

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

■ Paper use reduction

■ GHG emission reduction

■ Use of HVs and EVs for sales fleet

Environmental Policy

Basic Philosophy

The Juroku Financial Group (the corporate group consisting of the Company and its consolidated subsidiaries) recognizes that environmental protection is an important management challenge for the achievement of its Group Management Philosophy: Achieving growth and prosperity for our customers and the local community. We have therefore formulated the Environmental Policy (the “Policy”) to promote environmental protection initiatives in our business activities.

Action Guidelines

1. Compliance with environmental-related laws and regulations, etc.

We comply with environment-related laws, regulations, and other rules.

2. Reduction of environmental impact

We will work for energy- and resource-saving initiatives, prevent pollution, reduce waste, and promote recycling to reduce the environmental impact.

3. Environmental protection through our business activities

We support customers’ environmental conservation efforts by developing and providing environmentally friendly products and services.

4. Response to climate change

Recognizing the risks associated with climate change, we will set specific targets aimed at reducing GHG emissions and aim to achieve a decarbonized society.

5. Protection of natural capital and biodiversity

We will consider any impact that our business activities may have on natural capital and biodiversity and strive to protect the natural environment and ecosystems.

6. Education and awareness-raising

We will educate officers and employees to improve their awareness of the importance of environmental protection and proactively engage in environmental protection activities.

7. Governance

The Policy has been approved by the Board of Directors, and regular reports of progress with environmental protection initiatives are given at Board of Directors meetings.

8. Information disclosure and dialog with stakeholders

We will enhance our disclosure of environment-related information and strive to improve our environmental protection initiatives through stakeholder dialog.

Initiatives for Environmental Impact Mitigation

Expanding introduction of renewable energy-derived electricity

The Juroku Financial Group is aiming to achieve carbon neutrality by FY2030 to contribute to the achievement of a decarbonized society. After first introducing renewable energy-derived electricity at The Juroku Bank’s head office in November 2021, we have continued to increase the scope of its introduction. In July 2025, we successfully converted all contracted electricity to renewable energy.



Decarbonization Support for Local Companies

Awarded the Environment Minister’s Award for Best Practice of the Principles for Financial Action for the 21st Century in FY2024

In recognition of the enhancement of its decarbonization support products and decarbonization consulting initiatives, Juroku Lease became the first leasing company associated with a regional bank in Japan to be awarded the Environment Minister’s Award for Best Practice in FY2024 of the Principles for Financial Action for the 21st Century in March 2025.

Following from The Juroku Bank in March 2024, this was the second consecutive year that the Juroku Financial Group was given the award.



Reason for the award

- As a leasing company with the credentials to promote carbon neutral business management due to its own introduction of low-carbon and carbon-free equipment, Juroku Lease’s creation and promotion of one-stop support products for SMEs that include the visualization of CO2 emissions and offsetting options are highly innovative
- Its leases with emissions rights are unique, and it is making use of the communication skills of its experienced employees in the field of decarbonization

Receipt of Bronze Prize in the Indirect Financing Category at the ESG Finance Awards Japan



In February 2025, The Juroku Bank won the Bronze Prize in the Indirect Financing Category at the 6th ESG Finance Awards Japan, which is hosted by the Ministry of the Environment to further expand and improve the quality of ESG finance.



Reason for the award

- Using the characteristics of its trade area, namely the large number of automotive clients, The Juroku Bank provides outstanding decarbonization consulting services to SMEs and is building a strong track record in the field
- The Bank’s expert head office staff work alongside sales branch staff to provide consulting services, while it is also proactively working on the development of human resources through opportunities to speak with customers

Initiatives for Environmental Conservation through Donations

Conservation of the regional natural environment

In January and March 2025, The Juroku Bank donated to Gifu Prefecture and the Fujimae-higata Tidal Cleanup Committee as part of its efforts to protect regional natural environments, such as those around the Nagaragawa River in Gifu Prefecture and the Fujimae-higata tidal flats in Aichi Prefecture.



Nagaragawa River (Gifu Prefecture)



Fujimae-higata tidal flats (Aichi Prefecture)

Disclosure Based on TCFD and TNFD Recommendations

Governance

Sustainability management structure



Sustainability Policy and key challenges

The Juroku Financial Group has formulated a Sustainability Policy and has positioned sustainability initiatives, such as those related to climate change, biodiversity, and natural capital, as key management challenges. Moreover, the Juroku Financial Group SDGs Declaration lists the 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.

