

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
- GHG emission reduction
- Paper use 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 to promote environmental protection initiatives in our business activities.

Action Guidelines

Environmental Policy

Please refer to our website.
<https://www.16fg.co.jp/kankyohoushin.html>
(in Japanese only)

- Compliance with environment-related laws and regulations, etc.**
We comply with environment-related laws, regulations, and other rules.
- 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.
- Environmental protection through our business activities**
We support customers' environmental conservation efforts by developing and providing environmentally friendly products and services.
- 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.
- 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.
- 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.
- 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.
- Information disclosure and dialogue with stakeholders**
We will enhance our disclosure of environment-related information and strive to improve our environmental protection initiatives through stakeholder dialogue.

Promotion of Climate Change Measures

Selected for the Climate Change A List, the highest rating in the CDP Climate Change 2025 assessment

In December 2025, we were selected for the Climate Change “A List,” the highest rating in the 2025 climate change assessment conducted by CDP(*), which globally promotes environmental information disclosure. This selection recognized our initiatives to address climate change and the transparency of our information disclosure.
We will further carry out initiatives to reduce GHG emissions, to achieve our own carbon neutrality as soon as possible, and aim to realize a sustainable society by supporting our customers' carbon neutral business management.

(*) CDP is an international non-profit organization that operates the world's only independent environmental information disclosure system. More than 24,800 companies worldwide disclose data through CDP, where companies are assessed on an eight-level scale from A to D-.

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.

Supervisory structure

The Board of Directors supervises the initiatives for key challenges related to sustainability (materiality) and the progress toward sustainability KPIs.

Execution structure

In order to address sustainability-related issues appropriately, the Group has set up the Sustainability Council, which is chaired by the Group CEO and consists of various Chief Officers.

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, 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.

Furthermore, 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 Chief Officers, and generally meet at least once a month to discuss challenges that line up with respective responsibilities and report details to the Group Sustainability Promotion Division.

Initiatives to Respect Human Rights [Refer to page 85]

Our Human Rights Policy states our commitment to respecting the human rights of all officers and employees, customers, suppliers, and other stakeholders.

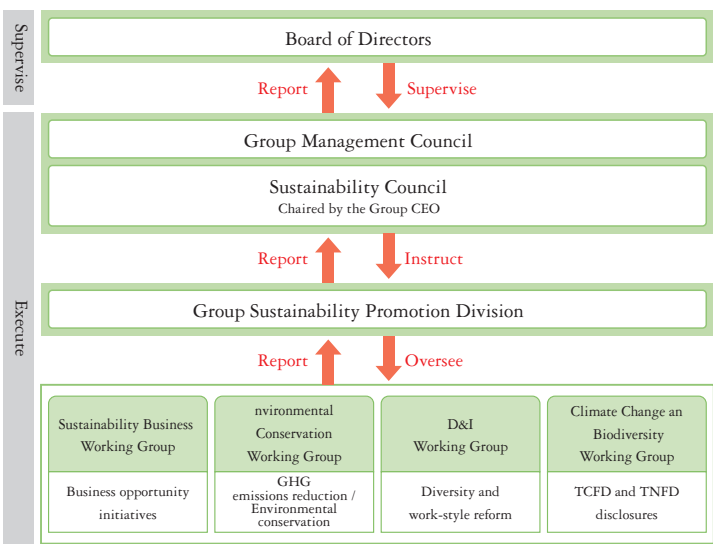
Moreover, the Investment and Lending Policy for the Creation of a Sustainable Society states that we will not invest in or lend to companies that are found to be in human rights violations.

Officer remuneration system reflecting ESG-related factors [Refer to page 98]

With the aim of achieving sustainable growth and enhancing corporate value, we introduced a stock-type remuneration system that reflects ESG-related factors in a portion of officer remuneration.

With regard to evaluation indicators for ESG factors, the degree of achievement of sustainability KPIs in the previous fiscal year, such as the amount of sustainable finance provided, the GHG emissions reduction rate, and the percentage of female managers, is adopted.

