we have built an environmental management system together with 11 of our main domestic subsidiaries. We also pursue environmental activities through our business, from energy savings and resource conservation in our own group companies, to the ESCO service, energy and environment field leasing and finance that contributes to energy savings for customers, PC Eco & Value leases that contribute to reuse of PCs, and re-marketing (used asset buy-back service) that contributes to resource conservation, among other activities. Particularly in regards to the climate change issue, we also entered the solar power generation business through a subsidiary in 2012. This subsidiary has opened large-scale solar power plants nationwide and is supplying renewable energy. In 2018, we joined the "RE100", which aims to convert electricity consumed by each company group into 100% renewable energy by 2050. As an initiative to support the introduction of renewable energy and energy-saving equipment to customers using resources procured from green bonds, etc., we started the "Fuyo Renewable Energy 100 Declaration Support. Program" in 2019 and the "Fuyo Zero Carbon City Support Program" in 2020. On the social side, we are engaged in activities that contribute to medical welfare and a super-aging society by improving the efficiency of corporate management by strengthening BPO efforts, solving labor shortages, contributing to work style reforms, and investing in start-up companies aiming to develop advanced medical equipment and leasing buildings such as paid nursing homes for the elderly. Regarding the current status of activities, we will publish them in Integrated Report that was started in 2018 and there is more detail in the CSR section of the Company website: https://www.fgl.co.jp/csr/
Development of Policies on Provision of Information to Stakeholders	The Fuyo General Lease Group Code of Corporate Conduct mentioned above emphasizes IR activities and open two-way communication. It also specifies timely, appropriate, and proactive disclosure of information, and striving for "open management" that will earn the trust of the market.
Other	We regard the advancement of women as a management priority and are working to establish an environment that enables women to fully demonstrate their capabilities, to an even greater degree than they have up to the present. Previously, measures were developed for each of the four themes of "Recruitment," "Human resource development," "Cultural reform," and "Support for balancing work," but with the aim of accelerating the achievement of goals and the promotion of women's success, an action plan was started in April 2020 toward higher numerical goals. In addition to enhancing and strengthening the measures that have been promoted so far, we have added new environmental measures that contribute to a balance between work and family. By March 2022 we are aiming for more than 40% hiring of female employees, more than 30% female management, an annual paid leave rate of 80% or more, and a more than 40% utilization rate of a telework system.

IV. Matters Related to the Internal Control System

1. Basic Views on the Internal Control System and Progress on System Development

Below is a summary of the Company's decisions concerning a system to ensure that the execution of duties by directors complies with laws and regulations and the Company's Articles of Incorporation, and other systems to ensure proper conduct of Company business.

1) System to Ensure that the Execution of Duties by Directors, Executive Officers, and Employees Complies with Laws and Regulations and the Company's Articles of Incorporation

The Company regards compliance as one of the highest management priorities. Our basic policy is to strictly comply with all laws, regulations, and rules, and faithfully and fairly perform corporate activities in a manner that does not deviate from social norms. We have formulated the Fuyo General Lease Group Code of Corporate Conduct as the ethical guidelines for the Company.
The Company has produced rules, procedures, and manuals based on the Fuyo General Lease Group Code of Corporate Conduct, and has established a compliance system through employee education and training. We have also established of a robust internal whistleblowing system, and other measures. We maintain a structure to ensure that directors, executive officers, and employees comply with laws and regulations and the Company's Articles of Incorporation in executing their duties. This is accomplished through oversight by the Board of Directors and Audit & Supervisory Board, audits by audit & supervisory board members, the accounting auditor, and the Company's Internal Audit Division.

2) System for Retention and Management of Information Concerning the Execution of Duties by Directors

The Company produces Board of Directors meeting minutes, Executive Committee meeting minutes, and written ringi proposals based on the Articles of Incorporation, the Executive Committee Regulations, and the Ringi Proposal Regulations. A system for retention and management of information concerning the execution of duties by directors has been established and this system is maintained by retaining documentation for the specified period of time.