The role of management and supervision by the Board of Directors

In order to address these key challenges appropriately, the Group has set up the Sustainability Council, which is chaired by the President and consists of Group's Management Council members, Division General Managers and the head of the Sustainability Management Office. The Council generally meets at least once every three months to deliberate key issues (e.g., drawing up a policy for implementing initiatives on sustainability issues including climate change, biodiversity and natural capital, 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.

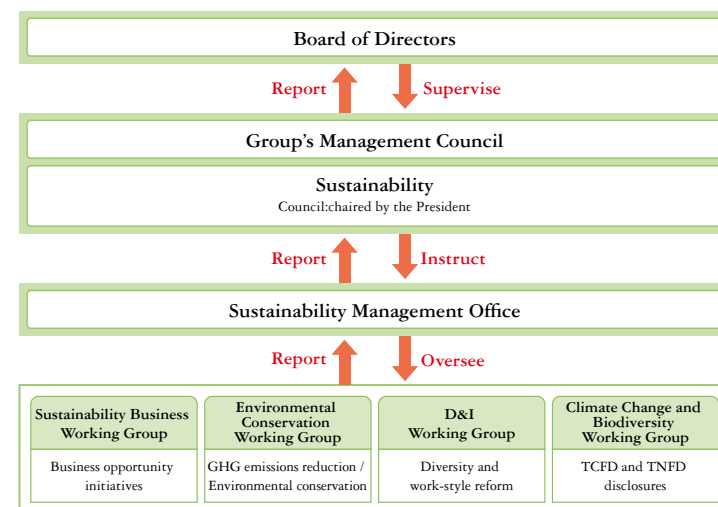
Sustainability promotion system

The four working groups have been established under the Sustainability Council with responsibilities for Sustainable Business, Environmental Conservation, D&I, and Climate Change and Biodiversity. The working groups are composed of cross-organizational members from each Group company, including officers 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.

Initiatives to respect human rights

Our Human Rights Policy states our commitment to respecting the human rights of all officers and employees, customers, suppliers, and other stakeholders. Moreover, the Investment and Lending Policy for the Creation of a Sustainable Society states that we will not invest in or lend to companies that are found to be in human rights violations.

Governance system for sustainability



Strategy

Opportunities and risks



The Juroku Financial Group analyses risks and opportunities associated with climate change, biodiversity and natural capital in the timeframes of “short term,” “mid term” and “long term.” We are also aware that the emergence and combination of numerous risks could lead to systemic risks that cause instability in the entire financial system. Based on the results of our scenario analyses, we will engage with customers and offer financial support through green financing, sustainable financing, and transition financing to create business opportunities and reduce risk.

Assessment item		Main opportunities and risks	Timeframe
Opportunity	Products and services	● Increase in business opportunities (e.g. offering investments, loans and consultation services to help customers transition to a decarbonized society)	Short- to long-term
	Market	● Increase in demand for capital in line with public works projects for disaster management and customers' capital investments ● Increase in demand for capital associated with projects that contribute to the protection and recovery of natural capital	Mid- to long-term Mid- to long-term
	Resource efficiency	● Reduction in business costs through resource-saving, energy-saving, and new technology utilization ● Decline in procurement costs due to improvements in resource efficiency through recycling and other means	Short- to long-term Short- to long-term
	Reputation	● Increase in collaborative system development efforts with local governments and other organizations on disaster preparedness / mitigation to strengthen local resilience ● Enhancement in corporate value by appropriately implementing and disclosing initiatives for climate change, biodiversity, and natural capital	Short- to long-term Short- to long-term
Risk	Physical risks	Acute risks ● 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 ● Work suspension occurring as a result of emergencies affecting the Group's sites or officers and employees	Short- to long-term Short- to long-term
		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 ● Degradation in loan asset value from deterioration in customers' business performance caused by water resource depletion and the ensuing restrictions on water usage and soaring water prices	Mid- to long-term Mid- to long-term
	Transitional risks	Policy / Law ● Degradation in loan asset value resulting from deterioration in customers' business performance caused by increasingly strict policies and restrictions associated with climate change, biodiversity, and natural capital	Mid- to long-term
		Market ● Degradation in loan asset value resulting from deterioration in customers' business performance caused by changes in consumer behavior and rising raw material costs ● Decline in corporate value caused by the obsolescence of existing business models in line with the transition to a decarbonized society and a nature-positive economy	Mid- to long-term Mid- to long-term
		Technologies ● Degradation in loan asset value resulting from deterioration in customers' business performance, associated with failure to invest in and the transition costs for low-carbon technologies	Mid- to long-term
		Reputation ● Decline in corporate value caused by inferior initiatives and information disclosure for climate change, biodiversity, and natural capital compared to other companies	Short- to long-term
		Litigation ● Risk of being subject to lawsuits related to lending to companies who have caused nature-related damage through environmental pollution and other means	Mid- to long-term

