

JBA SDGs REPORT 2018



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I n t r o d u c t i o n

The world today finds itself at major turning points of multi-dimensional scope, such as the advancing digitization, the transformation of social structures due to global demographic aging, and changes in needs and values accompanying these shifts. At this junction between epochs, we find ourselves compelled to take a fresh look at our role as banks in relation to resolving societal issues.

The Sustainable Development Goals (SDGs) adopted at the "United Nations Sustainable Development Summit" in September 2015 under the slogan of "No One Left Behind" comprise 17 goals toward the realizing of a sustainable society by 2030. Considered main actors are not only UN member countries but also the private sector including the business world. In Japan, too, the government and many companies are engaged in SDGs efforts.

Likewise, in order to further strengthen medium- and long-term efforts, in March 2018 the Japanese Bankers Association (JBA) revised its Code of Conduct, that is, the code of conduct and code of ethics for bank executives and employees, and clarified endeavors and expected roles to realize a sustainable society and to help solving societal issues. At the same time, the JBA set up an organizational framework to promote SDGs and determined the key initiatives relevant to the individual goals of SDGs.

We have designated Fiscal Year 2018 as "a year of contributions to solving societal issues" and have been working on specific initiatives. As one of the results, we decided to newly publish the "JBA SDGs Report" with an overview of our activities and achievements during this one year.

The SDGs formulate universal challenges and goals imposed on us toward realizing a sustainable society, with the No. 17 Goal proposing "Partnerships" as a key term. It has been our understanding that the bottom line of the SDGs is the idea that the diverse players must cooperate if a sustainable society is to be realized. In our role as banks, we have great power to change society. Banks have to play a major part in solving societal issues, operating as nodal points and working together with various stakeholders, not as an imposed burden but as an assumed responsibility. This may well define the banks' "raison d'être."

The JBA will continue to fully support the efforts of its member banks. We hope that the publication of this report will help the banking industry's SDGs efforts win wide attention and appreciation.

June 2019

Japanese Bankers Association



SUSTAINABLE DEVELOPMENT GOALS

17 GOALS TO TRANSFORM OUR WORLD



The Japanese Bankers Association's SDGs Promotion Framework and Key Initiatives

① Background

The SDGs were adopted in September 2015 at the United Nations Sustainable Development Summit, together with a declaration for all United Nations member states to act towards achieving in the interim from 2016 to 2030 their goals for sustainable development. The Japanese government followed suit with measures that included in May 2016 the establishment of the "SDGs Promotion Headquarters" headed by the Prime Minister.

Similarly, in the business community, the Keidanren revised in November 2017 its Charter of Corporate Behavior with a view to the attainment of SDGs and the realization of the societal transformation plan of Japan dubbed "Society 5.0."

In the financial industry also, efforts relating to the increasingly important ESG (Environmental, Social and Governance) are finding more interest as a loadstar for long-term investment and the discussion has been picking up, occasioned by the signing of the Principles for Responsible Investment (PRI) by the Government Pension Investment Fund (GPIF) in 2015.

Japan's banking industry as a provider of customer services and as a cornerstone of social infrastructure has traditionally been engaged in various kinds of efforts including the development of financial infrastructure and social contribution activities. Additionally, in order to strengthen medium- and long-term efforts surrounding the issues set out in the SDGs, in March 2018 the JBA decided to establish an SDGs promotion framework and determine key initiatives related to the 17 SDGs.

② The SDGs Promotion Framework

The challenges posed by SDGs are very diverse and need to be addressed over the medium and long terms. In order for all study groups of the JBA to laterally participate and to enable a well-grounded approach, the JBA set up the "Working Committee on the SDGs/ESG" under the auspices of its Planning Committee and established a framework for comprehensive measures regarding SDGs in ongoing coordination with relevant individual sub-committees (Note). In light of the continuously shifting parameters in society and in the environment of the banking community, the JBA determined that SDGs are to be addressed over the long and medium terms. Specifically, with reference to PDCA cycle application, centered on the Working Committee on the SDGs/ESG, the framework provides for the drafting (P) of measures, handling general matters while enabling the delegation (D) of tasks to the project-relevant working committees, with periodic progress checks and necessary revisions (C / A).

