

Initiatives for ESG/SDGs

● The Bank announced the Hyakugo Bank Group SDGs Policy and identified five factors of materiality to tackle.



The Hyakugo Bank Group SDGs Policy

(Hyakugo Bank Group Sustainability Policy)



The Hyakugo Bank Group will contribute to the achievement of a sustainable society by setting the SDGs as important indicators for both the resolution of regional social challenges and achievement of economic development, and linking these SDGs to the Group's corporate activities.

Process of identifying materiality











Global environmental and social issues
+
Regional environmental and social issues

Expectations from regional societies

Affinity with the Hyakugo Bank Group's business domain

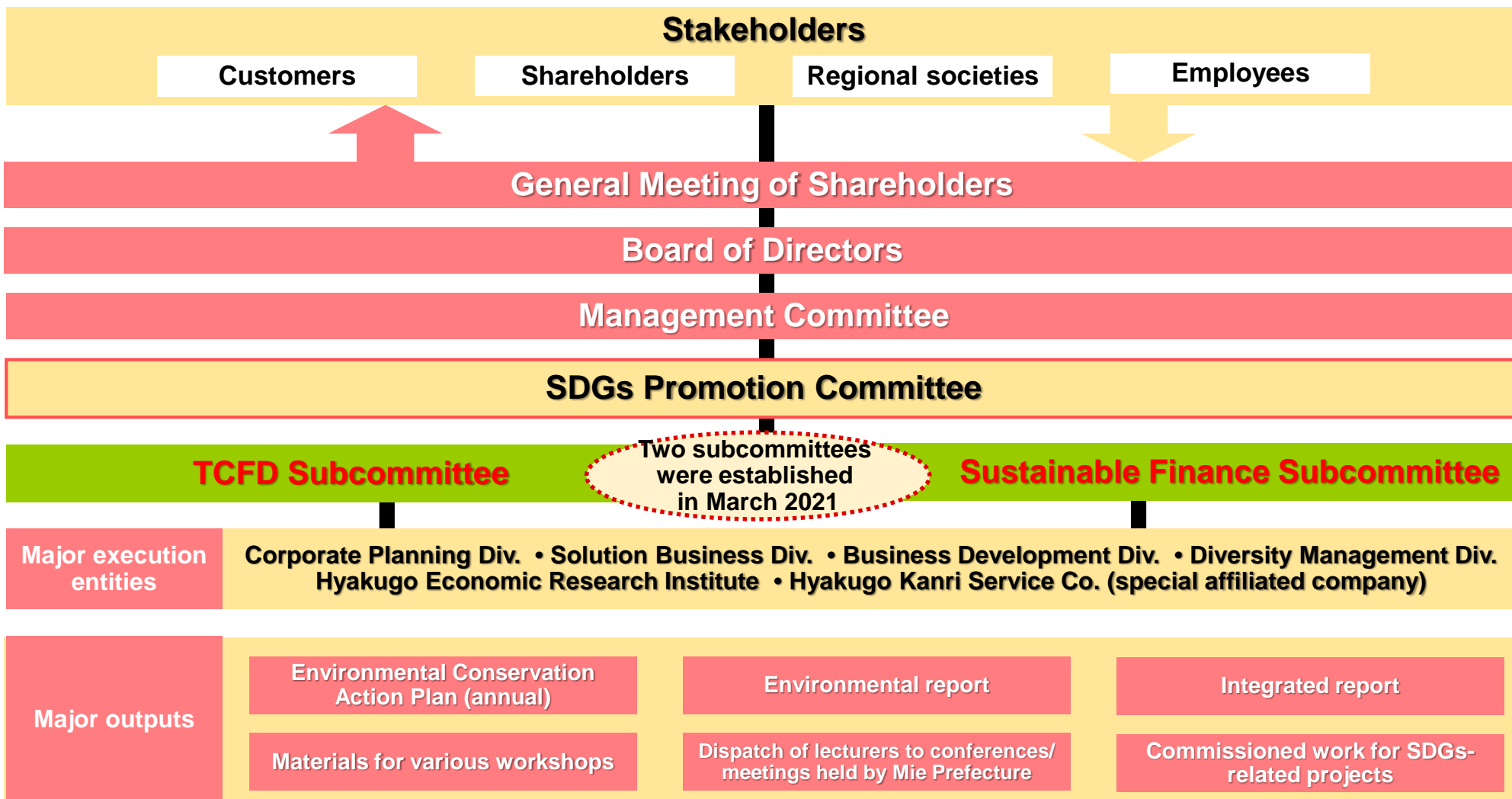
Identify five factors of materiality

Relationship between five factors of materiality, Action Policy and SDG targets

Materiality	Action policy	SDGs
Protecting global and regional environments	<ul style="list-style-type: none"> Contribute to realization of a sustainable global environment by supporting businesses leading to environmental preservation and a reduction in environmental burdens Undertake forest preservation and energy saving activities to help preserve the regional environment and raise awareness 	     
Creating regional economy	<ul style="list-style-type: none"> Offer financial services meeting varied challenges and issues of customers, and contribute to creating regional economy Offer advanced financial services, support local companies to enhance value-added and help customers to accumulate quality wealth 	    
Sustainably developing regional societies	<ul style="list-style-type: none"> Sensitively clarify issues and needs of regional societies, and contribute to their sustainable development through business and community activities Actively committed to education of children that will be responsible for the next generation, and contribute to the achievement of vital regional societies 	      
Promoting Diversity	<ul style="list-style-type: none"> Maximize personnel potential based on a work environment having diversity and inclusion, and seek to improve employment satisfaction Contribute to creating a society allowing diversified career formations 	  
Strengthening business management systems	<ul style="list-style-type: none"> Constantly review and enhance the risk management and compliance systems for higher transparency of corporate management 	