Governance system for sustainability



Main topics discussed at the Sustainability Council

- Revisions to sustainability-related policies
- Disclosure based on TCFD and TNFD recommendations
- Establishment of targets to reduce investment and financing portfolio
- Roadmap to carbon neutrality
- ESG evaluations by external rating agencies
- Promotion of health management
- Promotion of paper-free environments
- Progress in Sustainability KPIs

Strategy

Opportunities and risks



The Juroku Financial Group analyzes 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	Mid- to long-term	
			● Increase in demand for capital associated with projects that contribute to the protection and recovery of natural capital	Mid- to long-term	
	Resource efficiency		● Reduction in business costs through resource-saving, energy-saving, and new technology utilization	Short- to long-term	
			● Decline in procurement costs due to improvements in resource efficiency through recycling and other means	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	Short- to long-term		
		● Enhancement in corporate value by appropriately implementing and disclosing initiatives for climate change, biodiversity, and natural capital	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	Short- to long-term	
			● Work suspension occurring as a result of emergencies affecting the Group's sites or officers and employees	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	Mid- to long-term	
			● 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	
	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	Mid- to long-term	
			● 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	
		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 431 client companies.

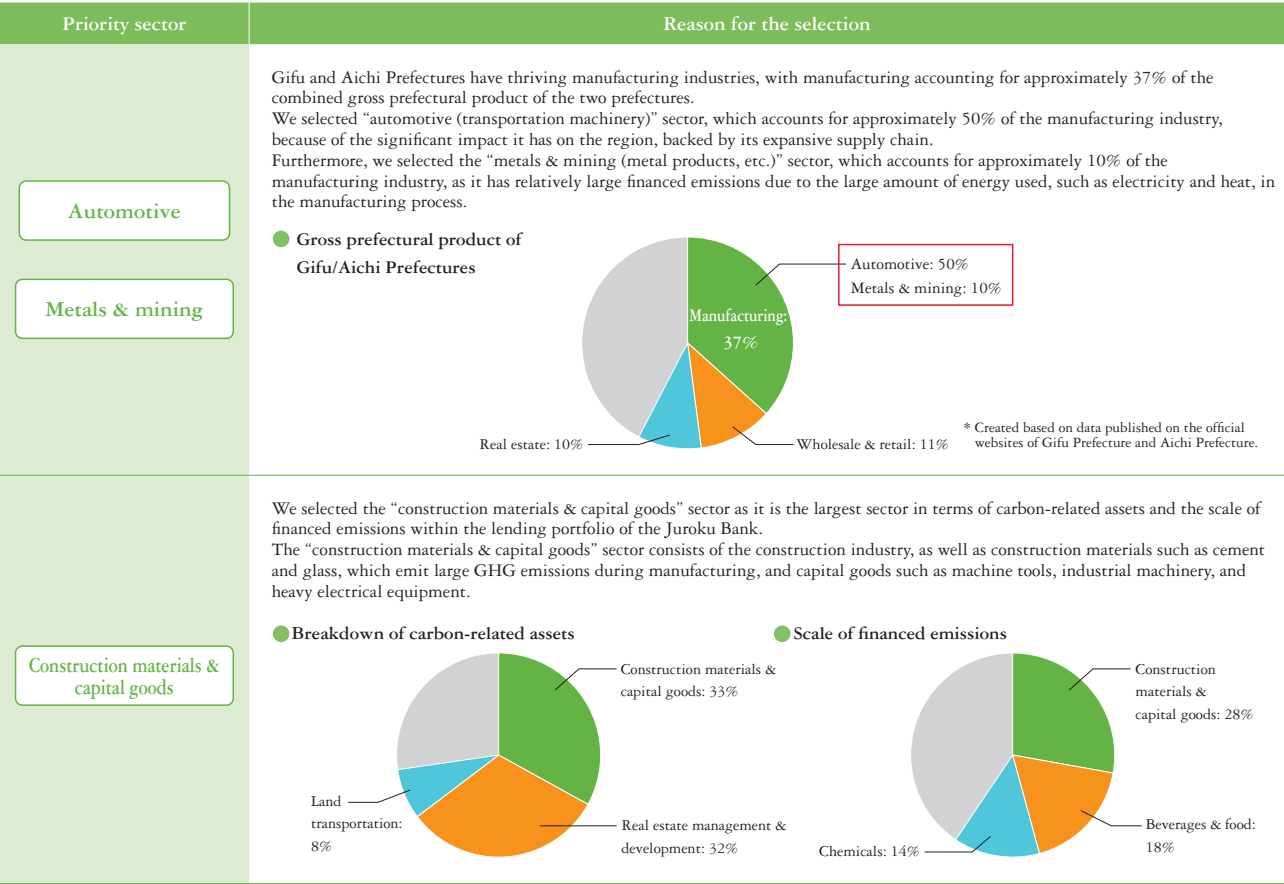
Moreover, more than 70% of these companies have acquired SBT certification for SMEs through support from the Juroku Financial Group.