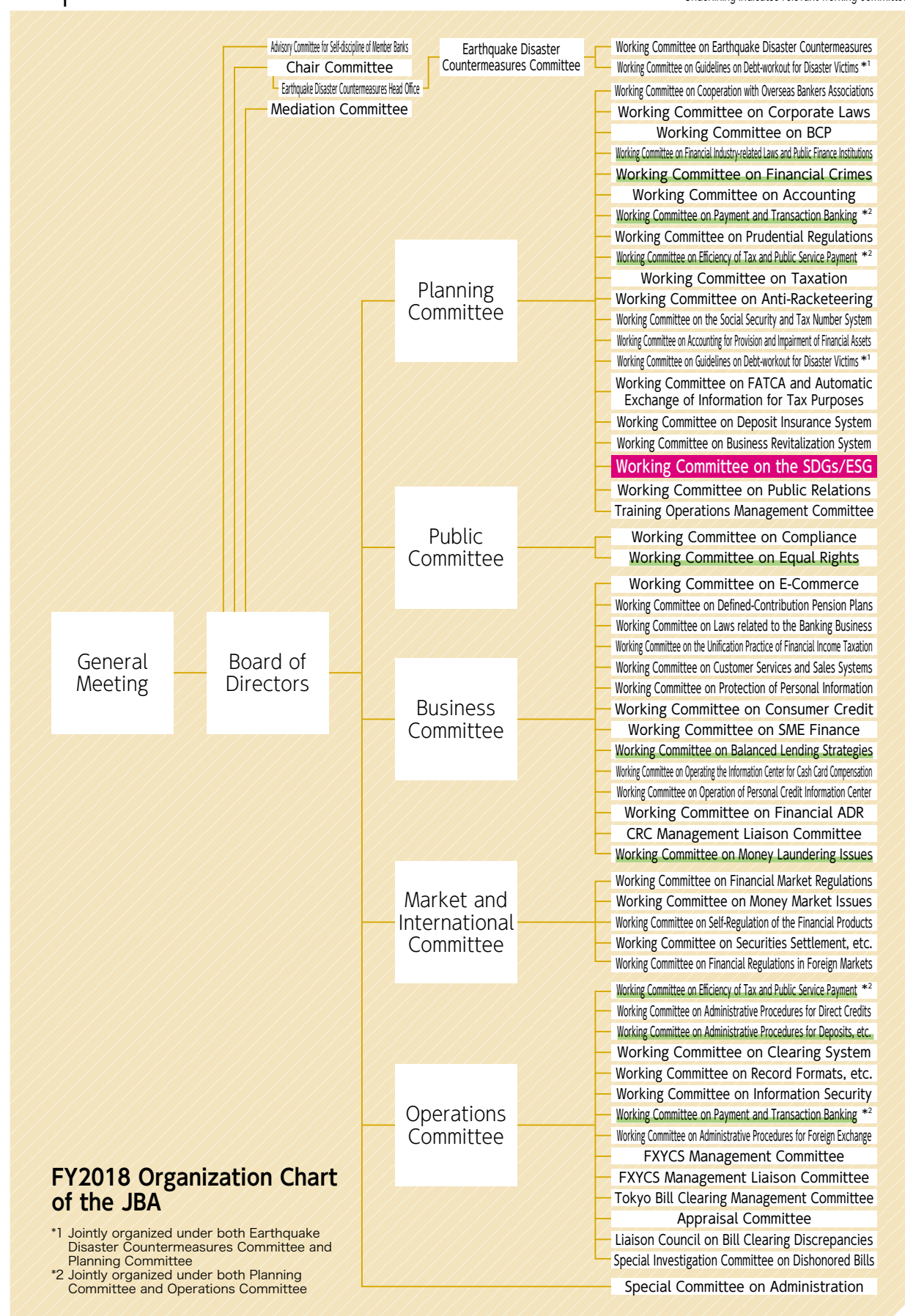
Note: Working Committee on Financial Industry-related Laws and Public Finance Institutions, Working Committee on Financial Crimes, Working Committee on Payment and Transaction Banking, Working Committee on Efficiency of Tax and Public Service Payment, Working Committee on Equal Rights, Working Committee on Balanced Lending Strategies, Working Committee on Money Laundering Issues, Working Committee on Administrative Procedures for Deposits, etc.

③ Key Initiatives of the JBA




At the March 2018 Board of Directors meeting, JBA decided on eight key initiatives. Subsequently, amid other necessary reviews, in October 2018, "Wider access to finance and financial services for the elderly and other miscellaneous users" was added in the light of the societal issues presented by a growing demographic of a very high age. Currently, the JBA has identified nine key initiatives as societal issues which the banking industry will work to resolve.

The Japanese Bankers Association's Fiscal Year 2018 SDGs Promotion Framework

* Underlining indicates relevant working committees



Fiscal Year 2018 Key Initiatives

Issues (main items)	Issues (sub-items)	Specific initiatives in FY2018
1. Progress of initiatives implemented by member banks; providing various types of support measures for devising lending policies (Common) Managing unit: Working Committee on SDGs/ESG	(1) Ascertain and assess JBA's initiatives (Surveys on ESG) (2) Reviews and research on lending policy formulation	<ul style="list-style-type: none"> Understand the progress of member banks' initiatives by conducting surveys on ESG considerations Revise the current "CSR Report" and create and publish a "SDGs Report" (tentative name) Conduct research and surveys of domestic and overseas examples of the lending policy formulation relating to the environment and human rights, etc.
 2. Promotion and expansion of financial and economic education (Goal No. 4) Managing unit: Working Committee on SDGs/ESG	Promotion and expansion of financial and economic education	<ul style="list-style-type: none"> Ascertain and publicize the progress of member banks' initiatives by conducting surveys on financial and economic education Create common teaching materials in cooperation with other financial organizations Strengthen activities geared at young people using mobil apps and websites (conduct mass advertising) Continue with the implementation of lecturer dispatch on a nationwide basis Consider case examples of financial and economic education as reference materials for member banks
 3. Initiatives to improve customer convenience improvements through advanced payment systems and Fintech, etc. (Goal No. 9) Managing unit: Working Committee on Payment and Transaction Banking, Working Committee on Efficiency of Tax and Public Service Payment	(1) Transition to XML message format (2) Extend the operating hours of the Zengin System (3) Promote open API (4) Promote initiatives to digitize bills and checks functions (5) Deliberations on efficiency improvements in the collection and payment of taxes and public dues	<ul style="list-style-type: none"> Engage in public awareness activities surrounding the operations and utilization of the Zengin EDI System Implement 24/365 operation of the Zengin System Compile the results of deliberations at the "Study Group for the promotion of Open API" and endeavor to increase the number of connected banks Compile the reports of the "Study Group on the Promotion of the Digitization of Bills and Checks Functions" Engage in deliberations by study groups from the public and private sectors
 4. TCFD recommendations and research and action on low-carbon issues (Goal No. 13) Managing unit: Working Committee on SDGs/ESG	(1) Conduct a research on efforts relating to TCFD recommendations (2) Categorical attainment of targets under "The Commitment to a Low Carbon Society"	<ul style="list-style-type: none"> Conduct surveys of case examples of efforts undertaken by domestic and foreign banks Continue to conduct follow-up surveys on "The Commitment to a Low Carbon Society" and the "Voluntary Action Plan for Establishing a Sound Material-Cycle Society" (member banks' electricity consumption rate, recycled paper and eco-friendly paper purchase rates, and paper recycling rate)

