

# Environmental Conservation and Climate Change Actions

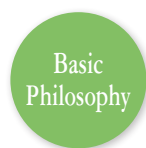
VISION

Working on reducing the environmental impact and helping local companies achieve carbon neutrality in order to build a decarbonized society

Key Items

- Decarbonization support for local companies
- CO2 emission reduction
- Paper use reduction
- Use of HVs and EVs for sales fleet

## Environmental Policy



The Juroku Financial Group (the corporate group consisting of the Company and its consolidated subsidiaries) recognizes that making efforts for environmental conservation is a duty that should be fulfilled by society as a whole. As the responsibility of a good corporate citizen serving the community, we will contribute to the building of a sustainable society as well as creating corporate value by sincerely addressing environmental issues through our business activities.



1. We comply with environment-related laws, regulations, agreements, and other rules.
2. Recognizing that the initiative for environmental conservation is one of our management priorities, we strive to disclose information about our activities.
3. We accurately grasp the impact on the environment of our corporate activities, and strive to reduce the environmental impact through energy-saving, resource-saving and other measures.
4. We support customers' environmental conservation efforts by developing and providing environmentally friendly financial products and services.
5. Taking a long-term perspective, we promote social contribution activities in collaboration and cooperation with society at large.
6. We conduct awareness raising and education to increase the environmental awareness of each and every officer and employee.

## Supporting Local Companies' Carbon Neutral Business Management

### Presentation of case studies at the event commemorating the visit of the CEO of the international environmental NGO CDP to Japan

We presented examples of our corporate initiatives on the theme of “The role of financial institutions in decarbonization” at the event in Japan commemorating the visit of Ms. Sherry Madera, CEO of CDP, a non-profit organization that operates a global environmental information disclosure system for companies, investors, and local governments.



国際環境NGO CDP CEO  
Sherry Madera氏  
来日記念イベント

参加費 無料

英国の国際環境NGOであるCDPより、CEOのSherry Madera氏をお招きし、最新の国際情勢、および国内外におけるカーボンニュートラルの取り組みや脱炭素経営の道のりについて考えます。また、企業における脱炭素に関する取組事例について、ご紹介いたします。

**プログラム**

- 情報開示に関するグローバルトレンド  
Sherry Madera氏 CDP 最高経営責任者 (CEO)
- 炭素会計アドバイザー協会 資格説明  
代表者一席  
一般社団法人 炭素会計アドバイザー協会 代表理事
- 企業取り組み事例発表  
エネルギーの脱炭素化  
・株式会社エス・エス・エス (エスエスエス)  
・株式会社エス・エス・エス (エスエスエス)  
脱炭素化に向けた参加機関の役割  
・株式会社エス・エス・エス (エスエスエス) グループ  
新たな脱炭素化経路  
・株式会社エス・エス・エス (エスエスエス)

**開催概要**

開催日 2024年 5/22 水

時間 15:30 ~ 17:30

会場 会場：プロ・ビルディング10階  
会場：Microsoft Teams  
オンライン：Microsoft Teams

対象 法人関係 人事関係 経営者 CDP参加企業

定員 会場 80名  
オンライン 200名

**参加方法**

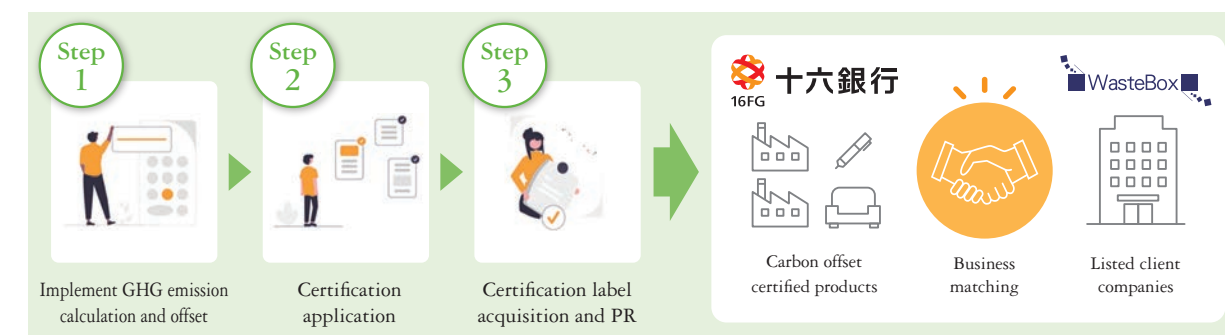
下記URLよりお申し込みください。お申し込みフォームにアクセスしていただき、  
https://www.cdponline.jp/2024/05/22/ からお申し込みください。  
お申し込みいただいた方には、事前のMicrosoft Teams 会議室の案内メールが送られます。  
お申し込みいただいた方には、事前のMicrosoft Teams 会議室の案内メールが送られます。  
お申し込みいただいた方には、事前のMicrosoft Teams 会議室の案内メールが送られます。