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

Responding to business opportunities



With the transition to a decarbonized society and a nature positive economy, 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 various financing products to meet our customers' financing needs for carbon neutral business management and green initiatives.

Green loan and green private placement bond	Sustainability linked loan	Positive impact finance
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.	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. External communication of customers' initiatives for the SDGs and ESG can lead to the acquisition of social support.	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

To support customers' carbon neutral business management, we are developing a range of consulting services to boost our lineup. We have offered decarbonization consulting, through which we help customers visualize GHG emissions and set reduction targets since August 2021, and to date we have worked with a total of 352 client companies. Moreover, more than 60% of these companies have acquired SBT certification for SMEs through support from the Juroku Financial Group.

Launch	Service details	Number of cases				
		FY 2021	FY 2022	FY 2023	FY 2024	Total
August 2021	Decarbonization consultation (Calculation of GHG emissions, setting of reduction targets)	47	91	79	135	352
August 2021	Support for the acquisition of SBT certification for SMEs (Setting of reduction targets in line with the Paris Agreement)	2	43	109	76	230
February 2023	Planning and review of transition plans for carbon neutral business management (Formulation of transition plans and reviews of progress)			4	3	7
August 2023	GHG emissions management system (GHG emissions calculation system)			161	125	286
March 2024	Support for the acquisition of carbon offset certification (Acquisition of certification for products eligible for carbon offsetting)				6	6

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Examples of risks



The Juroku Financial Group organizes risk related to climate change, biodiversity and natural capital into four categories. For physical and transitional risks arising from climate change, biodiversity and natural capital, 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	Degradation in loan asset value resulting from deterioration in customers' business performance and damage to collateral value caused by large-scale natural disasters (flood, drought, forest fires, etc.)	Short- to long-term	Degradation in loan asset value resulting from deterioration in customers' business performance, associated with such factors as climate-, biodiversity-, and natural capital-related regulation tightening, 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	Decline in prices of securities holdings resulting from deterioration in investee companies' business performance caused by large-scale natural disasters (flood, drought, forest fires, etc.)	Short- to long-term	Decline in prices of securities holdings resulting from deterioration in investee companies' business performance, associated with such factors as climate-, biodiversity-, and natural capital-related regulation tightening, failed investment in low-carbon technologies, and changes in consumer behaviors	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 large-scale natural disasters (flood, drought, forest fires, etc.)	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 and natural disaster risks	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, biodiversity, natural capital, 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

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 up to approx. ¥6.6 billion.

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 total cost increase of approx. ¥2.2 billion.

	Physical risk	Transitional risk
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. ¥6.6 billion	Increase of credit costs: Cumulative total of approx. ¥2.2 billion

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

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 2025)

Sector	Loan balance (Millions of Yen)	Ratio
Energy	Oil & gas	0.6%
	Electric power & utilities	0.9%
Transportation	Air transportation	0.1%
	Marine transportation	0.0%
	Land transportation	1.7%
	Automotive	1.4%
Materials/buildings	Metals & mining	0.8%
	Chemicals	1.5%
	Construction materials & capital goods	8.6%
	Real estate management & development	8.0%
Agriculture/food/forest	Beverages & food	1.0%
	Agriculture	0.1%
	Paper & forestry	0.5%
Total	1,280,424	25.1%

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

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Dependencies and impacts



To gauge the relationship between the Group's business activities and natural capital, we analyzed the dependencies and impacts on natural capital through our investment and lending. Using the ENCORE* tool for analyzing nature-related risks, we created a sector-by-sector heatmap of the dependencies and impacts on natural capital for corporate clients to which The Juroku Bank provides loans. Sectors with high risk scores and lending above a certain amount are as below.