Issues (main items)	Issues (sub-items)	Specific initiatives in FY2018
 5. Measures to prevent financial crime and money laundering, and actions to meet FATF recommendations (Goal No. 16) Managing unit: Working Committee on Financial Crimes, Working Committee on Money Laundering Issues	(1) Efforts to prevent financial crime (2) Measures to accommodate the FATF 4th Round of Mutual Evaluations	<ul style="list-style-type: none"> Conduct "Survey on Internet Banking Security Measures" Continue educational activities for the eradication of bank transfer scams etc. Support to strengthen member banks' knowledge and capability with a view to accommodating the FATF 4th Round of Mutual Evaluations; hold public/private sector liaison meetings for advanced countermeasures against money laundering (timely provision of relevant information to members, educational activities geared at customers of member banks, etc.)
 6. Promotion of women's careers, promotion of work-style reform (Goal No. 5) Managing unit: Working Committee on Equal Rights, Working Committee on SDGs/ESG	Promotion of women's careers, promotion of work-style reform	<ul style="list-style-type: none"> Disseminate information on example cases of individual member banks
  7. Measures concerning human rights (Goals No. 5 and 10) Managing unit: Working Committee on Equal Rights, Working Committee on SDGs/ESG	Measures for addressing human rights issues	<ul style="list-style-type: none"> Hold human rights lectures, contests and awards for human rights maxims Conduct and publicize the results of surveys on efforts for accommodating persons with disabilities, etc.
 8. Efforts at regional economic revitalization and local invigoration (Goal No. 8) Managing unit: Working Committee on Balanced Lending Strategies	Promotion of efforts at local invigoration	<ul style="list-style-type: none"> Disseminate information on example cases of individual member banks (in consideration with actions implemented by the Regional Banks Association of Japan and The Second Association of Regional Banks)
 9. Wider access to finance and financial services for the elderly and other users (Goal No. 8) Managing units: Working Committee on SDGs/ESG, Working Committee on Financial Industry-related Laws and Public Finance Institutions, Working Committee on Equal Rights, Working Committee on Administrative Procedures for Deposits, etc.	Promotion of efforts for wider access to finance and financial services for the elderly and other users	<ul style="list-style-type: none"> Implement dementia supporter training courses continuously Host lectures on related themes Distribute financial literacy study materials for the elderly, etc. Follow-up discussions at the Financial System Council (Working Group on Financial Markets), etc. Implement measures based on the "Report of the Study Group on Deposit and Savings Management in Adult Guardianship" Engage in deliberations toward the further multilingualization of communication boards

Status of Activities of the Japanese Bankers Association in Fiscal Year 2018

In FY2018, the JBA promoted efforts based on nine key initiatives relevant to the 17 SDGs. This report summarizes individual efforts and presents the results achieved in FY2018.

1

Progress of initiatives implemented by Member Banks; Providing Support Measures for Devising Lending Policies



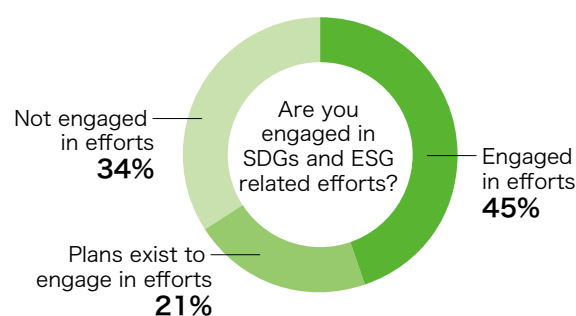
As a joint approach of the banking community in order to achieve the 17 SDGs and aiming to promote awareness and appreciation on the part of member banks, the JBA monitors the status of member banks' efforts, conducts various surveys on SDGs, sponsors lectures, and introduces case examples of member banks' endeavors.

1 Surveys on SDGs and ESG

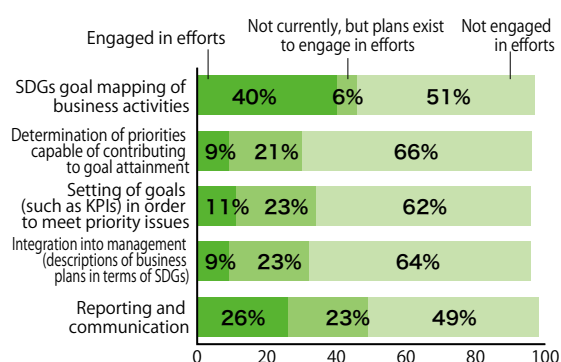
JBA conducted surveys of member banks' efforts related to SDGs and ESG in order to gain understandings of what and how far the member banks were doing and to stimulate endeavors by providing with the feedback on the survey results.

FY2018 Questionnaire Survey Results (Summary)

- Out of the 118 banks that responded, 53 (45%) were engaged in SDGs and ESG related efforts and 25 (21%) said they had plans to do so.



- The status of SDGs and ESG related efforts was as follows.



- Among the 17 SDGs, the goals that member banks are working on are as follows.



