

Initiatives for ESG/SDGs

- The Bank will implement the 13 management strategies set out in the Medium-term Management Plan as initiatives for ESG/SDGs and practice sustainable management

Our basic posture on SDGs

Structure for promoting SDGs

April 2019 **Established SDGs Promotion Committee**



Announced on Oct. 21, 2019

百五銀行 Group SDGs Policy

(Hyakugo Bank Group Sustainability Policy)






The Hyakugo Bank Group incorporates SDGs in its corporate activities and management strategy and balances the provision of solutions to social challenges in local areas through its main businesses and economic development, thereby contributing to the development of a sustainable society

As a regional financial institution, we are committed to:

Achieving a sustainable local society; and

Disseminating SDGs locally

Priority issues and links with action policy and SDGs targets

Priority issues	Action policy	SDGs
Conservation of global and regional environment	<ul style="list-style-type: none"> Contribute to achieving a sustainable global environment by supporting projects beneficial to environmental conservation and reducing burden on environment Participate in forest conservation and eco-friendly activities for conserving the local environment and raising awareness 	
Creation of regional society	<ul style="list-style-type: none"> Provide financial services beneficial to solving challenges and needs of customers for the creation of the local economy Provide cutting-edge financial services to support improving added value of local companies and contribute to customers' sound asset formation 	
Sustainable development of regional society	<ul style="list-style-type: none"> Be alert to challenges and needs facing the local community and contribute to sustainable development through business and social contribution activities Help achieve a dynamic local society by proactively offering educational opportunities for next-gen children 	
Diversity promotion	<ul style="list-style-type: none"> Help build an infrastructure for the work environment that allows various work styles and optimizes human abilities for further job satisfaction Contribute to developing a society that provides various career development opportunities 	
Tightening business management system	<ul style="list-style-type: none"> Improve and tighten risk management and compliance systems for the further transparency of corporate management 	

Promote ESG/SDGs from financing (loan) perspective

The first regional bank Offers **Hyakugo SDGs/ESG Evaluation** (based on our proprietary standard for evaluating corporate SDG activities)

Hyakugo SDGs/ESG loan

Offering started in October 2019

Loan instrument

Sustainable 105

Clients of Hyakuto SDGs/ESG rating service

Loan interest rate advantage according to Rank S to C

Eligible to

MOE's project

Interest subsidies for encouraging local ESG financing

Nominated as officially certified financial institution

(1) ESG loan target-oriented

(2) CO2 reduction target-oriented

Adopted both (1) and (2) As the **2nd regional bank**



Certificate dedicated to an evaluatee

Hyakugo SDGs Private Placement

Offering started in July 2019

Business back-up type

(1) **Hyakugo SDGs/ESG rating service**

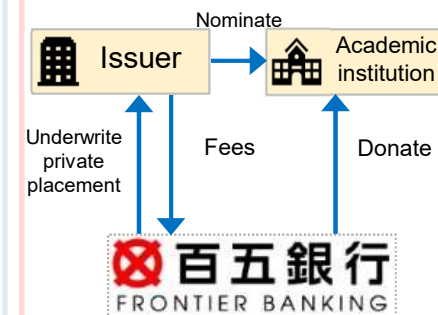
(2) Help obtaining official environmental, social, and governance-related certificates

(3) Comprehensive assessment of corporate initiative

for those applicable to either of (1) through (3)