## Decarbonization consulting

In order to provide one-stop support for customers' carbon neutral business management, The Juroku Bank is offering the following support menu through business co-creation with Wastebox Inc., a company with a 10-year record in tracking environmental impacts and greenhouse gas emissions.

- Since August 2021: Carbon Neutral Navigator Supported by WasteBox
- Since February 2023: Decarbonization Management Transition Plan review
- Since August 2023: Greenhouse gas emissions management system “Trianet Zero”
- Since March 2024: Carbon offset certification acquisition support

We ensure that greenhouse gas emissions are calculated and offset appropriately for the products our customers manufacture and sell, and assist in obtaining certification.



### Awarded the Environment Minister's Award for Best Practice (regional category) of the Principles for Financial Action for the 21st Century

In recognition of our efforts, such as expanding our decarbonization support menu and providing decarbonization consulting, we were awarded the 2023 Environment Minister's Award for Best Practice (regional category) of the Principles for Financial Action for the 21st Century in March 2024. This award is the highest level given by the Principles for Financial Action for the 21st Century Secretariat to initiatives that are in line with the core business of financial institutions, selected and recognized from those solicited as contributing to the creation of a sustainable society.



## Supporting decarbonization by Juroku Lease

As the first regional bank-affiliated lease company to introduce a “Carbon Neutral Program,” we provide one-stop support for visualizing CO2 emissions ⇒ reducing CO2 emissions through energy conservation, energy creation, and fuel conversion ⇒ offsetting CO2 emissions that cannot be fully reduced.

In addition, we have participated in the Tokyo Stock Exchange's Carbon Credit Market since December 2023.

## Initiatives for Environmental Conservation and Environmental Impact Mitigation

### Expanding introduction of CO2-free electricity

From June 2024, the company has switched to CO2-free electricity at 87 branches, two loan service centers, and four training facilities of The Juroku Bank, the group's core company, in Gifu Prefecture.

CO2-free electricity has already been introduced at The Juroku Bank's head office building since November 2021 and The Juroku Bank's computer center and administrative center building since October 2023. The proportion of renewable energy in the Group's annual electricity consumption is expected to be approximately 60%.

## Environmental Conservation and Climate Change Actions

### Disclosure Based on TCFD Recommendations

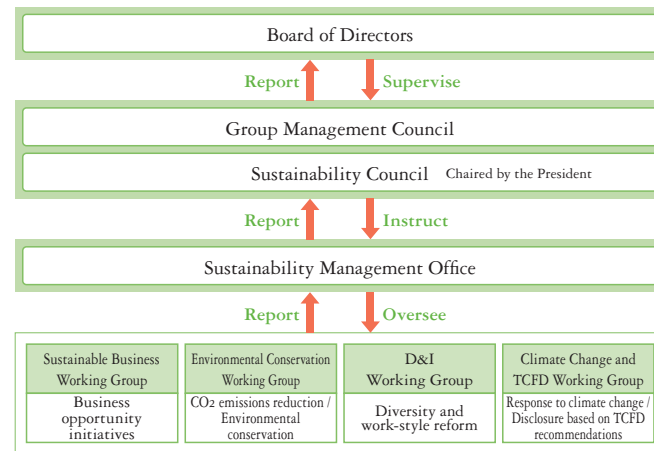
#### <Governance>

##### Sustainability management structure

As stated in the Sustainability Policy, the Juroku Financial Group recognizes sustainability initiatives (e.g. on climate change) as an important management challenge. “The Juroku Financial Group SDGs Declaration” lists “revitalization of the local economy,” “sustainable development of the local community,” “environmental conservation and climate change actions,” “empowerment of diverse human resources,” and “advanced governance” as key challenges.

In order to address these challenges appropriately, the Group has set up the Sustainability Council, which is chaired by the President and consists of Group Management Council members, Division General Managers and the head of the Sustainability Management Office. The Council generally meets at least once every 3 months to deliberate key challenges (e.g., drawing up a policy for implementing initiatives on climate change and other sustainability issues, setting targets and checking progress), and reflects the results to management strategies and risk management. The content of deliberation at the Council is regularly reported to the Board of Directors at least once every three months for appropriate supervision.