② Launch of the JBA SDGs Report

In order to promote member banks' voluntary CSR (Corporate Social Responsibility) efforts, the JBA has been publishing the "JBA CSR Report" since April 2007. Taking things one step further, rather than stopping at CSR matters, the JBA decided to additionally strengthen the external presentation of the banking community's efforts surrounding SDGs/ESG. To this end, the "JBA CSR Report" was transformed into the "JBA SDGs Report" in order to deepen member banks' understanding of subject issues from the perspective of SDGs/ESG and to further support member banks' voluntary efforts.

In addition to the status of the main activities of the JBA in FY2018, this report describes case examples of member banks' activities related to SDGs and includes commentary from experts on SDGs.

The JBA will continue to issue this report in coming fiscal years and provide insight in the banking community's efforts surrounding SDGs.

③ Review and Research on Lending Policy Formulation

In recent years, financial institutions' social responsibility as providers of finance has become a central subject of scrutiny, not only with regard to environmental and societal issues caused directly by financial institutions themselves but also issues caused indirectly through their loan customers, etc. Moreover, the High Level Meeting on ESG Finance of the Ministry of the Environment noted in its recommendation that "encouraging considerations to ESG in loan will also be a key to expansion of sustainable and inclusive ESG finance," and that efforts at ESG loans are necessary for augmenting the competitive strength of regional businesses and for sustainable improvements in regional communities, thus reflecting growing demands made on financial institutions, regardless of their size and irrespective of whether activities are domestic or international, to take environmental and social risks into account in their efforts. Against this background, in the domestic and international spheres, there is a broadening trend to formulate and publicize lending policies for specific industries and sectors. However, in Japan this movement has to date reached only a limited number of banks.

Consequently, in order to generate interest for members banks' environmental and social considerations and to support member banks' efforts, the JBA has conducted studies and research of domestic and international examples of lending policy formulation relevant to environmental matters and human rights, etc., and compiled the results in a report on "Reviews and Research on Lending Policy Formulation and Research on Efforts Relating to TCFD Recommendations" (March 2019).

Additionally, the JBA attended the High Level Meeting on ESG Finance and the ESG Financial High-Level Panel, established based on its recommendation, where the JBA presented examples of member banks' efforts and expressed our opinions.

Efforts of Major Banks on Investing and Lending Policies

The following is brief description of investing and lending policies adopted by Mizuho Financial Group, Inc., Mitsubishi UFJ Financial Group, Inc., Sumitomo Mitsui Banking Corporation, and Sumitomo Mitsui Trust Holdings, Inc. in coal thermal power and weapons, etc. (See previous page in section ③)

- Mizuho Financial Group established on June 13, 2018, its lending policies ("Policies on Specific Industrial Sectors") for industries such as coal-fired power generation and weapons.
 - The policies designate coal-fired power generation and weapons as the "Primary examples of transactions which require additional due diligence." Regarding loans to be used for coal-fired power generation, policies mandate credit assessments based on reviews of economic merits, etc., predicated on comparisons with alternative technologies. With regard to weapons, investment and loans are to be avoided if the funds are to be applied to the manufacture of arms whose purpose is to kill, injure, and destroy in a war or conflict.
 - "Primary examples of prohibited transactions" are investments and loans to companies that manufacture cluster munitions, etc. The Group will not engage in transactions that are problematic considering public interest, social justice, and humanitarian aspects, such as investments and loans to manufacturers of cluster munitions.
- Mitsubishi UFJ Financial Group established on May 15, 2018, its "Environmental and Social Policy Framework," defining "Prohibited Transactions" and "Restricted Transactions" and clarified its financing stance.
 - The Policy Framework designates the coal-fired power generation sector and the cluster munitions manufacturing sector as specific sector items in "Restricted Transactions." Decisions for new credits related to coal-fired power generation require careful assessment by referring to international

guidelines such as the OECD Arrangement on Officially Supported Export Credits. As to the cluster munitions manufacturing sector, financing is prohibited in light of its inhumane nature.

- The Group will also refrain from engaging in "Restricted Transactions" in cases where a significant environmental and social risks or impacts are perceived.
- Sumitomo Mitsui Banking Corporation announced on June 18, 2018, the establishment of its lending policies (Lending policies by industry) for coal-fired power plants, etc., together with a review of its credit policies. Additionally, the bank publicized on its corporate website its stance on finance for arms manufacturers.
 - New loans for coal-fired power plants, irrespective of the hosting country or region, are limited to ultra-supercritical power plants (steam pressure of at least 240 bar and steam temperature of at least 593°C, or CO₂ emission under 750g/kWh) and projects of yet greater efficiency.
 - Based on humanitarian considerations, credit extension to cluster munitions manufacturers is banned.
 - Mandatory checks to prevent the usage of funds for the manufacture also of other lethal weaponry.
- Sumitomo Mitsui Trust Holdings in its integrated report released on July 23, 2018, set out policies for Sumitomo Mitsui Trust Bank regarding project finance for coal-fired power generation and regarding cluster munitions.
 - As a rule, any new coal-fired power generation projects coming up on drawing boards will not be funded.
 - No funds will be provided for companies both domestic and international that are engaged in the manufacture of cluster munitions, which are considered highly problematic on humanitarian grounds.

④ SDGs Symposium

The SDGs Symposium (the "Symposium") held on November 27, 2018, was meant to raise opportunities for the banking community to engage in societal issues such as environmental problems and human rights, etc., and to promote women's participation in the workplace (Co-sponsors: Regional Banks Association of Japan, Trust Companies Association of Japan, and The Second Association of Regional Banks).