3) Loss Risk Management Regulations and Other Systems

In the Risk Management Regulations, the Company has segmented risks that should be managed into credit risk, market risk, liquidity risk, administrative risk, system risk, legal risk, human risk, reputational risk, and other types of risk. We manage these risks according to the specific nature and importance of each risk, by the systems and methods specified in our basic policy on management of each risk.
We have also formulated other regulations such as Emergency Preparedness Regulations to prepare for the occurrence of emergencies and disasters and Confidential Information Management Regulations concerning the management of information, and have established regulations concerning the management of loss risk and other systems. We act to strengthen the risk management system on an ongoing basis to respond to various risks that arise along with changes in the management environment in an appropriate and timely manner.

4) System to Ensure the Efficient Execution of Duties by Directors

The Company has established a system to ensure the efficient execution of duties by directors by clarification of the division of duties through the executive officer system, through the delegation of duties and authority based on the regulations on responsibilities and authorities, and by planning and management and budget control based on the Medium-term Management Plan. We will improve the

PDCA cycle through budget controls and other means, and maintain an efficient system and work to improve efficiency in the future as well.

5) System to Ensure Appropriate Business Conduct by the Corporate Group, Consisting of the Company and its Subsidiaries

The Corporate Group, which consists of the Company and its subsidiaries (hereafter, "Corporate Group"), share the Fuyo General Lease Group Code of Corporate Conduct in common, and the entire Group is managed in light of the specific characteristics of the business of each company.
The Company seconds directors to all subsidiaries and implements management and controls such as requiring approval or reporting on the conduct of business and management status of subsidiaries based on the Management Regulations for Affiliates. By doing so, we maintain a structure that ensures the proper conduct of business in the Corporate Group.
Our basic policy is that each subsidiary establishes its own internal controls, and the Internal Audit Division of the Company performs regular audits of the operations of the main subsidiaries. We also strive for improvement by providing the necessary support and guidance on compliance, risk management, and improving efficiency, depending on the nature of each subsidiary's business.

6) System to Ensure Reliability of Financial Reporting in the Corporate Group

The Corporate Group implements appropriate internal controls at the Group-wide level and at the operating process level to ensure the reliability of financial reporting or, in other words, to ensure the reliability of the financial statements and information that could have a material impact on the financial statements. If any deficiency is discovered in the internal controls, improvements are implemented as needed, and we maintain the system in a manner that ensures the reliability of financial reporting.

7) System for the Support Personnel When an Audit & Supervisory Board Member Requests Personnel to Assist with Duties

The Company assigns personnel to assist an audit & supervisory board member (hereafter, "audit & supervisory support personnel") according to the rules on concurrent duties in the Internal Audit Division.

8) Ensuring Independence of Personnel in the Preceding Paragraph from Directors and Effectiveness of Audit & Supervisory Board Member Instructions

To ensure the independence of audit & supervisory support personnel from directors and the effectiveness of work instruction issued by audit & supervisory board members, the Company has directed that audit & supervisory support personnel report directly to and perform work for an audit & supervisory board member. Audit & supervisory support personnel shall not accept orders or instructions from a director. Furthermore any personnel transfer, personnel evaluation, or discipline for audit & supervisory support personnel is decided and implemented after first consulting the Audit & Supervisory Board.

9) System for Reporting to Company Audit & Supervisory Board Members

(1) System for Company directors, executive officers, and employees to report to the Audit & Supervisory Board or audit & supervisory board members, and other systems for reporting to audit & supervisory board members

Company directors, executive officers, and employees report to the Audit & Supervisory Board or audit & supervisory board members 1) when they discover facts that could have a serious adverse effect on the Company, 2) when a director, executive officer, or employee has committed a violation

of laws and regulations or the Articles of Incorporation, or is thought to pose the risk of committing such violations, or 3) other matters specified in laws and regulations or requested by the Audit & Supervisory Board or audit & supervisory board members.

(2) System for the directors, audit & supervisory board members, executive officers, and employees of subsidiaries to report to the Company's audit & supervisory board members

The directors, audit & supervisory board members, executive officers, and employees of subsidiaries will promptly report to a Company audit & supervisor board member when the audit & supervisor board member has requested a report as necessary for performing his or her duties.

Company audit & supervisory board members will regularly convene Group audit & supervisory committee meetings, consisting of the audit & supervisory board members and others from the Company and its subsidiaries to receive reports on audit results and share information.

Moreover, we have added Company audit & supervisory board members as contacts for reporting in the Group internal whistleblowing system, and have established an information route to ensure that reports are appropriately reported to audit & supervisory board members even when a whistleblower reports to another contact.