In addition, four working groups have been established under the Sustainability Council with responsibilities for Sustainable Business, Environmental Conservation, D&I, and Climate Change and TCFD. The working groups are composed of cross-organizational members from each Group company, including the executive director in charge, and generally meet at least once a month to discuss challenges that line up with respective responsibilities and report details to the Sustainability Management Office.



#### <Strategy>

##### Opportunities and risks associated with climate change

The Juroku Financial Group analyses risks and opportunities associated with climate change in the timeframes of “short term,” “mid-term” and “long term.” The results of analyzing scenarios are used to organize active dialogue (Engagement) for supporting customers who are working toward a decarbonized society, and reinforce financial support in the forms of sustainable financing and transition financing to create business opportunities and reduce risks.

Assessment item			Main opportunities and risks	Timeframe
Opportunity	Products and services		<ul style="list-style-type: none"><li>● Increase in business opportunities (e.g. offering investments, loans and consultation services to help customers transition to a decarbonized society)</li><li>● Increases in public works projects for disaster management and the demand for customers' capital investment fund</li></ul>	Short- to long-term Mid- to long-term
	Resource efficiency		● Reduction in business costs through resource-saving, energy-saving, and new technology utilization	Short- to long-term
	Energy sources			
	Resilience		<ul style="list-style-type: none"><li>● Increase in collaborative system development efforts with local governments and other organizations on disaster preparedness/mitigation to strengthen local resilience</li><li>● Enhancement in corporate value by appropriately implementing and disclosing climate change initiatives</li></ul>	Short- to long-term Short- to long-term
	Risk	Physical risks	Acute risks	<ul style="list-style-type: none"><li>● Deterioration in customers' business performance associated with an increase and intensification in the severity of abnormal weather, and degradation in loan asset value resulting from damage to collateral value</li><li>● Work suspension occurring as a result of emergencies affecting the Group's sites or officers and employees</li></ul>
Chronic risks			● Degradation in loan asset value resulting from damage to collateral value; deterioration in customers' business performance resulting from such factors as changes in precipitation and weather patterns, as well as higher average temperatures and sea levels	Mid- to long-term
Transitional risks		Policy / Law	● Degradation in loan asset value resulting from deterioration in customers' business performance, associated with such factors as climate change policies and regulatory reinforcements	Mid- to long-term
		Technologies	● Degradation in loan asset value resulting from deterioration in customer's business performance, associated with failure to invest in and the transition costs for low-carbon technologies	Mid- to long-term
		Market	● Degradation in loan asset value resulting from deterioration in customer's business performance, associated with such factors as changes in consumer behavior and rising raw material costs	Mid- to long-term
		Reputation	● Degradation in corporate value resulting from slow implementation and disclosure of appropriate climate-related initiatives	Short- to long-term

\*Short-term = Around 5 years; Medium-term = Around 10 years; Long-term = Around 30 years

### Responding to business opportunities associated with climate change

With the transition to a decarbonized society, customer demand for funds is expected to increase, and business restructuring and demand for new financial instruments and services are expected to grow, creating more business opportunities for the Group. The Juroku Financial Group will proactively work to provide various financing and solutions utilizing financial and non-financial functions to solve customers' problems.