Launch	Service details	Number of cases					
		FY2021	FY2022	FY2023	FY2024	FY2025	Total
August 2021	Decarbonization consulting (Calculation of GHG emissions, setting of reduction targets)	47	91	79	135	79	431
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	84	314
February 2023	Planning and review of transition plans for carbon neutral business management (Formulation of transition plans and reviews of progress)			4	3	4	11
August 2023	GHG emissions management system (GHG emissions calculation system)			161	125	64	350
March 2024	Support for the acquisition of carbon offset certification (Acquisition of certification for products eligible for carbon offsetting)				6	4	10

Selection of priority sectors

To effectively drive regional decarbonization, the Group has selected three priority sectors for supporting the decarbonization efforts of local businesses: “automotive,” “metals & mining,” and “construction materials & capital goods.”

We made this selection by comprehensively considering the regional characteristics of Gifu and Aichi Prefectures, our main sales areas, the shares of these sectors in our lending portfolio, and the GHG emissions (financed emissions) of our investees and borrowers.

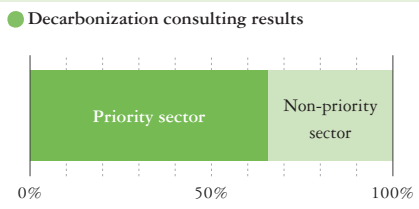


Engagement with priority sector

Our decarbonization consulting services, which began in August 2021 and support the calculation of GHG emissions and the setting of reduction targets, have already been used by 431 client companies.

Of these, 283 companies (66%) are clients in the priority sectors mentioned above.

We will continue to actively support the decarbonization efforts of our clients in priority sectors and strive to achieve regional decarbonization.



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

In recent years, we have observed an increase in the severity and frequency of weather-related disasters such as heavy rains and typhoons caused by rising temperatures. As such, starting in FY2025, we divided physical risks into acute risks and chronic risks. For acute risks, we analyzed flooding and storms, and for chronic risks, we analyzed rising temperatures. We calculated the impact on credit-related costs from the deterioration of customers' business performance and the damage to real estate collateral should the identified risk events occur. The result points to a cost increase of approximately ¥12.9 billion.

Risk event	Acute risks		Chronic risks
	Flood	Storm	Rising temperature
Scenario	IPCC/SSP5-8.5 (4°C scenario) IPCC/SSP1-1.9 (1.5°C scenario)		
Analysis target	Business loan borrowers in Gifu/Aichi Prefectures Collateral of real estate (buildings) in Gifu/Aichi Prefectures (excluding secured home loans)		Business loan borrowers in Gifu/Aichi Prefectures
Analysis content	Increase in credit-related costs stemming from the deterioration of business performance due to customers' business suspension/stagnation and damage to real estate (buildings) collateral during a once-in-a-century flood	Increase in credit-related costs stemming from the deterioration of business performance due to customers' business suspension/stagnation and damage to real estate (buildings) collateral during a once-in-a-century storm	Increase in credit-related costs stemming from the deterioration of customers' business performance due to decreased labor productivity caused by rising average temperatures
Analysis period	Up to 2050	Up to 2050	Up to 2050
Results of analysis	Increase in credit-related costs Up to approx. ¥5.4 billion	Increase in credit-related costs Up to approx. ¥3.1 billion	Increase in credit-related costs Cumulative total of approx. ¥4.4 billion

* IPCC: Intergovernmental Panel on Climate Change
* SSP: Shared Socioeconomic Pathways

Transitional risks

Following a qualitative analysis of sectors with large credit exposure and the carbon-related sectors defined in the TCFD recommendations, we selected the "oil & gas sector" and "transportation sector" as sectors of significant transitional risks for the Group, in addition to the previously identified "electric power sector" and "automotive sector." 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. ¥4.7 billion.