10) System to Ensure that Whistleblowers in the Preceding Paragraph are not Retaliated Against for a Whistleblowing Report

The Company will not retaliate against a director, audit & supervisory board member, executive officer, or employee of the Company or one of its subsidiaries because they have reported as mentioned in the preceding paragraph. Moreover, the Regulations on Internal Whistleblowing clearly specify protection of the whistleblower or reporter who reports to an audit & supervisory board member.

11) Policy on Handling of Expenses or Obligations Audit & Supervisory Board Members Incur in the Execution of Duties

When an audit & supervisory board member so requests, the Company will promptly pay expenses and other obligations for the performance of duties in advance, or make other arrangements.

12) Other Systems to Ensure the Effectiveness of Audits Performed by Audit & Supervisory Board Members

The Company maintains a system to ensure that audits by audit & supervisory board members are performed effectively by providing an environment that enables audit & supervisory board members to ascertain the status of the execution of business in the Company at all times through attendance at Board of Directors and Executive Committee meetings and other meetings, participating in regular discussions with management, circulation of important ringi proposals, reports on the results of administrative audits by the Internal Audit Division, and other means. The Company implements improvements to this system as needed.

13) System for Prohibition of Relationships with Antisocial Forces

In the Fuyo General Lease Group Code of Corporate Conduct, the Company states that it prohibits all relationships with antisocial forces that could threaten the order or safety of civil society. The Company also responds in a systematic manner to prohibit relationships with antisocial forces by formulating compliance regulations and a response manual, providing education and training to employees, partnering with law enforcement, and taking other steps.

The Company will continue to maintain a system for prohibiting relationships with antisocial forces and will work to mount a comprehensive response in the future.

2. Basic Views on Elimination of Antisocial Forces and State of Preparedness

The Company's basic views on elimination of antisocial forces and the state of preparedness are detailed below.

1) Basic Views on Elimination of Antisocial Forces

The Company prohibits all relationships with antisocial forces that could threaten the order or safety of civil society, and does not provide any products or services to antisocial forces. We perform appropriate screening in advance, prevent the execution of transactions at the outset, and take immediate action to cancel transactions in the event that a counterparty is revealed to be an antisocial force after the fact.

2) State of Preparedness for Eliminating Antisocial Forces

(1) The Company has formulated compliance rules and standards (on relationships with antisocial forces), and has also produced an Antisocial Force Response Manual, which contains guidelines for responding to prohibit relationships with antisocial forces. We work to make sure that all officers and employees are aware of these by providing education and training.

(2) The Company has appointed a division to be in charge of prohibiting relationships with antisocial forces and an administrator to prevent improper requests. We have established an internal communication structure, and a system for partnering with law enforcement, the National Center for Removal of Criminal Organizations, law firms, and other external institutions, and we mount a systematic response.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted

Supplementary Explanation

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2. Other Matters Concerning Corporate Governance System

Internal system for timely disclosure of Company information

The Company endeavors to disclose information in a timely and appropriate and fair manner, in accordance with the Financial Instruments and Exchange Act and with Tokyo Stock Exchange rules for timely disclosure. We disclose information on important decisions, emergent events, information concerning financial statements, or other information could affect investment decisions, or when there has been a material change in important Company information that has already been disclosed.