#### Financing to solve environmental issues

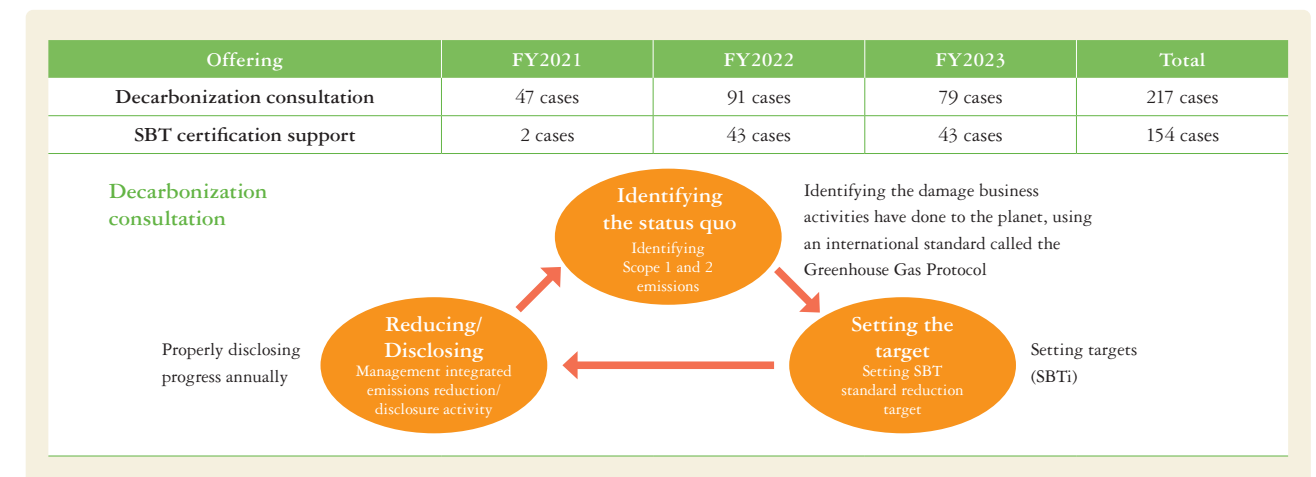
We offer a full range of financing products to meet our customers' financing needs for carbon-neutral business management and green initiatives.

Green loan and green private placement bond
These financing products limit the use of funds to those that contribute to solving environmental issues, such as the introduction of renewable energy generation facilities or the switch to highly energy-efficient equipment. The scheme of obtaining a second opinion from an external organization allows the company to communicate its environmental initiatives to society and stakeholders.
Sustainability linked loan
This financing product sets sustainability performance targets (SPTs), which are business goals related to SDGs and ESG, and offers preferential interest rates and other loan terms based on the degree to which the SPTs are achieved. We support our customers' efforts for carbon-neutral business management by setting greenhouse gas emission reduction targets consistent with the levels required by the Paris Agreement.
Positive impact finance
This financing product comprehensively analyzes and evaluates the impact of corporate activities on either environmental, social, or economic aspects, and establishes KPIs that contribute to creating positive impact and reducing negative impact. We continue to support our customers' efforts through monitoring of KPI achievement.

#### Supporting local companies to achieve carbon neutrality

We support carbon management by providing consultation services to help customers visualize their greenhouse gas emissions and set reduction targets.

Since the service was launched in August 2021, we have provided decarbonization consultation services to 217 companies. We are also working to support our customers in obtaining SBT certification (for SMEs), and 154 companies have been certified with the support of Juroku Financial Group.



Furthermore, we have built a continuous support system to help our customers achieve decarbonization management, including helping them prepare decarbonization management transition plans and providing a system environment for calculating emissions.



Environmental Conservation and Climate Change Actions

Examples of risks associated with climate change

The Juroku Financial Group organizes climate change risk into four categories. For physical and transitional risks arising from climate change, the following examples are assumed.

Risk category	Definition	Examples of physical risks	Timeframe	Examples of transitional risks	Timeframe
Credit risk	Risk of incurring losses due to the decrease or loss of asset value including off-balance assets caused by deterioration of customers' financial condition	Deterioration in customers' business performance associated with an increase and intensification in the severity of abnormal weather, and degradation in loan asset value resulting from damage to collateral value	Short- to long-term	Degradation in loan asset value resulting from deterioration in customers' business performance, associated with such factors as climate change regulatory reinforcements, failed investment in low-carbon technologies, and changes in consumer behaviors	Mid- to long-term
Market risk	Risk of incurring losses from the fluctuation of the value of assets and liabilities (including off-balance assets and liabilities), as a result of changes in various market risk factors such as interest rates, foreign exchange rates, and stocks, as well as the risk of incurring losses due to fluctuations in the income generated from assets and liabilities	Deterioration in investee companies' business performance due to increased and more severe extreme weather events, causing a decline in prices of securities holdings	Short- to long-term	Deterioration in investee companies' business performance due to climate-related regulation tightening, failed investment in low-carbon technologies, and changes in consumer behaviors, causing a decline in prices of securities holdings	Short- to long-term
Liquidity risk	Risk of incurring losses due to difficulties in securing necessary funds or being forced to raise funds at significantly higher interest rates than usual because of a mismatch between investment and financing periods or unexpected outflow of funds as well as risk of incurring losses due to the inability to trade in the market or being forced to trade at a significantly unfavorable price than usual because of market disruption	Deposit outflows due to the occurrence of demand for funds from customers affected by extreme weather events	Short- to long-term	Deterioration in the financing environment and outflow of deposits due to deterioration in the Group's creditworthiness resulting from delays in addressing climate change risk	Short- to long-term
Operational risk	Risk of incurring losses due to inappropriate business processes, activities of officers and employees, or systems, or external events	Work suspension occurring as a result of emergencies affecting the Group's sites or officers and employees	Short- to long-term	Losses from fines and lawsuits due to inappropriate responses to climate change, etc.	Short- to long-term

Scenario analysis

The Juroku Financial Group conducts scenario analysis on physical risks and transitional risks in order to identify how climate-related risks would affect the Group.