Coupon rate advantage

Donation type

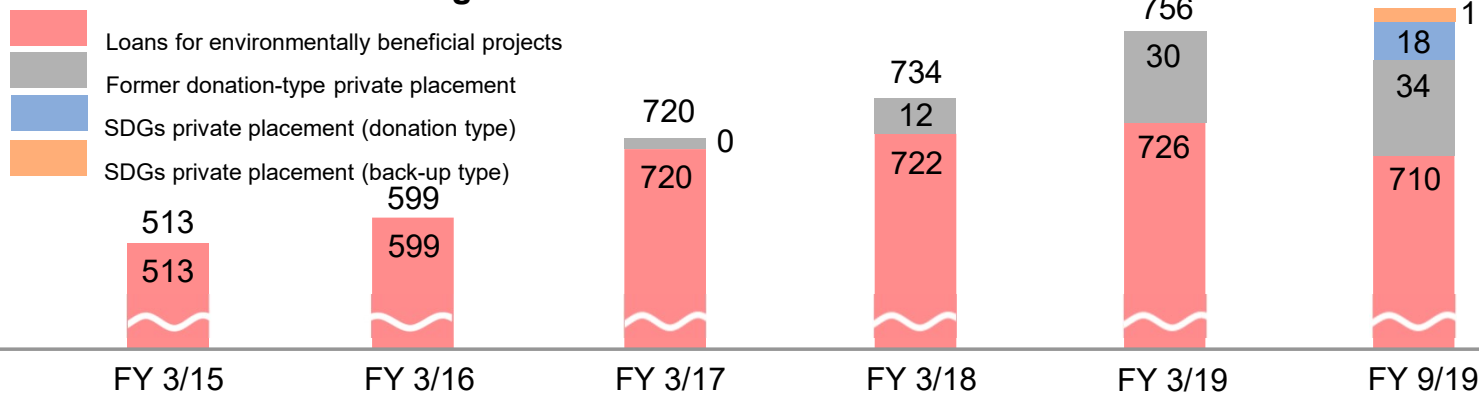


Total amount donated (from FY16 to 1H FY19)

6,297,148 yen

Trend of outstanding ESG/SDGs-related financing

(Unit: 100 million yen)



- ◇ Sustainable 105
- ◇ Hyakugo SDGs private placement (donation type)
- ◇ Hyakugo SDGs private placement (back-up type)
- ◇ Renewable energy-related financing



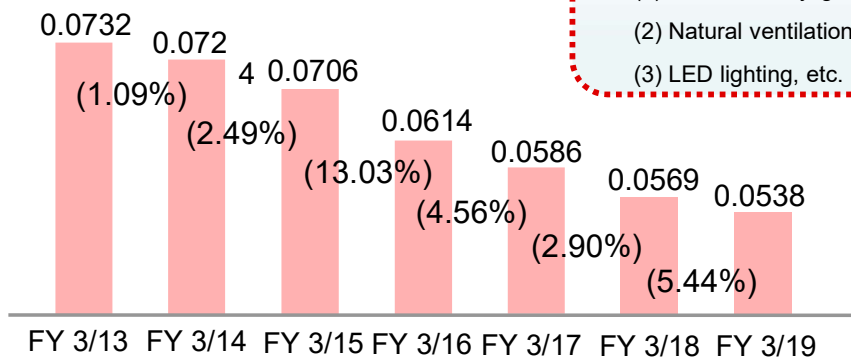
● **Environment:** Highly environmentally conscious initiatives



In-house environmental initiatives

Reduction of CO2 emissions

Trend of CO2 emissions per m²
(Unit: t-CO2/m²)



**<Main building>
Environmentally friendly system**
(1) Full-scale daylighting
(2) Natural ventilation
(3) LED lighting, etc.