Transitional risks	
Risk event	Transition to a decarbonized society
Scenario	NGFS/NetZero2050 (1.5°C scenario), Current Policies (3°C scenario)
Analysis target	Electric power sector, automotive sector, oil & gas sector, transportation sector
Analysis content	Higher credit-related costs due to the deterioration of customers' business performance stemming from the introduction of carbon taxes as a result of the transition to a decarbonized society, increased costs due to increased energy costs, fluctuations in market demand, and additional capital investments
Analysis period	Up to 2050
Results of analysis	Increase of credit-related costs: Cumulative total of approx. ¥4.7 billion

NGFS: Network of Central Banks and Supervisors for Greening the Financial System

Analysis results for physical risks and transitional risks are calculated under specific preconditions. Considering the likelihood of risk events occurring, we have determined that the impact on the Group's finances is limited within the scope of this analysis, and as such, does not pose a significant concern to the sustainability of our business. We will continue our efforts 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 2026)

Sector		Loan balance (Millions of Yen)	Ratio
Energy	Oil & gas	35,784	0.7%
	Electric power & utilities	47,776	0.9%
Transportation	Air transportation	2,848	0.1%
	Marine transportation	66	0.0%
	Land transportation	108,624	2.1%
	Automotive	60,998	1.2%
Materials/buildings	Metals & mining	47,560	0.9%
	Chemicals	80,130	1.5%
	Construction materials & capital goods	447,860	8.6%
Agriculture/food/forest	Real estate management & development	429,574	8.3%
	Beverages & food	62,190	1.2%
	Agriculture	4,319	0.1%
	Paper & forestry	28,444	0.5%
Total		1,356,173	26.2%

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

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.

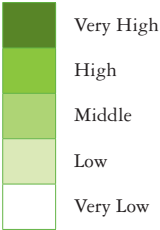
* ENCORE: Exploring Natural Capital Opportunities, Risks and Exposure
A tool to gauge a company's dependencies and impacts on natural capital.
The tool was jointly developed by the Natural Capital Finance Alliance and the UN Environment Programme World Conservation Monitoring Centre.

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
	Food products																								
	Metal products																								
	Automotive																								
	Energy																								
	Construction																								
	Wholesale																								
	Retail																								
Land transportation																									

Impacts on natural capital

													Water use
	Introduction of invasive species	Disturbances (noise, light, etc.)	Solid waste emissions	Emissions of nutrient pollutants to water and soil	Emissions of toxic pollutants to water and soil	Emissions of non-GHG air pollutants	GHG emissions	Area of seabed use	Area of freshwater use	Area of land use	Use of non-biological resources (minerals, etc.)	Use of biological resources (fish, wood, etc.)	
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 the business activities of investees and borrowers 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.

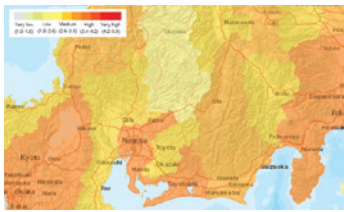
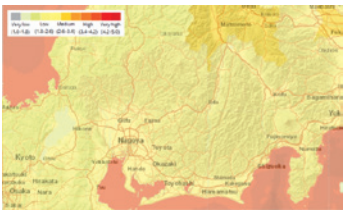
After assessing dependencies and impacts on natural capital, lending amounts, and levels of engagement, we identified the food sector as a priority sector and conducted the following analyses.

Dependencies and impacts / risks and opportunities in 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.

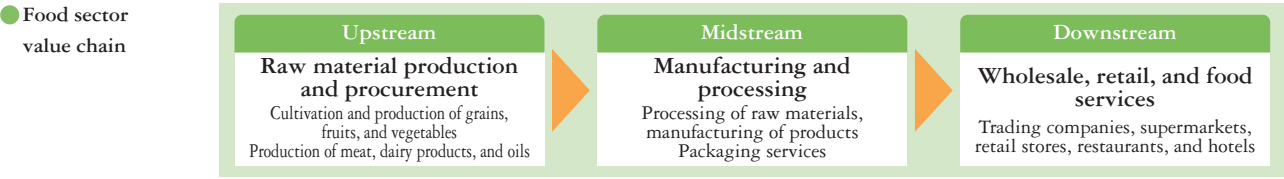
Analyses of manufacturing sites of loan recipients

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

Value chain analysis of food sector

We organized the food sector's value chain into upstream, midstream, and downstream operations, and identified and analyzed the nature-related risks and opportunities in each.