	Physical risks	Transitional risks
Scenario	IPCC/RCP8.5 scenario (4°C scenario)	IPCC/RCP2.6 scenario (2°C scenario) IEA/NZE scenario (1.5°C scenario)
Risk event	Large-scale flooding	Transition to a decarbonized society
Analysis target	Borrowers in Gifu/Aichi prefectures Collateral of real estate (buildings) in Gifu/Aichi prefectures (excluding secured home loans)	Electric power sector Automotive sector
Analysis content	Deterioration of business performance due to customers' business suspension/stagnation Damage to the Group's real estate (buildings) collateral	Deterioration of customers' business performance due to cost increase and sales decline
Analysis period	Up to 2050	Up to 2050
Analysis results	Increase of credit-related costs: Up to approx. ¥7.0 billion	Increase of credit costs: Cumulative total of approx. ¥2.5 billion

\*IPCC: Intergovernmental Panel on Climate Change  
\*IEA: International Energy Agency

Physical risks

Rain-prone Japan experiences heavy precipitations each year, causing rivers to swell and triggering flooding. In recent years, the number of heavy localized rainstorms has become more common, causing significant damage to many areas including the Group's sales territories.

In terms of physical risks, we have anticipated an increase in the frequency of large-scale flooding due to climate change, and calculated the impact of climate-attributable large flooding in Gifu and Aichi prefectures on the Group's credit-related costs on the premise of the RCP8.5 scenario (4 °C scenario). The result points to a cost increase of approx. 7.0 billion yen.

Transitional risks

Following a qualitative analysis of sectors with large credit exposure and the carbon-related sectors defined in the TCFD recommendations, we have identified the “electric power sector” and “automotive sector” as sectors of significant transitional risks for the Group.

In terms of transitional risks, on the premise of the RCP2.6 scenario (2 °C scenario) and NZE scenario (1.5 °C scenario), we calculated the impact on the Group's credit-related costs in view of the increased cost of transition into a decarbonized society such as the introduction of the carbon tax, a decline of net sales and future market trends. The result points to a cost increase of approx. 2.5 billion yen.

Analysis results are calculated under specific preconditions.

The impact on the Group's finances has been found to be limited within the scope of this analysis, but we will continue to enhance the scenario analysis.

Carbon-related assets

For carbon-related assets for which the TCFD recommendations recommend disclosure, the following table shows the loan balance by sector and the percentage of total sector loans.

Ratio of carbon-related assets against the loan balance  
(as of the end of March 2023)

\*Loan balance = Total of loans, foreign exchange, acceptance and guarantee, etc.  
\*Electric power & utilities sector excludes the water and renewable energy power sectors

Sector	Loan balance (Millions of Yen)	Ratio
Oil & gas	36,562	0.7%
Electric power & utilities	45,424	0.9%
Air transportation	17,038	0.3%
Marine transportation	3,091	0.1%
Land transportation	105,679	2.1%
Automotive	78,241	1.6%
Metals & mining	96,370	2.0%
Chemicals	24,913	0.5%
Construction materials & capital goods	216,628	4.4%
Real estate management & development	417,768	8.5%
Beverages & food	61,552	1.2%
Agriculture	2,674	0.1%
Paper & forestry	30,697	0.6%
Total	1,136,636	23.0%

<Risk Management>

Climate change risk identification and assessment process

The Juroku Financial Group considers risks that could have a significant impact on management to be top risks. From the perspective of probability and degree of impact, the Board of Directors selects the risk events that may have a significant impact on our financial year, as top risks. Eleven top risks were selected by the Board of Directors in March 2023, one of which is the risk related to climate change. The selection was made in light of the increase in extreme weather events and natural disasters and the growing international momentum to address climate change, and we have implemented proactive management and risk control measures based on the risk scenario of deteriorating business performance and business model obsolescence of the borrower due to delays in responding to climate change and decarbonization.