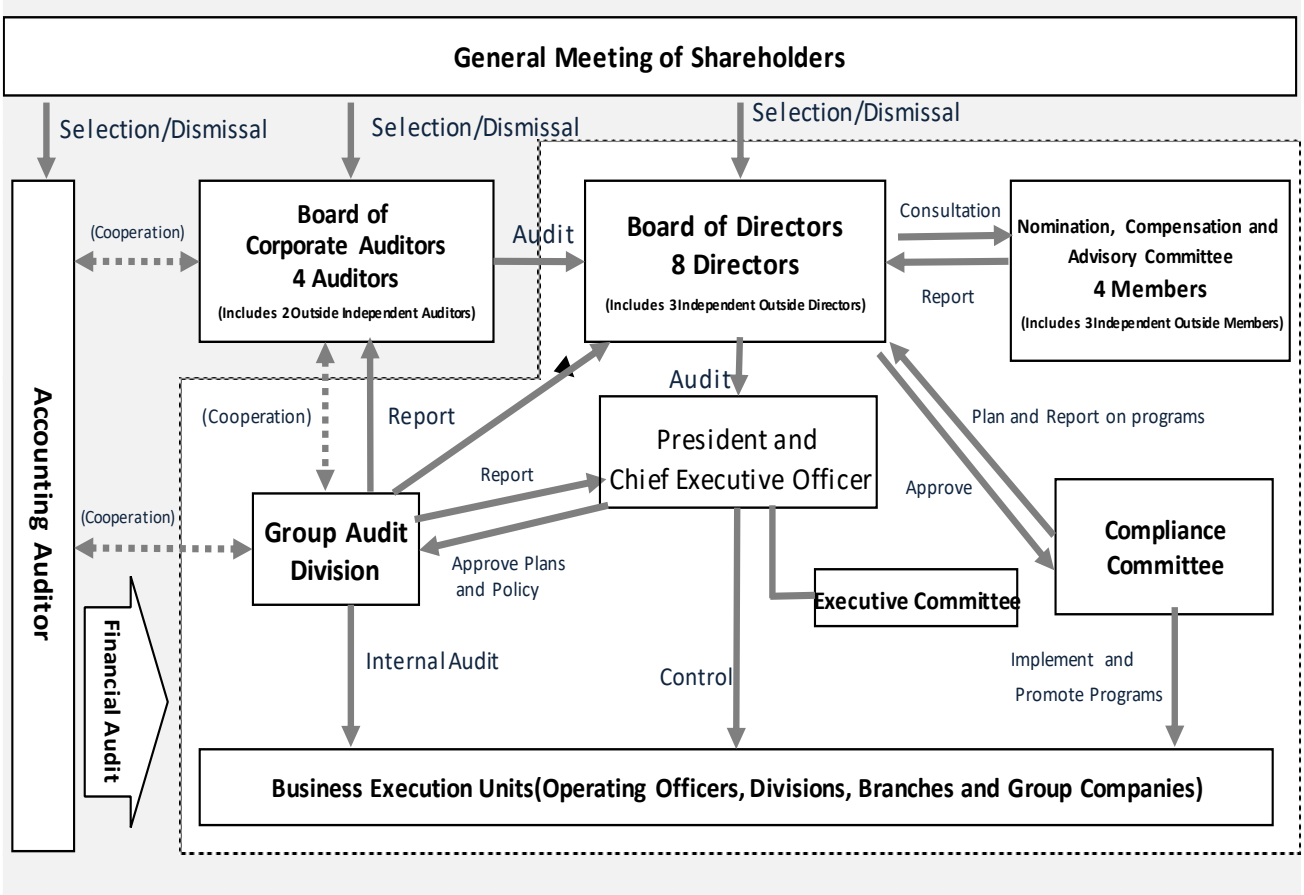
To achieve this, the Company has specified procedures for handling important information concerning timely disclosure, etc. to comprehend the information that must be disclosed in a timely manner. We work to make sure that everyone in the Company is aware of the internal procedures and we manage Company information appropriately, in accordance with the Insider Trading Management Regulations, Immediate Reporting Regulations, and Confidential Information Management Regulations.

For information on important decisions, emergent events, information concerning financial statements, or other information could affect investment decisions in the Company, the division collecting the information and the division in charge of information disclosure determine whether the information needs to be disclosed and consider timely disclosure and the method of disclosure, based on the Financial Instruments and Exchange Act and various other relevant laws and regulations, as well as the timely disclosure rules of Tokyo Stock Exchange, Inc. The decision to disclose is made by the Board of Directors or by the Chief Information Management Officer, and is then promptly disclosed. We also receive timely advice and guidance from the Audit & Supervisory Board, and seek advice from the accounting auditor when necessary.

The Company registers information that must be disclosed in a timely manner on TDnet (Timely Disclosure Network) operated by Tokyo Stock Exchange, Inc., and then responds to inquiries from the exchange or provides an explanation in advance. The exchange then processes the disclosure and once it has been disclosed at the specified time, the information registered for disclosure is transmitted to numerous mass media organizations. It is also simultaneously posted on the Company Announcements Disclosure Service and provided for general viewing. The information disclosed is also posted on the Company website after disclosure.

[Reference Material]

1. Diagram of Corporate Governance System



2. Timely Disclosure System Flowchart