Nature-related risks and opportunities

	Category	Nature-related risks and opportunities	Upstream	Midstream	Downstream
Transitional risk	Government policy	Increase in production costs due to restrictions on farmland expansion and water intake restrictions at manufacturing sites			
	Government policy	Costs incurred in responding to stricter regulations on reducing food waste and promoting recycling			
	Market	Surge in raw material and energy prices due to decarbonization efforts			
	Market	Decline in demand and resulting costs due to changes in consumer behavior			
	Technologies	Decrease in competitiveness due to delays with developing technologies that reduce environmental impact			
	Reputation	Closure of manufacturing sites and decrease in demand due to backlash from consumers and society			
Physical risks	Compensation liability	Liability for damages arising from the tightening or introduction of laws and regulations			
	Acute risks	Increase in costs associated with measures to address the growing frequency of natural disasters, driven by climate change and the decline of ecosystem services			
Opportunity	Chronic risks	Reduction in water supplies and crop yields due to changes in the natural environment and the decline of ecosystem services			
	Market	Creation of new businesses through food waste reduction and upcycling			
	Resource efficiency	Reduction of environmental impact and cost reduction through improved water reuse rates			
	Products and services	Differentiation through the transition to eco-friendly products and services			
	Reputation capital	Increase in sales due to an improved brand image resulting from efforts to reduce environmental impact			
	Ecosystem conservation	Increased yields of agricultural, forestry, and fishery products due to improved ecosystem services resulting from environmental conservation and restoration			

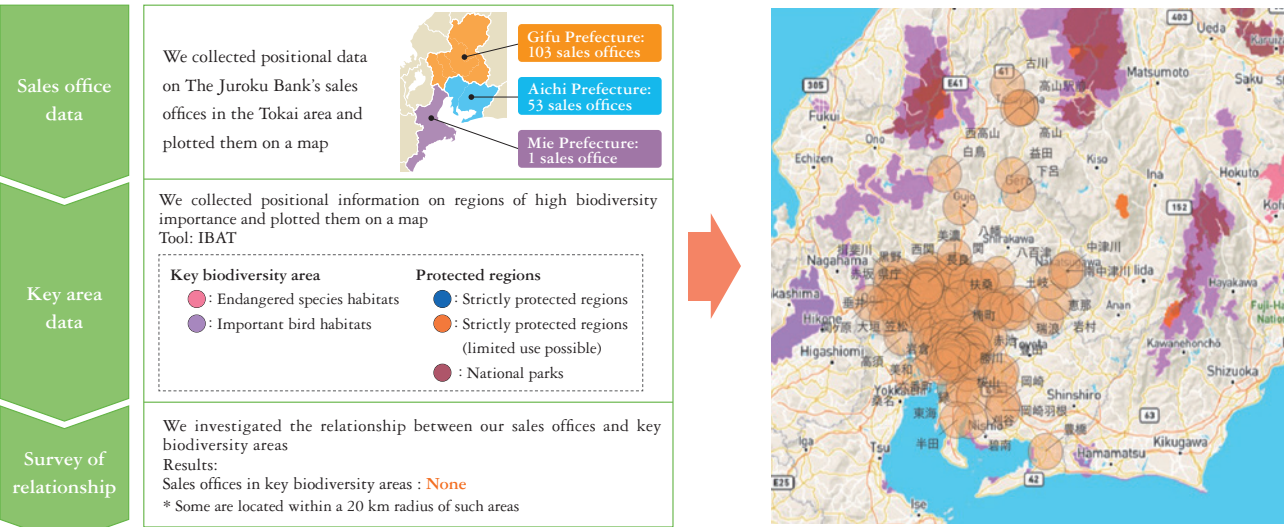
Relationship between our sales offices and nature

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.

Circular economy promotion activities

In March 2026, we held the Circular Economy Seminar.