* ENCORE: Exploring Natural Capital Opportunities, Risks and Exposure

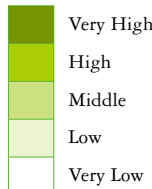
A tool to gauge a company's dependencies and impacts on natural capital. The tool was jointly developed by the Natural Capital Finance Alliance and the UN Environment Programme World Conservation Monitoring Centre.

Dependencies on natural capital

	Supply		Regulating and Maintenance Services																Culture						
	Biomass provisioning	Genetic material	Water supply	Animal-derived energy	Global climate regulation	Local climate regulation	Rainfall pattern regulation	Air filtration	Soil quality regulation	Soil and sediment retention	Solid waste remediation	Water purification	Water flow regulation	Flood mitigation	Storm mitigation	Noise attenuation	Pollination	Biological control	Nursery population and habitat maintenance	Dilution through air and ecosystems	Sensory impact regulation	Recreation	Visual amenity services	Education, scientific, and research services	Spiritual, artistic, and symbolic services

Impacts on natural capital

														<div><div></div><div></div><div></div><div></div><div></div></div> <div>Very High High Middle Low Very Low</div>				
<div>Introduction of invasive species</div> <div>Disturbances (noise, light, etc.)</div> <div>Solid waste emissions</div> <div>Emissions of nutrient pollutants to water and soil</div> <div>Emissions of toxic pollutants to water and soil</div> <div>Emissions of non-GHG air pollutants</div> <div>GHG emissions</div> <div>Area of seabed use</div> <div>Area of freshwater use</div> <div>Area of land use</div> <div>Use of non-biological resources (minerals, etc.)</div> <div>Use of biological resources (fish, wood, etc.)</div> <div>Water use</div>																		
	Food products																	
	Metal products																	
	Automotive																	
	Energy																	
	Construction																	
	Wholesale																	
	Retail																	
	Land transportation																	



Our analyses revealed that in terms of dependencies on natural capital, there were many sectors depending on supply services such as water supply, as well as regulating and maintenance services such as water flow regulation, flood mitigation, storm mitigation, and soil and sediment retention. In terms of impacts on natural capital, there were significant impacts from water use, emissions of toxic pollutants to water and soil, and GHG emissions.

Moving forward, we will work to further sophisticate our analyses of dependencies and impacts on natural capital, and work to identify nature-related risks and opportunities.

Relationship between our business activities and nature



In line with the LEAP approach advocated by the TNFD recommendations, we identified the sectors in our lending portfolio to address as a matter of priority and analyzed each sector. After assessing dependencies and impacts on natural capital, lending amounts, and levels of engagement, we identified the food sector as a priority sector and conducted the following analyses.

Food sector

Dependencies and impacts	Due to the use of water resources in the processing stage at food manufacturing sites, the sector is heavily dependent on water-related ecosystem services such as water supply, water purification, and water flow regulation. The sector also has significant impacts on natural capital in water use and emissions of toxic pollutants to water and soil. The expansion of agricultural land and construction of manufacturing sites is also expected to impact area of land use.
Risks and opportunities	There are examples of policy and legal risks associated with restrictions on water intake of manufacturing sites and regulations and taxes on groundwater use, as well as reputational risks associated with the boycotting of products with high environmental impact. On the other hand, there are potential business opportunities from the switch to a more environmentally friendly product lineup.

Analyses of manufacturing sites of loan recipients

Having identified the manufacturing sites of our loan recipients in the food sector, we used an assessment tool to analyze risks related to water use, wastewater, and land use.