Climate change risk management process

An integrated risk management framework is in place at the Group, categorizing into and managing the Group's overall financial risks as “credit risk,” “market risk,” “liquidity risk” and “operational risk.” Climate change risk is recognized as a driver of financial risk, and is managed with the framework for managing risks such as credit and operational risks.

We have also introduced a risk appetite framework (RAF) from the perspective of organically combining earnings, risk, and capital to enhance corporate value through integrated management. With respect to climate change risk, we are working to manage it appropriately, with our Risk Appetite Policy stating that we will deepen our efforts and promote engagement.

Environmental Conservation and Climate Change Actions

Formulating an investment and lending policy

The Group has the Investment and Lending Policy for the Creation of a Sustainable Society.

Basic policy

Juroku Financial Group (the corporate group consisting of the Company and its consolidated subsidiaries) strives to contribute to medium- to long-term enhancement of corporate value and sustainable growth of customers by vigorously supporting initiatives to resolve environmental and social issues through investment and lending.

Moreover, the Group strives to mitigate or avert the impact of investment and lending that may pose a significant risk or have a negative impact on the environment and society by subjecting any such investment and lending to meticulous consideration.

Investments and loans prohibited across all sectors

The Group will not invest in or extend loans to companies that are found to be directly or indirectly involved in human rights violations, such as child labor, forced labor, or human trafficking.

Sector-specific policies

Coal-fired thermal power generation	Coal-fired power generation is said to emit more greenhouse gases and harmful substances than other power generation methods, potentially leading to significant negative impacts on the environment, including climate change and air pollution. The Group will not invest in or extend loans to projects that involve building new coal-fired thermal power stations or expanding existing power generation facilities, while taking a prudent approach in considering exceptional cases in response to emergencies or in projects in line with the Japanese government's energy policy.
Inhumane weapons manufacturing	The Group will not invest in or extend loans to companies that manufacture weapons, regardless of fund usage, in view of the inhumane nature of cluster bombs, anti-personnel landmines, and biological/chemical weapons.
Palm oil plantation development	While palm oil is a crucial raw material used in products essential to everyday life, the development of palm oil plantations can have negative impacts on climate change, local residents and communities, and ecosystems, and may also lead to human rights violations such as illegal logging and child labor. For investments or loans related to palm oil plantation development, the Group will carefully consider the impact on the local economy and the environment, after assessing the clients' efforts to address environmental and social concerns.
Deforestation	Large-scale deforestation could potentially have major negative impacts on climate change, local residents and communities, as well as ecosystems. The Group will not invest in or extend loans to projects that involve large-scale deforestation, illegal logging, or forest incineration. Moreover, investment and loans where the funds are used for operations that involve deforestation will be considered carefully in view of their impact on the local economy and the environment.

<Metrics and targets>

CO2 emissions results (t-CO2)

Calculation item			FY2022	FY2023
Scope 1		Direct emissions	1,488	1,347
Scope 2		Indirect emissions	6,020	6,153
Total of Scope 1 and 2			7,508	7,500
Scope 3	Category 1	Purchased goods and services	14,234	14,761
	Category 2	Capital goods	3,976	7,199
	Category 3	Fuel- and energy-related activities not included in Scope 1 and 2	1,536	1,467
	Category 4	Upstream transportation and distribution	1,839	1,857
	Category 5	Waste generated in operations	64	50
	Category 6	Business travel	192	236
	Category 7	Employee commuting	3,193	2,940
	Category 8	Upstream leased assets	—	—
	Category 9	Downstream transportation and distribution	—	—
	Category 10	Processing of sold products	—	—
	Category 11	Use of sold products	—	—
	Category 12	End-of-life treatment of sold products	—	—
	Category 13	Downstream leased assets	426	428
	Category 14	Franchises	—	—
	Category 15	Investment (listed equity securities and Japanese corporate bonds)	—	353,201
		Investment (business loans)	9,011,285	3,153,964
Total of Scope 3			9,036,745	3,536,103

For the emissions results for FY2022, we obtained independent third-party assurance for all Scope 1, 2 and 3 emissions to ensure the reliability of the values, and have revised the figures from the previously published preliminary figures to the finalized values for which assurance was obtained. The FY2023 results are preliminary figures, and we plan to obtain independent third party assurance for those results.

With regard to Scope 3 Category 15 emissions, from FY2023, calculations are made for listed equity and corporate bonds, in addition to business loans. Also, the emission factors used have been changed from FY2023 in accordance with the recommendations on emission factors published by PCAF. If the same emission factors are used as in FY2022, the emissions related to business loans in FY2023 would be 7,994,579 t-CO2.

