

Protecting Global and Regional Environments

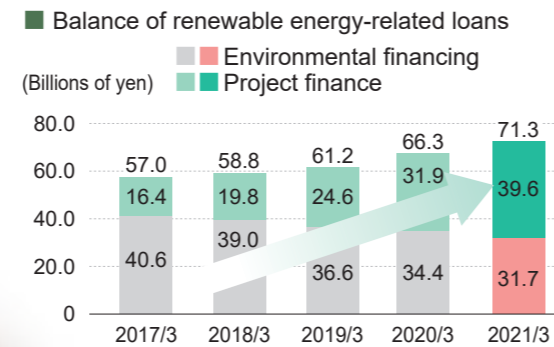


Initiatives Through the Bank's Main Financial Services

Promotion of Project Finance for Renewable Energy

The Bank contributes to the realization of a sustainable global environment by actively supporting businesses that lead to the protection of the environment and reduction of environmental impact including renewable energy generation business.

The balance of project finance loans for these businesses was approximately ¥39.6 billion as of March 31, 2021.

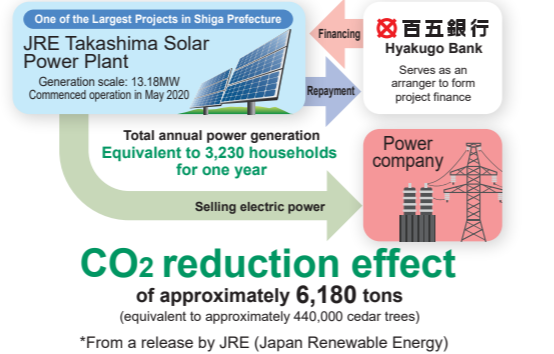


* The balance of renewable energy-related loans is the sum of loans related to solar power generation, biomass power generation and wind power generation.

Specific example

The Bank organized and executed project financing using a syndicated loan with the Bank as the arranger for the JRE Takashima Solar Power Plant, one of the largest solar power generation projects in Shiga Prefecture.

The project is for the construction of a solar power plant capable of generating 13.18MW of energy in Takashima City, Shiga Prefecture, and will sell power to Kansai Transmission and Distribution, Inc. for 20 years based on the renewable energy feed-in tariff system



Customer Referral Operations in the "PPA Model" Area in Solar Power Generation

Increasingly serious global environmental issues are accelerating the global trend in becoming carbon-free, and environmental measures are a pressing issue for business operators. The Bank is promoting the "PPA" model through partnerships with PPA operators, and supports business operators' reduction of CO₂ emissions and BCP (business continuity planning) through proposals to introduce renewable energy.

Specifically, we present the PPA model as a solution for customers with a high level of interest in SDGs and ESG, and customers who wish to conduct environmentally friendly management but are concerned because they do not know how to specifically proceed, and refer customers who expected to have such needs to PPA operators.

The Bank will continue to contribute to the realization of a sustainable regional society and a carbon-free society through active involvement in customers' initiatives to address SDGs and ESG.



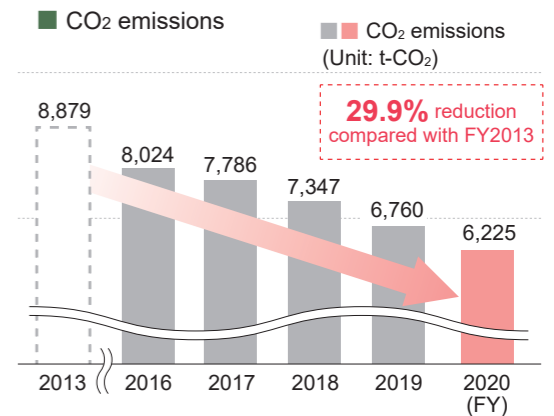
*About the PPA (Power Purchase Agreement) model
A model in which the roof, etc. of a facility owned by a user of electric power is borrowed by an electric power seller to install solar power generation systems and sell electric power with the making the initial investment.
The user can use green energy generated using solar power without the burden of the initial investment in equipment.

Initiatives Through Corporate Activities

Initiative for CO₂ Emission Reductions

Under independently formulated environmental conservation action plans, the Bank has set forth a target to reduce the volume of electricity consumption by not less than 1% compared with the prior fiscal year, and it has been taking initiative to save energy in the course of its daily business.

Furthermore, measures to save energy on the facilities side, such as installation of LED lighting at cash corners and branch offices, along with other measures including the reduction of overtime work hours through work-style reforms resulted in a 7.9% decrease in the Bank's overall CO₂ emissions in FY2020 compared with the prior fiscal year, and a decrease of 29.9% compared with FY2013.



* Based on a report by the Ministry of Economy, Trade and Industry

Support for TCFD Recommendations



The Bank announced its support for the TCFD* (Task Force on Climate-related Financial Disclosures) recommendations in June 2021.

In recent years, the damage caused by abnormal weather and natural disasters is increasingly severe worldwide. Dealing with climate change has become a significant issue in corporate management. Amid such conditions, the Bank has announced its support for the TCFD recommendations, and will track and assess the risks and opportunities climate change presents for customers and the Bank, and also endeavor to improve disclosure to stakeholders.

Response to TCFD recommendations

Category	Response
Governance	<ul style="list-style-type: none"> The SDGs Promotion Committee discusses responses to climate change. We will endeavor to establish a system in which the Board of Directors provides appropriate supervision, such as reporting the matters related to climate change that are discussed to the Board of Directors as needed.
Strategy	<ul style="list-style-type: none"> We established "Protecting Global and Regional Environments" as one of the key issues (materiality) in the Hyakugo Bank Group SDGs Declaration, and are working to resolve issues caused by climate change. In the future, we will consider implementing scenario analysis of the risks and opportunities presented by climate change.
Risk Management	<ul style="list-style-type: none"> We recognize that climate change risk has the potential to have a significant impact on the Bank's business operations and finances. In the future, we will track and analyze the impact of climate change risk and also consider the creation of a system for management through an integrated risk management framework.
Metrics and Targets	<ul style="list-style-type: none"> As stated above, we are making efforts to reduce CO₂emissions. In the future, we will consider the establishment of metrics and targets based both risks and opportunities related to climate change.

* TCFD (Task Force on Climate-related Financial Disclosures)
A task force established in December 2015 by the Financial Stability Board (FSB) in response to a request by the G20 Finance Ministers and Central Bank Governors. The TCFD published its final report (recommendations) in June 2017. The recommendations encourage companies, etc. to track and assess risks and opportunities related to climate change, and to disclose "governance," "strategy," "risk management" and "metrics and targets."