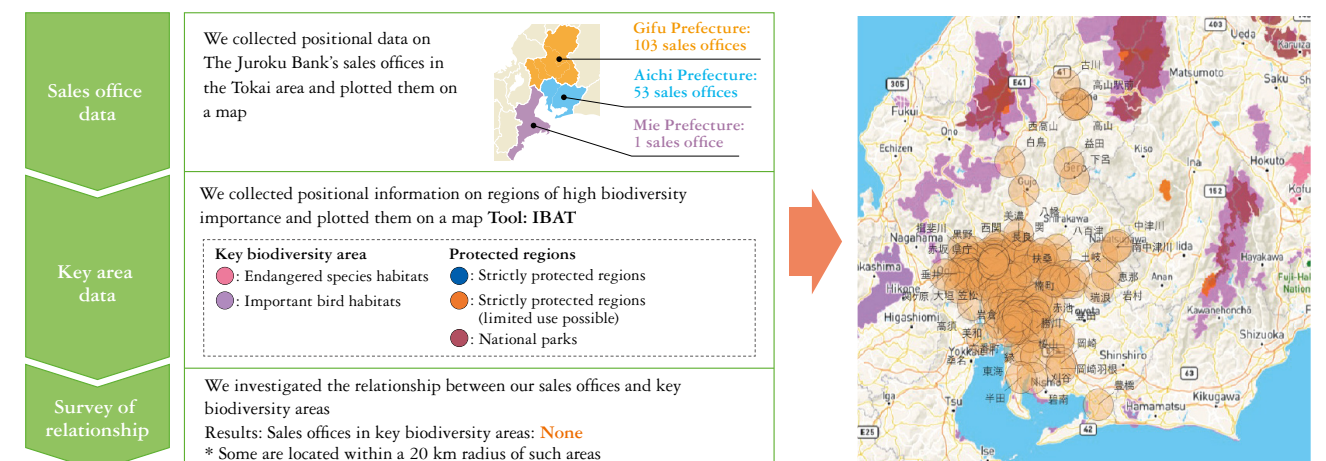
Risks assessed	Water use: Suspension of water intake	Wastewater: Penalties for pollution incidents	Land use: Opposition to and restrictions on land development
Assessment viewpoint	In water-scarce regions, there is a high risk that water intake for manufacturing could lead to opposition and restrictions in order to protect water resources	In regions where water pollution is occurring, there is a high risk of wastewater restrictions and penalties in order to prevent deterioration in water quality	In regions where areas of land use are increasing, there is a high risk that further development could lead to opposition and restrictions in order to prevent any impact on biodiversity
Assessment tool	Aqueduct Identification of regions where there is tight water supply and demand 	Water Risk Filter Identification of regions where water pollution is occurring 	Biodiversity Risk Filter Identification of regions where land use is increasing
Results	Sites in high-risk regions: None	Sites in high-risk regions: Identified	Sites in high-risk regions: None

Relationship between our sales offices and nature



To gauge the relationship between the Group's sales offices and natural capital, we investigated the relationship between The Juroku Bank's sales offices and areas of high biodiversity importance in the Tokai area, which is home to the Bank's main sales locations. As a result, while there were no offices in regions of high biodiversity importance, we confirmed that some offices were within a 20 km radius of such regions. Moreover, as our locations are offices, their impact on biodiversity is expected to be minimal.

The Juroku Bank's sales offices and key biodiversity areas



Initiatives for environmental conservation



The Juroku Financial Group's main sales areas are in Gifu and Aichi Prefectures, both of which are blessed with abundant natural environments. To protect these natural environments and their ecosystems, we are engaging in forest protection activities, waste reduction activities, and recycling activities to build a society that can coexist with nature.

Forest protection activities at the Juroku Bank's Forest MITAKE

As part of Gifu Prefecture's "Forest Creation through Public-Private Sector Partnership" initiative, we have signed a collaborative agreement for forest creation with the prefecture and Mitake-cho. In addition to regular forest maintenance activities by volunteers from within the Group, we also include these activities in new employee training to quickly develop an awareness of the importance of environmental protection.



Location	Mitake-cho, Kani-gun
Area	6.71ha
Activities	Forest maintenance, environmental education

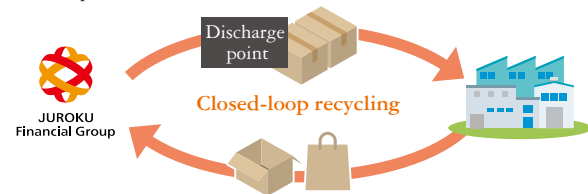
Nagaragawa River cleanup activities

Nagaragawa River is one of the three clearest rivers in Japan and a valuable asset that flows through the center of Gifu-shi. Twice a year we host cleanup events with locals to keep the river clean.



Paper recycling

Alongside wastepaper collectors and paper businesses, we are working to promote the closed-loop recycling of our used documents. Used documents are fully recycled into cardboard boxes and paper bags which are used throughout the Group.



Introduction of recycled ATMs

To achieve a circular economy*, we are collecting and separating used ATMs, and creating new, recycled ATMs using the parts that can be reused. To date we have installed these ATMs in three branches.