- The Bank's SDGs Promotion Committee examines and discusses issues that need to be addressed, encouraging coordinated efforts among departments.

Sustainable Management System



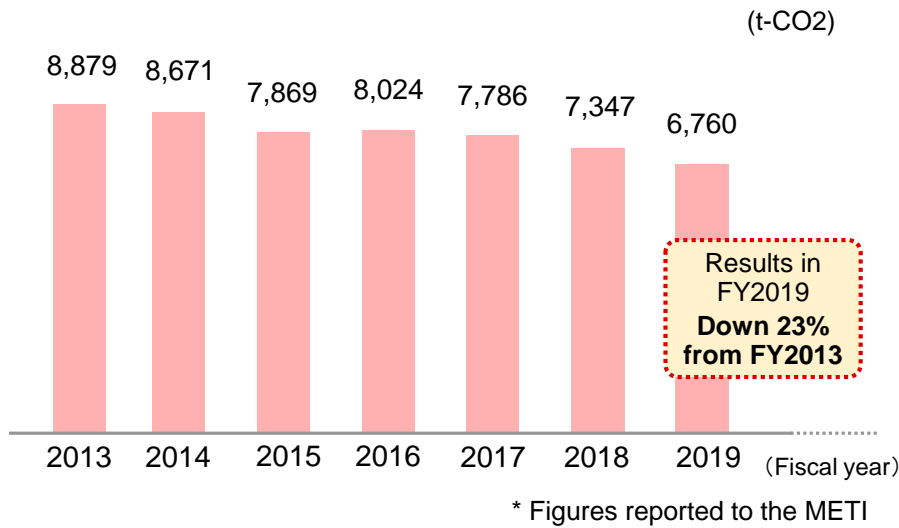


● Environment: Initiatives with higher environmental awareness



Initiatives for outside parties for environment preservation

Trend in CO2 emissions



Internal environmental initiatives

Promoting forestation activities “Hyakugo Forest”

“Hyakugo Forest” started in 2006

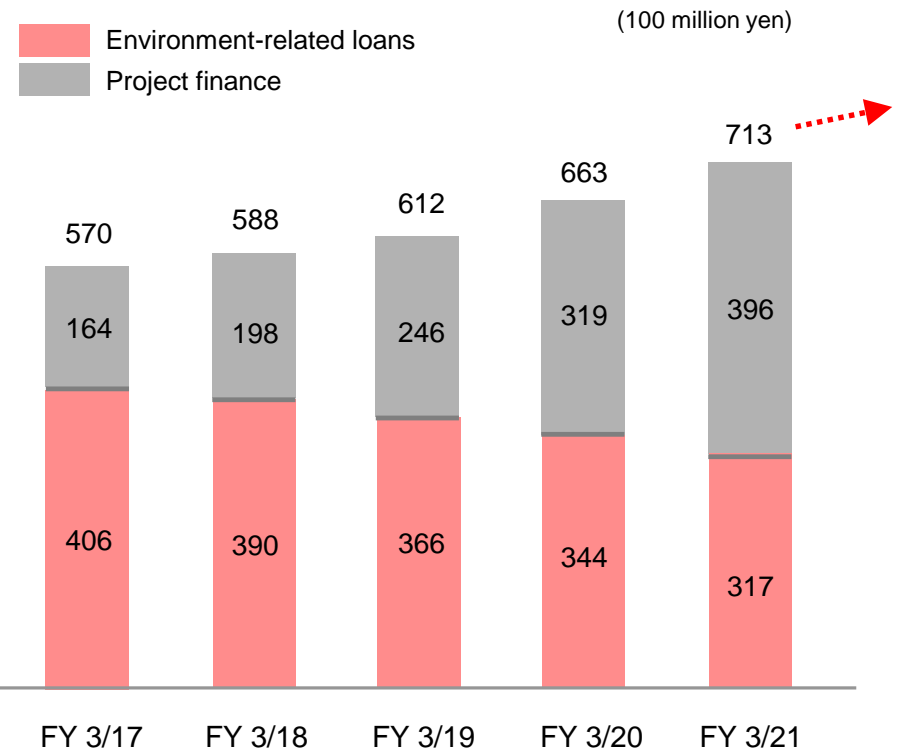
The bank is engaged in forestation activities in Mie Prefecture