At the seminar, relevant government ministries gave keynote speeches, and startup companies presented business models that balance resource recycling and business growth.

We also held a talk session with the presenters.

Through this seminar, our aim was to raise awareness that collaboration between the public and private sectors, as well as between companies, is crucial for the widespread adoption of the circular economy, and that the creation of new networks connecting innovative players, such as startup companies, is essential.

Seminar program

- 1 Keynote speech
Lectures by Chubu Regional Environmental Office, Ministry of the Environment and Chubu Bureau of Economy, Trade and Industry, Ministry of Economy, Trade and Industry
- 2 Startup pitch
Introduction of circular economy initiatives through business
- 3 Talk session
Exchange of opinions among speakers



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.

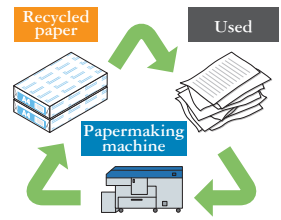


Location	Mitake-cho, Kani-gun
Area	6.71 ha
Activities	Forest maintenance, environmental education

Paper recycling

We have introduced a small papermaking machine that recycles the used copy paper and other wastepaper we have collected into recycled paper.

This recycled paper is reused across the Group as part of our efforts to reduce our environmental impact.



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.



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 2026, directors selected ten top risks including climate change risks and intensification of 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."

We identify sustainability-related risks from business, environmental, and D&I perspectives, discuss them at the Sustainability Council, and report the findings to the Board of Directors.

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 impact 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 thermal 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. However, if we consider exceptional cases, such as emergency-response projects or projects in line with the Japanese government's energy policy, we will proceed cautiously.
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 and 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.

Metrics and targets

GHG emissions results



GHG emissions results

(t-CO₂)

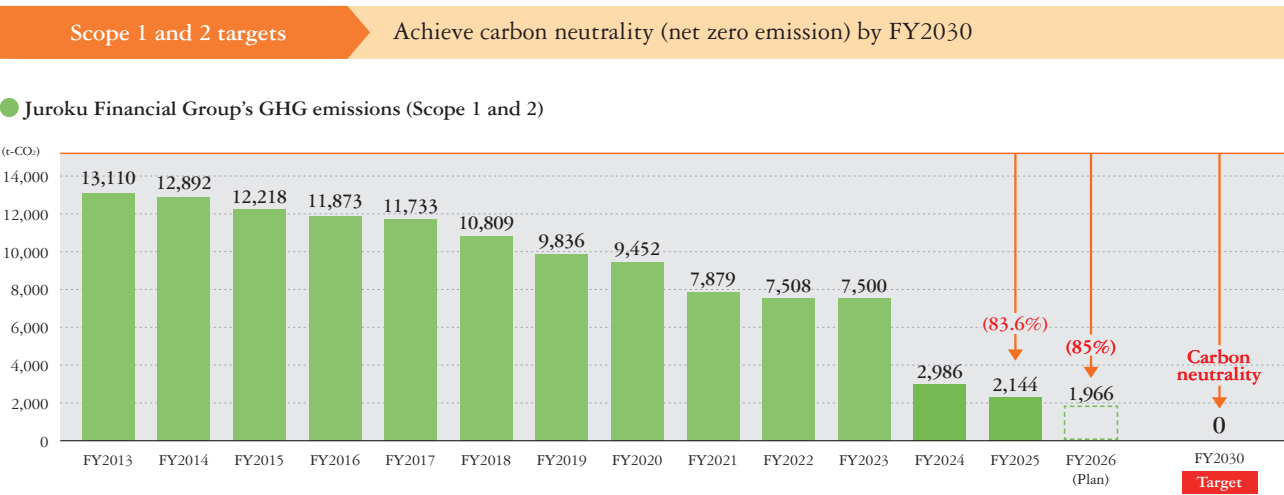
Calculation item		FY2024	FY2025	
Scope1	Direct emissions	1,301	1,246	
Scope2	Indirect emissions	1,685	898	
Total of Scope 1 and 2		2,986	2,144	
Scope3	Category 1	Purchased goods and services	14,454	16,304
	Category 2	Capital goods	6,251	9,921
	Category 3	Fuel- and energy-related activities not included in Scope 1 and 2	1,338	1,287
	Category 4	Upstream transportation and distribution	1,833	1,998
	Category 5	Waste generated in operations	74	80
	Category 6	Business travel	174	242
	Category 7	Employee commuting	2,441	2,317
	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	457	472
	Category 14	Franchises	—	—
	Category 15	Investment and loans	11,443,416	10,373,822
Total of Scope 3		11,470,438	10,406,443	

For the GHG emissions results, we obtained independent third-party assurance for all Scope 1, 2 and 3 emissions to ensure the reliability of the values.