Promotion of Hyakugo no Mori forest-development activity

Hyakugo no Mori started in 2006

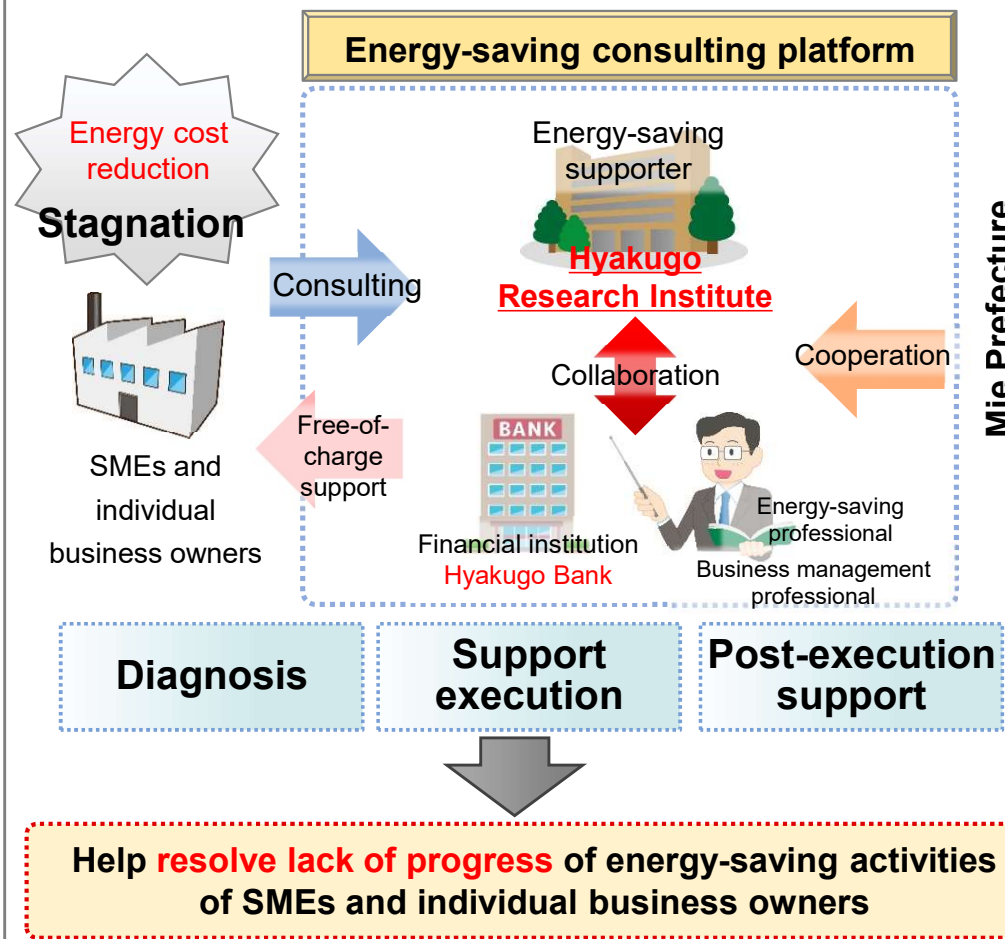
Engage in forest development activities at five sites in Mie Prefecture every year



External initiatives for promoting environmental conservation

Participate in projects of an energy-saving consulting platform

Initiatives of Hyakugo Economic Research Institute





● **Social: Initiatives for sustainable development of local community**

9 産業と技術革新の基盤をつくろう

11 住み続けられるまちづくりを

17 パートナリシップで目標を達成しよう

SDGs promotion activities for local companies

SDGs seminar for business owners

	Date	Theme	# of participants
1st	February 2019	SDGs practical seminar (Yokkaichi city)	43
2nd	July 2019	Contribution to local community and achieving corporate growth through SDGs initiatives (Shima city)	50

Collaboration with local government

Collaboration with **Shima city**, an **SDGs Future City** certified by the Cabinet Office 2018

Foster **SDGs intelligence**

For business owners

Examples of **SDGs application**



Help address business succession needs

The 1st Hyakugo Business Successor Ikusei Juku

Started
April 2019

Invited external lecturer

Composed of **7** curriculums

Graduated
October 2019

Purpose

Learn about necessity and actions to be taken for business succession

Learn about management required by business owners

Develop network across sectors and age boundaries

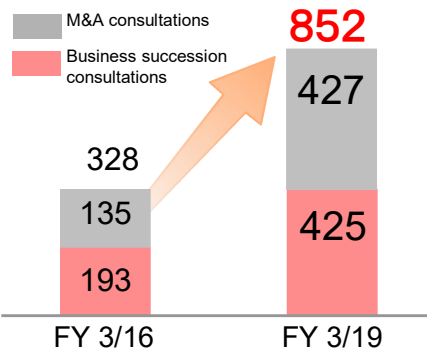
Participated by **27** companies



Offer a chance to intensely consider own business succession and management

Business succession and M&A seminar

of business succession and M&A-related consultations



7th seminar in April 2019
Participation by **40** companies



Respond to growing business succession needs



Social: Initiatives for creating a local economy



Encourage adopting cashless payments within a local community

Contracted to undertake experimental cashless project by Mie Prefecture

September 2019

Experimental cashless project within a sightseeing area

Mie Prefecture

outsourced



Arrangement of cashless payment facilities



Promotion and publication

(1) Demonstration at large-scale event

Suzuka F1 Grand Prix at stores inside and near the site



Cashless Usage Survey

(2) Demonstration at sightseeing area

Approach to Ise Jingu shrine (Geku) at nearby stores (restaurants, shops, and hotels)