* An economic model with low environmental risk that ensures effective resource use through the creation of sustainable products using minimal resources and changing consumer behavior



Branches using the ATMs	[Gifu Prefecture] Kawashima Branch and Minokamo Branch [Aichi Prefecture] Tokai Branch
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Risk Management (Risk and Impact Management)

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 position and business performance, such as disrupting our business strategy and reducing profitability approximately within the next year, as top risks. At the Board of Directors meeting held in March 2025, directors selected ten top risks including those associated with climate change and natural disasters. 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 these risks.

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 and natural disaster risk are recognized as drivers of financial risk, and are 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. We have set the annual amount of sustainable finance provided as an indicator to monitor climate change risks and natural disaster risks. In this way, we are working to ensure appropriate management of initiatives aimed at the achievement of a sustainable society.

Formulating an investment and lending policy



The Group has the Investment and Lending Policy for the Creation of a Sustainable Society. While we proactively provide investment and lending to initiatives that positively impact the environment and society, such as those that aim to reduce climate change risks and protect biodiversity, our policy prohibits or urges caution with investment and lending to initiatives that could lead to major risks or negative impacts. Moreover, due to the mutual relationship between climate change, loss of biodiversity and natural capital, and human rights issues, we recognize the need to engage in comprehensive measures to address these issues.

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.

1. Investment and lending that positively impacts the environment and society

We proactively offer investment and lending to initiatives that positively impact the environment and society, such as those below.

- (1) Initiatives that help to reduce climate change risks, such as renewable energy or energy-saving initiatives
- (2) Initiatives that help to protect water resources, forest resources, and biodiversity
- (3) Initiatives that help the sustainable development of local economies, such as initiatives for business creation, innovation, and business succession
- (4) Initiatives that help to improve medicine, welfare, and education to address aging populations and declining birthrates

2. Investment and lending that could lead to major risks or negatively impact the environment and society

Our policy for investment and lending that could lead to major risks or negative impacts on the environment and society is as below.

(1) 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.

We will not invest in or extend loans to projects that violate the Convention on International Trade in Endangered Species of Wild Fauna and Flora, or that negatively impact wetlands of international importance under the Ramsar Convention or UNESCO World Heritage sites.

(2) 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.
Coal mining	In coal mining projects, in the event that mining site operations are not appropriately managed, coal mining accidents could lead to occupational accidents and harmful waste could negatively impact local residents, communities, and ecosystems. As such, we will take a careful approach to any investment and lending after checking the customer's environmental and social measures, and considering any impacts on the local economy and environment.
Oil and gas extraction and the laying of oil and gas pipelines	In oil and gas extraction and the laying of oil and gas pipelines, spill accidents could lead to ocean and river contamination and negatively impact local residents, communities, and ecosystems. As such, we will take a careful approach to any investment and lending after checking the customer's environmental and social measures, and considering any impacts on the local economy and environment.
Large-scale hydropower generation	In new, large-scale hydropower projects (output of 30 MW or more or dam height of 15 m or more), dam construction could negatively impact ecosystems and the relocation of residents could negatively impact the local community. As such, we will take a careful approach to any investment and lending after checking the customer's environmental and social measures, and considering any impacts on the local economy and environment.
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.

Environmental Conservation and Climate Change Actions

Metrics and targets

GHG emissions result



GHG emissions results

Preliminary results

(t-CO₂)

Calculation item		FY2023	FY2024 (Preliminary results)
Scope1	Direct emissions	1,347	1,301
Scope2	Indirect emissions	6,153	1,685
Total of Scope 1 and 2		7,500	2,986
Scope3	Category 1 Purchased goods and services	14,761	14,454
	Category 2 Capital goods	7,199	6,251
	Category 3 Fuel- and energy-related activities not included in Scope 1 and 2	1,467	1,338
	Category 4 Upstream transportation and distribution	1,857	1,833
	Category 5 Waste generated in operations	50	74
	Category 6 Business travel	236	174
	Category 7 Employee commuting	2,940	2,441
	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	428	457
	Category 14 Franchises	—	—
	Category 15 Investment and loans	3,507,165	11,443,416
Total of Scope 3		3,536,103	11,470,438

For the emissions results for FY2023, we obtained independent third-party assurance for all Scope 1, 2 and 3 emissions to ensure the reliability of the values. The FY2024 results are preliminary figures, and we plan to obtain independent third party assurance for those results.