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.



In FY2025, GHG emissions fell by 83.6% compared to FY2013.

As a result of switching to LED lighting at all Juroku Bank sales branches and progressively upgrading to high-performance air conditioning equipment, electricity consumption was reduced by 3.8% year on year.

Furthermore, we expanded the introduction of CO2-free electricity to our sales branches in Aichi Prefecture, achieving renewable energy for all of our own contracted electricity.

We will continue to work toward reducing GHG emissions by considering measures such as 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 of The Juroku Bank (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) (t-CO₂)

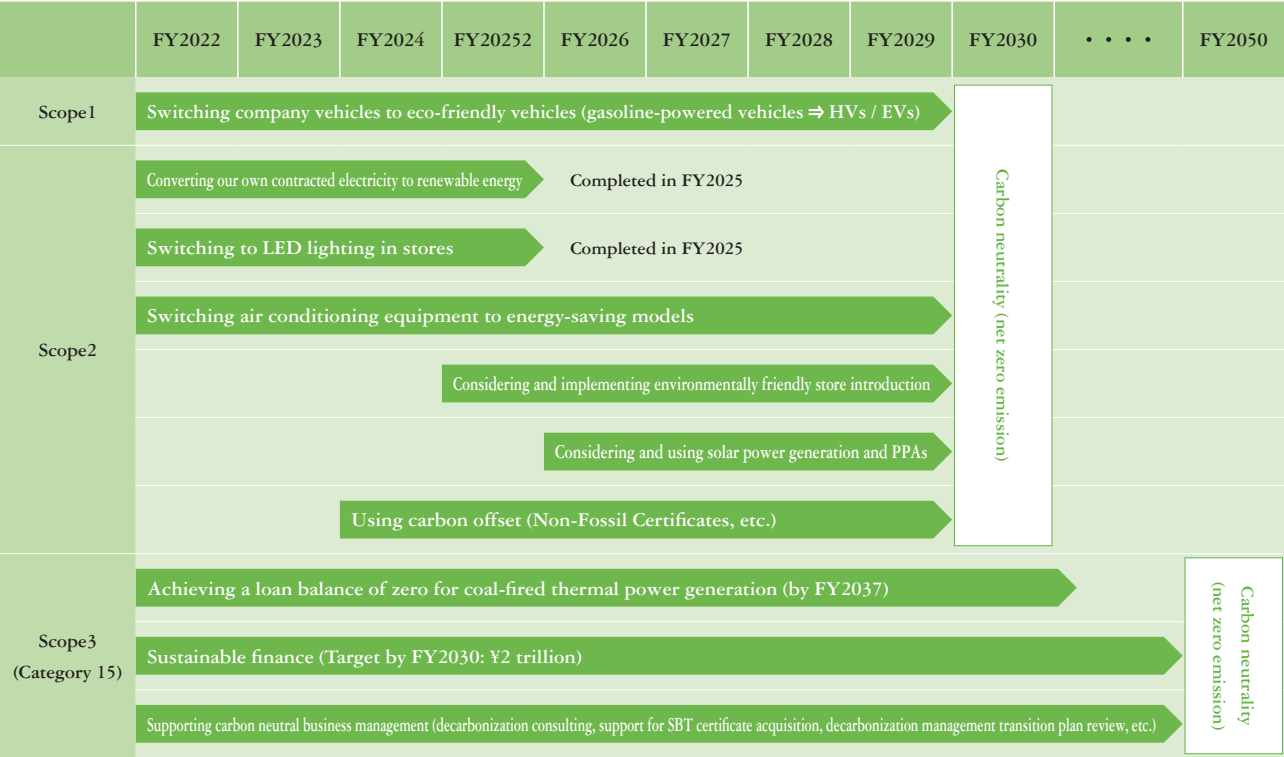
Sector	Listed equity and corporate bonds		Business loans		Total	
	Scope1+2	Scope3	Scope1+2	Scope3	Scope1+2	Scope3
Oil & gas	1,145	111,063	349,777	199,636	350,922	310,699
Electric power & utilities	227,203	178,888	221,808	403,456	449,011	582,344
Air transportation	0	0	6,334	1,701	6,334	1,701
Marine transportation	3,256	5,903	470	563	3,726	6,466
Land transportation	13,837	62,750	306,962	211,297	320,799	274,047
Automotive	2,712	287,890	27,349	253,458	30,061	541,348
Metals & mining	13,976	25,947	253,357	200,999	267,333	226,946
Chemicals	9,667	22,317	448,527	465,336	458,194	487,653
Construction materials & capital goods	20,312	241,059	230,457	1,628,970	250,769	1,870,029
Real estate management & development	109	1,462	4,665	45,184	4,774	46,646
Beverages & food	6,926	21,236	787,089	412,475	794,015	433,711
Agriculture	89	1,284	33,317	20,032	33,406	21,316
Paper & forestry	186	884	63,653	106,731	63,839	107,615
Other	18,326	178,234	450,336	1,783,222	468,662	1,961,456
Total	317,744	1,138,917	3,184,101	5,733,060	3,501,845	6,871,977
Data quality score	1.6	2.0	3.3	3.4		
Coverage rate	91.6%		98.3%			