Seminar based on survey results

Utilize survey results in promoting cashless trades within Mie's sightseeing areas

Use crowd funding to help expand distribution channel

Energize local community using crowd funding

May 2016

Business alliance with crowd funding operator

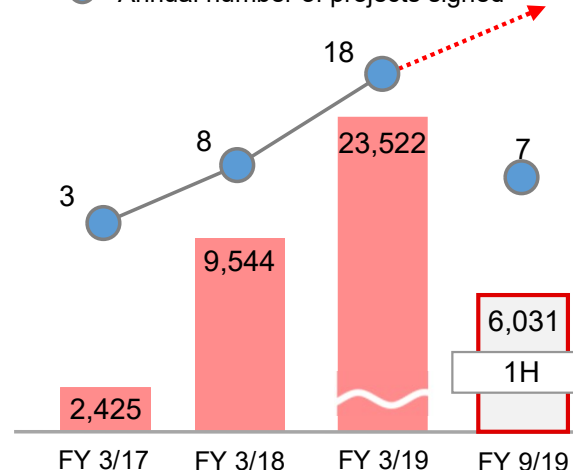


Makuake

* Makuake, Inc. (formerly Cyberagent Crowd Funding)

Examples of projects to which we contributed

Amount funded (Unit: thousand yen)
Annual number of projects signed



Examples of signed projects to which we contributed

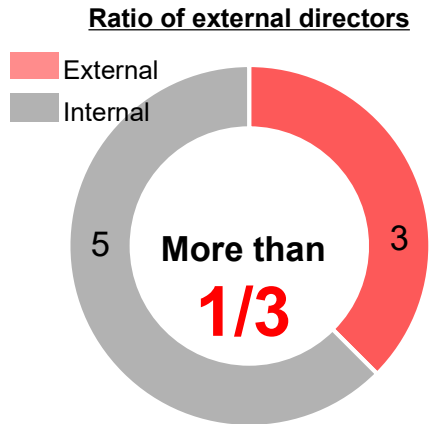
Help uncover regional business opportunities
(1) **New products**
(2) **New services**
(3) **New-type stores**

< Cumulative total >
36 projects
41,522 thousand yen

● Governance: Tightening corporate governance

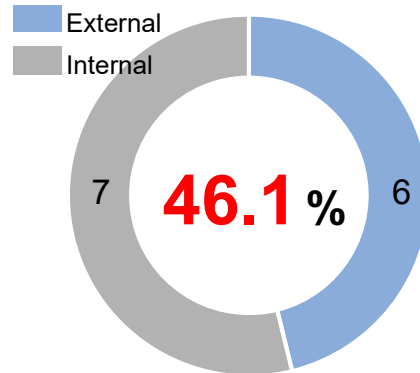
Invite external directors to tighten governance

Ratio of external directors



* As of December 2019

Ratio of external officers



Corporate governance meeting

(Volunteer nomination and compensation committee)

Chairperson: Elected from **external directors**

Position	# of persons
External directors	3
Internal directors (Representative Director)	2
Total	5

Decision making by Board of Directors

Increase transparency

Increase objectivity

Measure to prevent money laundering and funding of terrorism

Established a supervisory department in charge of actions against money laundering and funding of terrorism

October 2018 Within Compliance Supervisory Department

Newly established

Department in charge of actions against money laundering and funding of terrorism department

Enacted December 2018

Policy for actions against money laundering and funding of terrorism

Structure to strengthen actions against money laundering and funding of terrorism

Prevention of money laundering and funding of terrorism

Mission

One of the most important managerial missions

Cooperation with headquarters departments

Strengthening continuous, organized education

Integrated management of Hyakugo Group as a whole

Engage in development and sophistication of efficient risk management scheme