In the first part of the Symposium, JBA Chairman, Koji Fujiwara, gave a lecture entitled "SDGs and Finance – What Does the Banking Sector Need to Do?" He was followed by Toshihiko Goto, Director at Global Compact Network Japan, who spoke on the theme of "SDGs and TCFD – The Approach Expected of the Banking Sector." Moreover, the JBA declared its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) established by the Financial Stability Board.

In the second part of the Symposium, a panel discussion was held on the topic of "Approaches to Challenges in the SDGs – From the Perspective of Human Rights and Gender Equality" with three panelists comprised of Masako Yabumoto (a former Nippon TV announcer), Kazue Yamazaki (Associate General Manager and Head of the Diversity & Inclusion Office, Human Resources Department, Sumitomo Mitsui Trust Bank, Limited), and Hiroko Akizuki (Professor, Department of International Relations, Asia University).



2 Promotion and Expansion of Financial and Economic Education



The JBA has, from the past, been a proactive proponent of financial and economic education with the objective of promoting financial literacy, such as by furthering the appreciation of the roles and functions of banks and improving the awareness and knowledge of financial transactions.

The meaning and purpose of the financial and economic education advocated by Financial Services Agency relate to "enable each Japanese national to achieve financial independency and lead a better life; and to contribute to the realization of a fair and sustainable society by encouraging financial institutions to offer good quality financial products, and by the effective use of household financial assets, through the improvement of financial literacy" (Study Group on Financial Education Report, April 2013). Meeting these objectives will help attain Goal No. 4, "Quality Education" of the SDGs, which targets to "Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all."

To this end, financial and economic education activities have been included in the list of key initiatives related to SDGs, which will be promoted and widened over the medium and long terms.

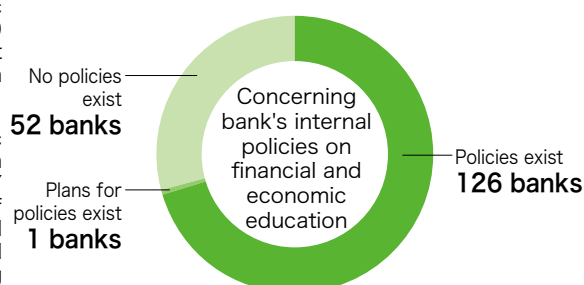
1 Survey Concerning Financial and Economic Education

The JBA conducted a questionnaire survey directed at all members in order to understand the status of member banks' efforts at financial and economic education activities and to support member banks' efforts by communicating to them the survey results. The aggregated results including useful case examples from the 179 respondents were communicated to the member banks. The results (summary) of the questionnaire survey are shown in the table below.

FY2018 Questionnaire Survey Results (Summary)

- Regarding the implementation status of financial and economic education, out of the 179 respondents 126 (70%) said that financial and economic education was being conducted.

- The breakdown of specific financial and economic education activities implemented in FY 2017 is shown below (number of implementing banks, total number of sessions, total number of participants), resulting in activities held for around 208 thousand participants.



	Lecturer dispatch	Guided tours of banking premises	Donation-funded lectures	Seminars	Events	Internships	Total
Number of implementing banks	88	104	41	68	75	100	—
Total number of activities	1,266	2,023	155	7,617	494	715	12,270
Total number of participants	49,222	28,238	10,368	79,410	19,038	21,787	208,063

- Responses from member banks included the following examples of financial and economic education activities (excerpt).
 - Classes are not kept strictly in seminar format but include active involvement of participants to increase the enjoyment of learning by experiencing.
 - Instead of focusing on independently hosted events, the collaboration with other events geared at children was successful in making many participants feel comfortable with banks.
 - In order to spread financial and economic education activities for high school students, we concluded an agreement with the Prefectural Education Committee and joined the Prefectural High School Student Learning Activity Consortium (a body where education committees, prefectural high schools, universities, companies, and research institutes, etc., work together to create educational opportunities for fostering students' independence).
 - We have been working on financial education in cooperation with child support NPOs and child protection facilities in order to address child poverty in Japan which has become a problem today.

② Production of Core Contents for Financial and Economic Education

Core contents for financial and economic education refers to common teaching materials across the financial industry cooperatively prepared between the members* of the Committee for the Promotion of Financial Education, which is a main player in the implementation of financial and economic education.

Financial and economic education activities used to rely on teaching materials and lecturers dispatch prepared and implemented by individual organizations. In order to eliminate variation and to enable more systematic learning on finance and economy, the financial community agreed to prepare common teaching materials, had discussions with the members (involving experts, the relevant ministries, and organizations of financial industry) of the Central Council for Financial Services Information and others, and finally publicized the common teaching materials in March 2019 (The Central Council for Financial Services Information, URL: https://www.shiruporuto.jp/public/data/lecture/daigaku_core/).

During the course of preparation of those teaching materials, JBA actively engaged in consensus formation among the parties and in providing inputs and opinions in deliberations of the content of the teaching materials.

It should be noted that the intended core target audience for the teaching materials are university students with the aim of instilling interest in financial literacy, with an assumed class duration of 90 minutes during which content such as personal finance management, financial life planning, asset formation, insurance, and loans, etc. are comprehensively treated.