Applicable assets	Listed equity and corporate bonds held by The Juroku Bank, Business loans (loans to domestic corporations) * Excluding loans to borrowers with insufficient financial data
Calculation method	GHG emissions = ∑ (Emissions of each borrower x Contribution of The Juroku Bank'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 Juroku Bank's investment and loan balance / The investment and loan recipients total funding
Reference fiscal year	FY2025 * Investment and loan balance: Balance as of March 31, 2026 * Financial data of investment and loan recipients: Latest financial period data held by The Juroku Bank as of March 31, 2026

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.



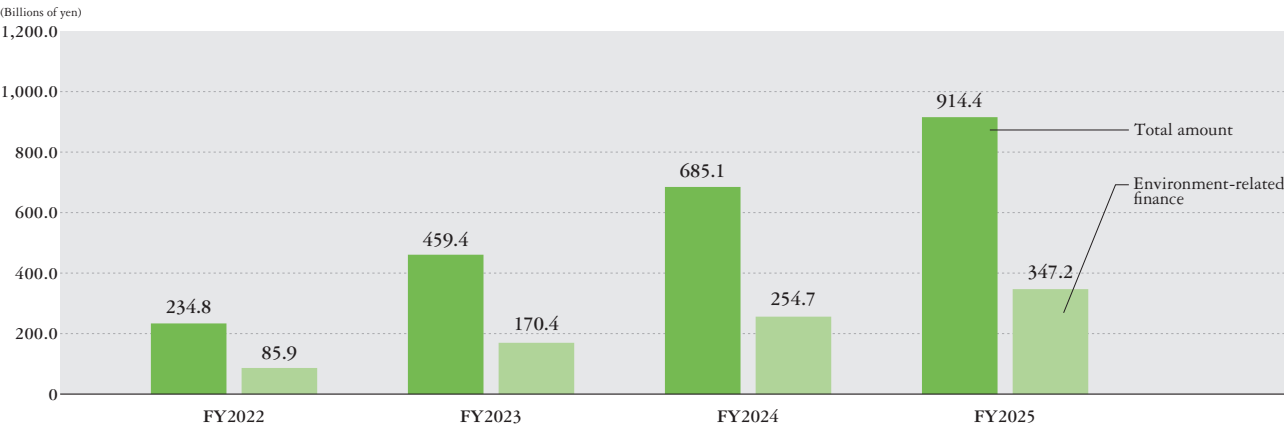
Sustainable finance targets



The following targets are set on sustainable finance 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 FY2025	Progress rate
Sustainable finance provided	¥2 trillion	¥914.4 billion	45.7%
of which, environment-related finance	¥800.0 billion	¥347.2 billion	43.4%

● Sustainable finance provided (cumulative total)



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