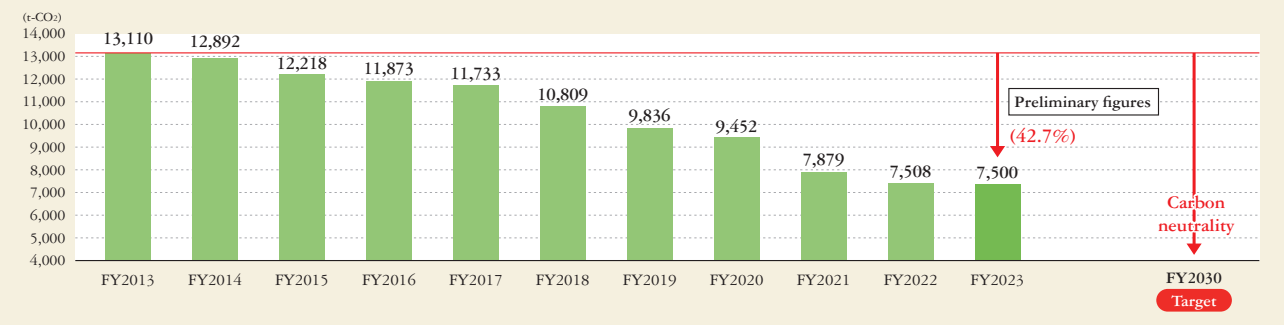
Juroku Financial Group’s CO2 emissions reduction targets and results

With regard to CO2 emissions generated by the Group’s energy use (Scope 1 and 2), the Group originally set the goal to “halve CO2 emissions by FY2030 from the FY2013 level and achieve carbon neutrality by FY2050.” However, in September 2023, we revised this target upward to achieve carbon neutrality by FY2030.

Target

Achieve carbon neutrality by FY2023

CO2 emissions (Scope 1 and 2)



CO2 emissions in FY2023 were reduced by 42.7% compared to FY2013. By switching to LED lighting in stores and upgrading to high-performance air conditioning equipment, we were able to reduce electricity consumption by 3.5% compared to the previous fiscal year. In addition to The Juroku Bank’s head office building, we have also introduced CO2-free electricity at The Juroku Bank’s computer center building and administrative center building, as we strive to increase our renewable energy ratio. However, CO2 emissions only decreased slightly compared to the previous fiscal year due to an increase in the electricity emission factor (a value published by electric power companies that indicates the amount of CO2 emissions per kWh of electricity used). We will continue to work toward reducing CO2 emissions by considering measures such as expanding the introduction of CO2-free electricity, introducing environmentally friendly stores, and converting our company vehicles to hybrid vehicles (HVs) and electric vehicles (EVs).

Roadmap to carbon neutrality

The roadmap for carbon neutrality is as follows. We will promote various measures to achieve carbon neutrality by FY2030.

	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
Scope1	Switching company vehicles to eco-friendly vehicles (from gasoline-powered vehicles to HVs and EVs)							
Scope2	Implementing energy-saving measures (switching to LED lighting in stores, upgrading air conditioning equipment)							
	Converting our own contracted electricity to renewable energy (gradually expanding the number of locations where it is introduced)*							
	Planning and implementing environmentally friendly store introduction (achieving ZEB standards when relocating or rebuilding of sales offices)							
	Planning and implementing solar power generation equipment installation							
	Planning and implementing the use of PPA (on-site and off-site)							
Carbon offset	Considering and implementing carbon offset introduction							

\*We introduced renewable energy at The Juroku Bank's head office building in November 2021, at The Juroku Bank's computer center and administrative center building in October 2023, and at 87 branches of The Juroku Bank and others in Gifu Prefecture in June 2024.

Environmental Conservation and Climate Change Actions

Calculation of the CO2 emissions of investees and borrowers (scope 3 category 15)

Since indirect emissions (Scope 3 Category 15) through investments and loans account for a large share of CO2 emissions of financial institutions, it is important to promote efforts to calculate, monitor, and reduce these emissions. The Group utilizes the PCAF standard calculation method to calculate CO2 emissions for loans to domestic corporate clients.