Moreover, from FY2024 onward, we expanded our calculations of Scope 3 Category 15 emissions to not only include investees and borrowers' Scope 1 and 2 emissions but also Scope 3 emissions. The breakdown can be seen in GHG emissions of investees and borrowers (Scope 3 Category 15).

Juroku Financial Group's GHG emissions reduction targets and results (Scope 1 and 2)



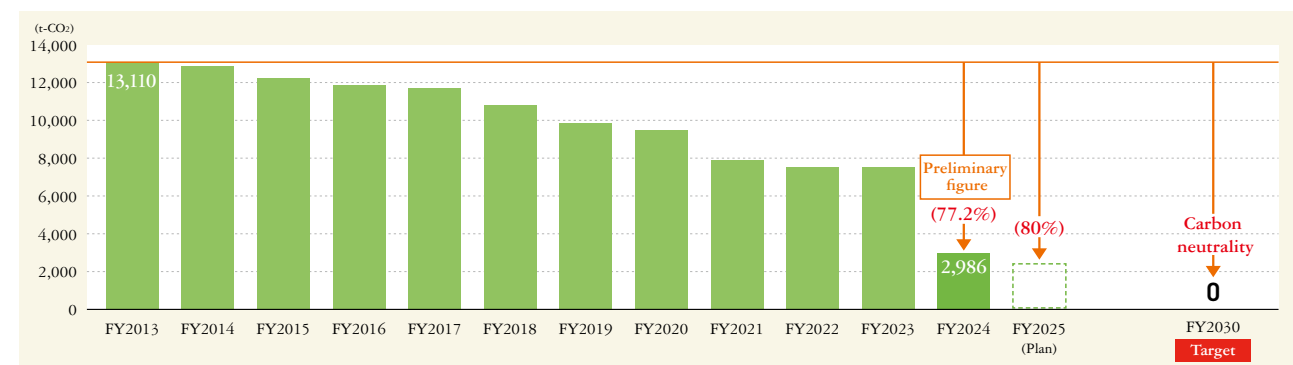
In terms of GHG emissions (Scope 1 and 2) from the Group's energy usage, our aim is to become carbon neutral by FY2030 and we will work to achieve a decarbonized society.

Scope 1 and 2 targets

Achieve carbon neutrality (net zero emission) by FY2030

Juroku Financial Group's GHG emissions (Scope 1 and 2)

Preliminary figure



In FY2024, GHG emissions fell by 77.2% compared to FY2013. In addition to energy-saving measures such as switching to LED lighting in stores and upgrading to high-performance air conditioning equipment, we also increased introduction of CO₂-free electricity and improved our renewable energy ratio. We introduced CO₂-free electricity at The Juroku Bank's head office building in November 2021, at The Juroku Bank's computer center building and administrative center building in October 2023, and at 87 Bank branches in Gifu Prefecture since June 2024. Moreover, to promote the local production and consumption of environmental value, we purchased 3,000 MWh of FIT Non-Fossil Certificates from hydropower generation in Gifu Prefecture and offset 1,263 t-CO₂.

We will continue to work toward reducing GHG 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).

GHG emissions reduction targets and results 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 GHG 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 GHG emissions of investment and loan recipients for securities holdings (domestic listed equity and corporate bonds) as well as business loans (loans to domestic corporate clients). In addition to continuing to improve the scope and precision of our calculations, we will use the results of these calculations to support the decarbonization initiatives of investees and borrowers. Our aim is to achieve carbon neutrality in the GHG emissions of investees and borrowers by FY2050.

Changes to PCAF calculation criteria and enhanced disclosure of investees and borrowers' GHG emissions could lead to major changes in future calculation results.

Scope 3 Category 15 target

Achieve carbon neutrality (net zero emission) by FY2050

GHG emissions of investees and borrowers (Scope 3 Category 15)

Preliminary figure

(t-CO₂)