* Committee for the Promotion of Financial Education

Based on the "Study Group on Financial Education Report" compiled and released in April 2013 by the Study Group on Financial Education established by the Financial Research Center of the Financial Services Agency, the Committee for the Promotion of Financial Education was established by the Central Council for Financial Services Information with the objective of deliberating on efforts surrounding issues proposed as topics for deliberation in order to promote the policies of the report. The Committee for Promotion of Financial Education consists of relevant experts, related agencies and ministries (Financial Services Agency, Consumer Affairs Agency, and the Ministry of Education, Culture, Sports, Science and Technology), as well as financial organizations (such as the Japan Bankers Association, the Japan Securities Dealers Association, The Investment Trusts Association, Japan, the Japan Institute of Life Insurance, The General Insurance Association of Japan, the Japan Association for Financial Planners, and the Japan Exchange Group), and has the Central Council for Financial Services Information as its secretariat.

③ Activities to Promote Financial and Economic Education

Associated with the growing importance of personal asset management to fund ever-longer life spans in light of Japan's demographic aging to very high age brackets, schemes such as the iDeCo* and asset-formation type NISA* have been established to promote widespread steady asset formation by individual citizens. Against this backdrop, the JBA has identified efforts to encourage the transition from saving to asset formation as an important issue and has been emphasizing activities themed on the necessity of asset formation.

These activities are specifically targeted at university students and the young among the working-age population, with PCs, smartphones, and tablets, etc., as the principal points of access. Consequently, a variety of media including websites and smartphones comes into play, along with advertising strategies involving celebrities with broad public appeal.

In FY2018, an advertising campaign advocating the importance of asset formation ran from February-end through March-end 2019. While effectively using an app produced in FY2017, the campaign centered on a special website which featured professional figure skater Nobunari Oda who enjoys wide popularity including the younger age brackets.

* The individual-type defined contribution pension plan (iDeCo)

* Nippon (Japan) Individual Savings Account (NISA)



The JBA website

④ Lecturer Dispatch on a Nationwide Basis

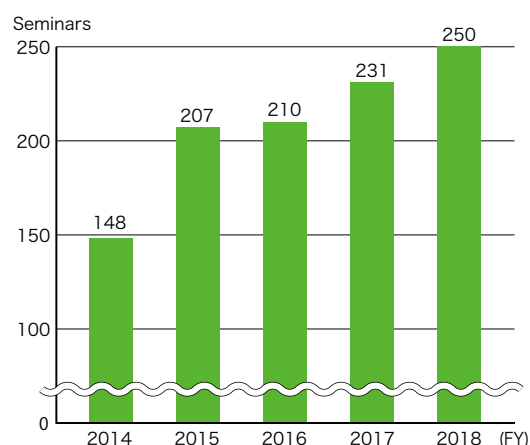
Since 2003, JBA has been operating lecture dispatch service where lecturers including staff of JBA travel nationwide in response to requests, such as from schools or event organizers for setting up classroom lectures to students or instructor training sessions, or providing seminars targeting consumers. The number of dispatch has been increasing year after year, with mounting interest in financial and economic education coming from teachers and schools in light of lowering of the age of adulthood and of the new curriculum guideline by the government. In FY 2018, 250 lecturers were held by dispatched lecturers for altogether 23,091 participants.

Seminar topics are determined in accordance with requests, including the following main topics.

Type of Audience and Main Topics

Type of audience	Main topics
Junior high school and high school students	Banks' functions
	Life plan and financial planning games
	Mechanism of finance and its relation to society
High school students and university students	Loans, credit, and the use of money
	Money considerations for young adults
University students	Trends in the banking industry
General consumers, etc.	Points to consider when choosing financial products for the first time
	Schemes of financial tricksters and self-protection
Instructors, etc.	Implementation of financial and economic education

Number of Seminars Held in the Last Five Years



⑤ Case Examples of Financial and Economic Education

Primarily for the purpose of further promoting member banks' efforts, the JBA reviewed, implemented, and shared with members banks case examples of financial and economic education considered useful for member banks as reference.

In particular, in light of the need for financial and economic education from the perspective of reducing child poverty, in cooperation with the Matching Network Promotion Council (consisting of the Cabinet Office and support groups with nationwide networks), which is working to build networks between child support groups and private sector companies, etc., the JBA implemented model classes for teaching the handling of money, etc., based on referrals from support groups. Additionally, the JBA compiled implementation outlines on the methods of cooperation and content of seminars, etc., and made this information available to member banks.



Proceedings at a model class



⑥ Study Groups on Financial and Economic Education Geared at Member Banks

In order to further support member banks' efforts at financial and economic education, on March 1, 2019 the Study Group on Financial and Economic Education was held for member banks.

The event that day featured a lecture from the Central Council for Financial Services Information on the practical application of core contents (see ② on the previous page), information sharing from The Tokyo Star Bank, Limited on case examples surrounding its efforts, and from the secretariat of the JBA an introduction of financial and economic education case examples (see ⑤ above) along with teaching materials prepared by the JBA.

7 Designated Schools for Financial and Economic Education Research – Bank Transfer Fraud Prevention Educational Activities by High School Students

Designed schools for financial and economic education research are selected from junior high schools and high schools that take a proactive approach to financial and economic education. This system started in FY2010, and constitutes an effort to support the implementation of financial and economic education at those schools through the provision of tools such as teaching materials and the dispatch of lecturers etc. In order to induce more active involvement of local board of education in the spreading of financial and economic education, JBA has, in cooperation with the relevant board of education, designated schools and promoted financial and economic education activities since FY 2012.

In order to introduce this lecture format to nearby schools and aiming to geographically spread financial and economic education by regional units, lecture examples were presented on the JBA website with the expectation to achieve the dispersion of the teaching material and its effective usage in classrooms.