CO2 emissions of investees and borrowers (Scope 3)

Sector	CO2 emissions (t-CO2)		applicable assets	Listed equity and corporate bonds	Business loans (loans to domestic corporations)
	Listed equity and corporate bonds	Business loans			*Excluding loans to borrowers with insufficient financial data
Oil & gas	2,661	463,246	CO2 emissions calculation method	CO2 emissions = $\sum$ (Emissions of each borrower x Contribution of the Group's loans)  * Emissions of each investment and loan recipient are calculated using Scope 1 and 2 data disclosed by the companies. When data is unavailable, estimates are made using the emission factors per unit of sales by developed country and sector from the PCAF database. * Contribution ratio = The Group's investment and loan balance / The investment and loan recipients total funding	
Electric power & utilities	231,236	115,910			
Air transportation	96	33,287			
Marine transportation	1,682	20,507			
Land transportation	19,335	190,947			
Automotive	8,729	25,626			
Metals & mining	8,511	258,512			
Chemicals	5,967	99,844			
Construction materials & capital goods	36,448	456,872	Reference date	Investment and loan balance As of March 31, 2024 Financial and emissions data of investment and loan recipients Latest financial period data held by the Group as of March 31, 2024	
Real estate management & development	330	4,629			
Beverages & food	6,277	856,882	Data quality score	1.5	3.6
Agriculture	0	22,893			
Paper & forestry	459	76,386	Coverage	90.1% (Listed equity and bonds of calculation targets / Total of listed equity and corporatebonds)	98.0% (Loan balance of the calculation target / Total loan balance)
Other	31,470	528,423			
Total applicable assets	353,201	3,153,964			
Total	3,507,165				

We will continue to work toward expanding the scope of CO2 emissions calculation and improving the data quality score.

The results of this calculation may change significantly in the future due to clarification of international standards, sophistication of estimation, and other factors.

Sustainable finance targets

The following targets are set on sustainable finances in order to support, through our core business, customers' initiatives for solving environmental issues and to contribute to achieving a decarbonized society.

	Target amount for FY2030 (cumulative for 9 years)	Amount provided in FY2022	Progress rate
Sustainable finances provided	¥2 trillion	¥459.4 billion	22.9%
of which, environment-related finances	¥800 billion	¥170.4 billion	21.3%

- Sustainable finances: investment and lending for SDGs / ESG initiatives that contribute to building a sustainable society
- Environment-related finances: investment and lending for initiatives to reduce environmental impact

<ESG-related External Evaluation>



FTSE Blossom Japan Sector Relative Index

The Company has been selected as a constituent of the TSE Blossom Japan Sector Relative Index.

The FTSE Blossom Japan Sector Relative Index is one of the ESG indices developed by FTSE Russell, a global index provider. It reflects the performance of Japanese companies that excel in responding to environmental, social and governance (ESG) issues within each sector.



S&P/JPX Carbon Efficient Index

The Company has been selected as a constituent of the S&P/JPX Carbon Efficient Index.

The S&P/JPX Carbon Efficient Index uses the TOPIX, a representative stock price index that shows trends in the Japanese market, as its universe. It determines the weighting of constituent stocks by focusing on the disclosure of environmental information and the level of carbon efficiency.

<Participation in Environmental Initiatives>



CDP Climate Change Program

We have received a “B” rating from CDP 2023, an international environmental non-profit organization that evaluates companies' initiatives to address environmental issues. A “B” rating is the third-highest out of a total of eight ranks.



Task Force on Climate-Related Financial Disclosures

In March 2022, we endorsed the Task Force on Climate-related Financial Disclosures and are working to disclose climate-related risks and opportunities.



PCAF

In March 2023, we joined the Partnership for Carbon Accounting Financials (PCAF), an international initiative launched with the aim of standardizing the measurement and disclosure of greenhouse gas emissions from recipients of investments and loans. We use the knowledge and database provided by PCAF to measure and disclose the GHG emissions of investment and loan recipients.



Principles for Financial Action Towards a Sustainable Society

We have signed the Principles for Financial Action Towards a Sustainable Society, led by the Ministry of the Environment. Through the creation of a positive impact on the environment, society, and economy, and supporting problem-solving efforts, we will fulfill our responsibilities and roles necessary to creating a sustainable society.



GX League

In April 2024, we participated in the GX League announced by the Ministry of Economy, Trade and Industry.

We support the GX League's goal of achieving carbon neutrality by 2050 in collaboration with government and academia, and we will strengthen various initiatives aimed at carbon neutrality.



Nature-related Financial Disclosure Task Force Forum

In April 2024, we endorsed the efforts of the Taskforce on Nature-related Financial Disclosures (TNFD) and participated in the TNFD Forum. Through our participation in the TNFD Forum, we will contribute to building a framework for disclosing nature-related financial information.