Sector	Listed equity and corporate bonds		Business loans		Total	
	Scope 1+2	Scope3	Scope1+2	Scope3	Scope1+2	Scope3
Oil & gas	997	92,423	376,609	147,157	377,606	239,580
Electric power & utilities	292,188	297,003	182,301	377,876	474,489	674,879
Air transportation	0	0	3,916	1,007	3,916	1,007
Marine transportation	3,749	1,129	819	982	4,568	2,111
Land transportation	2,746	5,553	292,364	138,328	295,110	143,881
Automotive	4,619	314,061	31,470	256,821	36,089	570,882
Metals & mining	8,205	12,551	252,565	176,430	260,770	188,981
Chemicals	9,459	21,058	463,133	425,571	472,592	446,629
Construction materials & capital goods	10,188	442,609	257,534	1,729,493	267,722	2,172,102
Real estate management & development	119	1,582	4,478	49,661	4,597	51,243
Beverages & food	6,814	17,070	890,238	385,495	897,052	402,565
Agriculture	77	1,428	46,274	29,354	46,351	30,782
Paper & forestry	221	1,288	53,061	95,707	53,282	96,995
Other	37,843	227,067	714,692	2,248,033	752,535	2,475,100
Total	377,225	1,434,822	3,569,454	6,061,915	3,946,679	7,496,737
Data quality score	1.7	1.8	3.4	3.5		
Coverage rate	90.3%		98.5%			

Applicable assets	Listed equity and corporate bonds, Business loans (loans to domestic corporations) * Excluding loans to borrowers with insufficient financial data	
Calculation method	GHG emissions = \sum (Emissions of each borrower x Contribution of the Group's loans) * Emissions of each investment and loan recipient are calculated using 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	
Reference fiscal year	FY2024	* Investment and loan balance: Balance as of March 31, 2025 * Financial data of investment and loan recipients: Latest financial period data held by the Group as of March 31, 2025

Environmental Conservation and Climate Change Actions

Roadmap to carbon neutrality



We will strive to achieve carbon neutrality through the promotion of various measures aimed at reducing GHG emissions from the Juroku Financial Group and investees and borrowers.

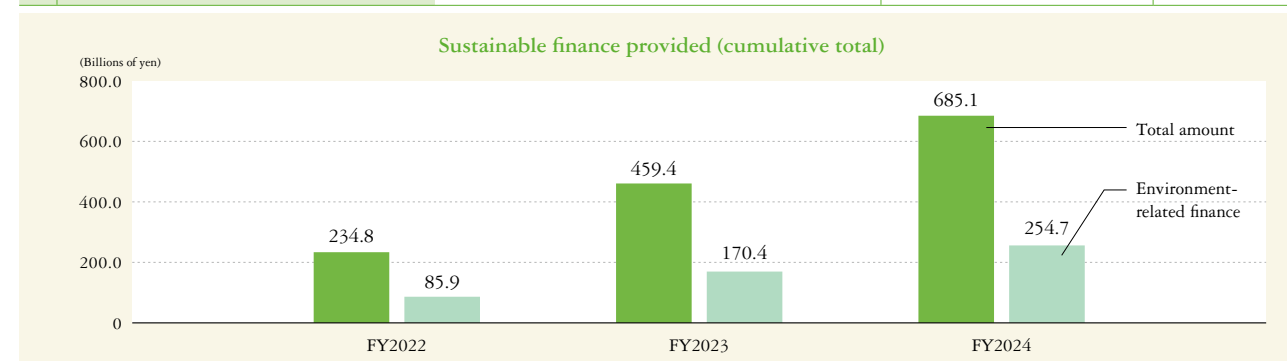
	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	• • •	FY2050
Scope1	Switching company vehicles to eco-friendly vehicles (gasoline-powered vehicles → HVs / EVs)									Carbon neutrality (net zero emission)	
Scope2	Converting our own contracted electricity to renewable energy				Planned to be completed in FY2025						
	Switching to LED lighting in stores				Planned to be completed in FY2025						
	Switching air conditioning equipment to energy-saving models										
	Considering and implementing environmentally friendly store introduction										
	Considering and using solar power generation and PPAs										
	Using carbon offset (Non-Fossil Certificates, etc.)										
Scope 3 (Category 15)	Achieving a loan balance of zero for coal-fired thermal power generation (by FY2037)									Carbon neutrality (net zero emission)	
	Sustainable finance (Target by FY2030: ¥2 trillion)										
	Supporting carbon neutral business management (decarbonization consulting, support for SBT certificate acquisition, decarbonization management transition plan review, etc.)										

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, and a nature-positive economy.

	Target amount for FY2030 (cumulative for 9 years)	Amount provided by FY2024	Progress rate
Sustainable finance provided	¥2 trillion	¥685.1 billion	34.2%
of which, environment-related finances	¥800.0 billion	¥254.7 billion	31.8%



- 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

External Evaluation

<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 2024, 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.