In FY2018, in coordination with the Hyogo Prefectural Board of Education, the Hyogo Prefectural Hojo Senior High School and the Hyogo Prefectural Himeji Commercial High School were designated as research specified schools, and classes were implemented on topics such as life plan, loans and credit, cashless payments, and excessive borrowing, etc.



Schools Designated for Financial and Economic Education Research - Implementation Data

Fiscal year	Board of Education	Designated Schools
2010	—	Kanagawa Prefectural Sagami High School, Senior High School at Sakado, University of Tsukuba, Ichigao Junior High School, Toyoharu Junior High School, Oshukan Secondary School
2011	—	Osaka Prefectural Hiraoka Shofu High School, Hamamatsu Shonai Junior High School, Kasuga City Kasuga Kita Junior High School
2012	Kagawa Prefecture Kobe City Kawasaki City	Kagawa Prefectural Takamatsu Commercial High School, Kanonji Chuo High School Harada Junior High School, Kobe Minatoshonan Junior High School Kawasaki City Commercial High School, Kawasaki City Sugao Junior High School
2013	Chiba Prefecture Nagoya City	Sakura Higashi High School, Chiba Prefectural Awa High School Nagoya City Nagoya Commercial High School, Shiroyama Junior High School
2014	Saitama Prefecture Sagamihara City	Saitama Prefectural Hanyu Business High School, Saitama Prefectural Tokorozawa Commercial High School Kamimizo Junior High School, Asahi Junior High School
2015	Kyoto Prefecture Okayama Prefecture Kyoto City	Kyoto Prefecture Rakusui High School, Kyoto Prefectural Torio High School Katsuyama Senior High School Kyoto City Ritsuryo Junior High School
2016	Chiba City Hamamatsu City Fukuoka City	Chiba City Saiwaicho First Junior High School, Chiba City Soga Junior High School Hamamatsu Takadai Junior High School Yusen Junior High School
2017	Kanagawa Prefecture Shizuoka Prefecture Hiroshima Prefecture	Kanagawa Prefectural Shinjo High School, Shonandai High School Shizuoka Commercial High School, Shizuoka Prefectural Yaizu Chuo High School Onomichi Commercial High School, Hiroshima Prefectural Hiro High School
2018	Hyogo Prefecture	Hojo Senior High School, Hyogo Prefectural Himeji Commercial High School



"Bank Transfer Fraud Prevention Educational Activities by High School Students" is an effort to support students' social contribution activities, with an expectation that such activities becomes self-sustaining at the regional level through high school students. It is predicated on students' personal perception of bank transfer fraud as a cause of harm and a societal issue in their everyday environment, their understanding of preventive measures, and the local implementation of bank transfer fraud prevention activities planned by students themselves.

Saitama Prefectural Shinsyukan Senior High School was the designated school in FY2018, and the students implemented campaigns such as the preparation and distribution of items designed to raise awareness in cooperation with local police.

8 Information Materials

As part of its PR activities, the JBA has from the past been creating brochures and videos as introductions to banking operations for distribution to users such as consumer centers, schools, and individuals, etc. In light of societal requirements for improved financial and economic education posed in recent years for instance the publication of the "Financial Literacy Map,"* the lowered age of adulthood, and curriculum guidelines, etc., the JBA organizes contents according to each user constituency (junior high school students, high school students, university students, working people, the elderly, etc.) for educational and information activities and creates teaching materials such as booklets and videos.

* Financial Literacy Map

The Financial Literacy Map presents by age bracket the specific minimum requirements of financial literacy described in the "Study Group on Financial Education Report" (Released by the Financial Services Agency, April 2013). The Financial Literacy Map was compiled by the Committee for the Promotion of Financial Education and released in June 2014 (and partly revised in June 2015).

In FY2018, the JBA distributed the following teaching materials (main target audiences are shown in parentheses).

- Talking about Money for the First Time (Junior high school students)
- From the Perspective of Your Favorite Artist - Banks and You (Junior high school students and older)
- Life Plan and Money Plan Game (Junior high school students and older)
- Teaching Materials Series - Money Basics (High school students and older)
- Introduction to Financial Knowledge Series (University students and older)
- Learning with Animals - About Bills and Checks (Working age population)
- Banks' Financial Products and Services (Working age population)
- Financial Crime Safety Check List (Working age population and seniors)
- For Your Peace of Mind - Information on Financial Products (Seniors)



Among the above teaching materials "Talking about Money for the First Time" was awarded the prize of excellence of the "Consumer Education Information Materials Award 2018" sponsored by the National Institute on Consumer Education.



3

Initiatives to Improve Customer Convenience Improvements
Through Advanced Payment Systems and Fintech, Etc.

Banks provide financial settlement services such as remittances, bills, and checks, etc., in order to settle claims and obligations between companies or between companies and individuals or government agencies, etc., when settlements are difficult to clear in cash. The infrastructure underpinning these financial settlement services consists of inter-bank settlement systems. In the settlement systems of Japan, while the final settlement is conducted at the platform of the current account of Bank of Japan ("BOJ-NET"), JBA and its affiliate, the Japanese Banks' Payment Clearing Network ("Zengin-Net"), also play an important role by operating three systems, namely, the Domestic Funds Transfer System (Zengin System) for transfers and remittances, the Foreign Exchange Yen Clearing System (FXYCS) for yen settlements, and the system of clearing houses for the settlement of bills and checks.

Pursuing the convenience of financial services for all users and promoting the advancement of settlement systems and cashless payment systems will contribute to the attainment of the No. 9 Goal of the SDGs, which concerns "Industry, Innovation and Infrastructure." Given the importance of this objective, the JBA will continue to strengthen its efforts in this regard.