Initiatives from the perspective of fund supply (loans)

Trends in balance of renewable energy-related loans

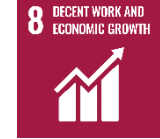
Heightened awareness of environment consideration among companies



* Renewable energy related loans are a sum of those for solar power, biomass, and wind power generation



● **Social: Initiatives for sustainable development of regional societies**



Promoting Diversity

Creating workplaces of diversity and building an organization where workers are motivated and feel a sense of unity

Training programs for female managers to gain management viewpoints



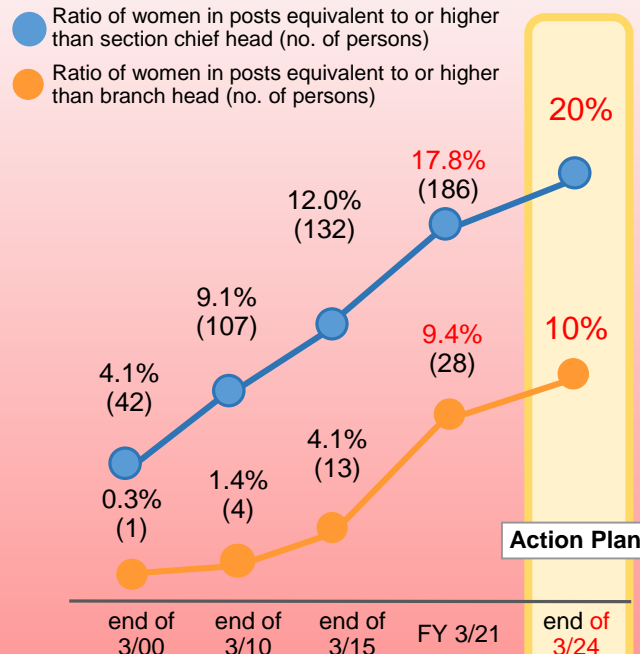
Exchange of opinions with board members



Participation in business plan review meeting

Implement training programs for female managers to gain management viewpoints for higher diversity in the Bank's management decision-making

Trends in the number of female managers and targets



Well-being activities



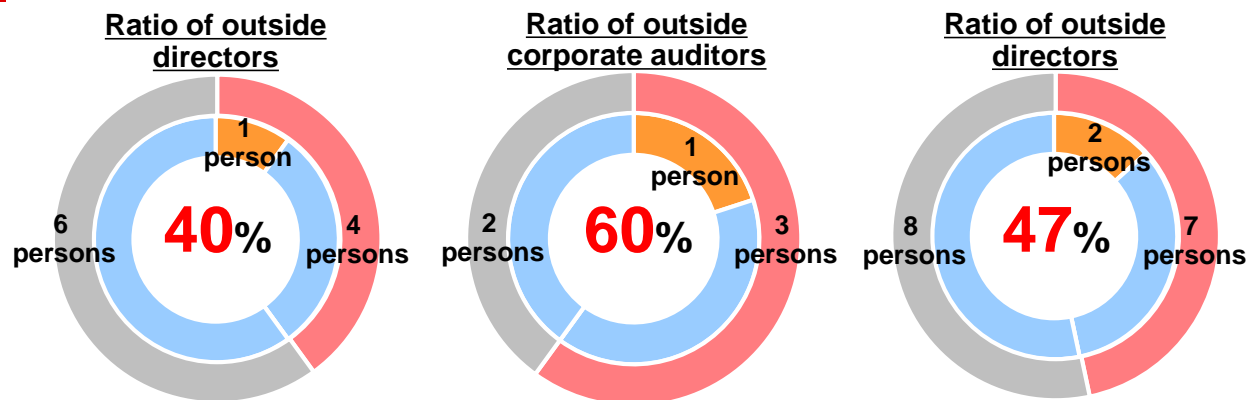
Improve employees' job satisfaction and create an environment where the Bank can continue to provide high-quality services to customers



Governance: Strengthening corporate governance

Strengthen corporate governance with selective and diversified outside directors and corporate auditors

Ratio of outside directors * As of Mar. 2021



[Future policy]

A female outside director joined in June 2020. Seek further selection and diversification of outside directors and corporate auditors

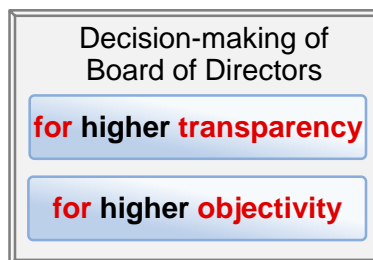
* Seven outside directors and corporate auditors are all independent.

Strengthen governance with appropriate commitment and advice of outside directors and corporate auditors

Corporate governance meeting (non mandatory nomination/remuneration committee)

Chairperson is elected from among **outside directors**

Title	No. of persons
Outside directors	4
Inside directors (representative director)	2
Total	6



* The figures are as of March 2021.

[Functions]

Providing advice on the following matters to Board of Directors

- Matters concerning candidates for directors and auditors
- Matters concerning remunerations, etc. to directors
- Other significant matters concerning management