① Transition to XML Message Format

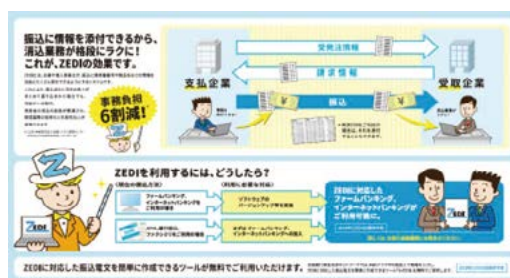
In December 2015, the Financial System Council in its "Report by the Working Group on Payments and Transaction Banking" proposed with regard to the messaging methods used for domestic remittance orders (transfer data) between companies, "that the current fixed-length message method should be abolished by 2020 and transitioned to XML message method, which is superior in terms of information volume and information compatibility." Based on this recommendation, starting in February 2016, discussions were held at the "Review Committee on XML Messaging Transition," comprised of members from finance, industry, system-related business operators, and the Financial Services Agency. As a result, the JBA and the Zengin-Net decided in December 2016 to build the "Zengin EDI System (ZEDI)" as a new payment infrastructure provided by the banking community.

ZEDI is a platform that uses the XML message format, which enables setting information items more flexibly than with conventional formats, and allows to supplement data with attachments of commercial transaction information, such as the invoice number and the payment notification issue date. This enables to better match up transactions with payments and to better understand the content of payment amounts. On the part of the receiving company, this allows to streamline the collection of accounts receivable (clearing process) and on the payer side to reduce the workload in answering inquiries and to rationalize accounting tasks.

In FY2018, in anticipation of ZEDI's launch, the month of September was designated as the "Promotion month for ZEDI and financial EDI utilization," with activities to encourage the use of financial EDI. Specifically, two-pronged information activities in order to increase awareness of ZEDI and financial EDI centered on (i) information briefings hosted for companies in all of Japan's 47 prefectures and (ii) information activities using leaflets and videos. Subsequently, ZEDI went live on December 25, 2018 and started to be used by companies. The JBA will continue in its efforts at migrating to the XML message format.



Information briefing
for corporations
Tokyo venue



Leaflet

2 Extension of the Operating Hours of the Zengin System

The Zengin System is an online system for transmitting messages of domestic fund transfer among member financial institutions of the Domestic Funds Transfer System (1,252 member financial institutions as of March 31, 2019). It also calculates settlement amounts of members that arises from such transactions. In this way, the system fulfills a critically important role as one of the core settlement systems in Japan.

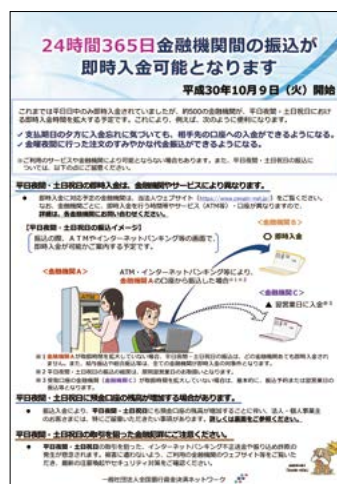
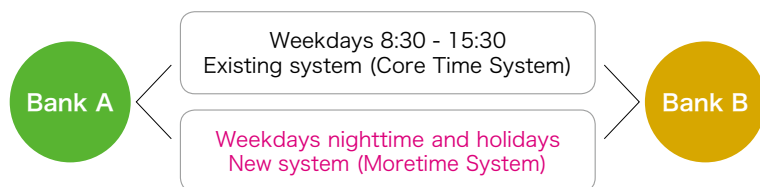
One of the characteristics of the Zengin System is safety and reliability that the system has never had downtime ever since its start of operation in 1973. Another characteristic is convenience of nation-wide network that covers almost all financial institutions located in Japan. In addition, it is the global pioneer that has achieved instant payment as early as its start (in 1973) on weekdays between 8:30 and 15:30.

On the other hand, with the development of information technology and the diversification of economic activities, companies and individuals there is a growing demand from companies and individuals to make an instant payment not only during daytime on weekdays but also at night and on holidays. In light of these needs, JBA decided to extend the operating hours of the Zengin System to 24 hours/365 days and initiated the development of the "Moretime System" in addition to the existing system (Core time system).

In FY2018, comprehensive operations tests were conducted to make sure that the Moretime System was available for practical operations without problems and that there were no connectivity issues with member banks' own systems. On October 9, the system went into operation as scheduled, effectively extending the operating hours of the Zengin System. This enabled financial institutions participating in the Moretime System, when connected to the system, to instantaneously execute money transfers, etc., also at night on weekdays and also on holidays.

Moreover, as part of its information and PR activities, Zengin-Net publishes on its website a list of participating banks of Moretime System with the planned connection schedules, as well as PR brochures for customers of member banks.

Zengin System Chart



Information and PR leaflet



Moretime System Initiation ceremony

③ Open API Promotion

Application Programming Interface (API) generally refers to "connectivity specifications, etc., used for calling up the functions and data managed on a given application from a different application." Among them, those that are accessible from other companies are referred to as open APIs. Efforts surrounding open APIs have also been making advances in Japan's banking community.

This development has connected to the establishment of the Review Committee on Open APIs ("Open API Review Committee") with the JBA as secretariat and with members from the banking community, IT business operators, Fintech companies, academic specialists and practitioners, lawyers, and related authorities, etc. In July 2017, the Open API Review Committee compiled its "Report of Review Committee on Open APIs" as a collaborative initiative between the public and private sectors to promote the practical application of open APIs.

Additionally, with the Act for Partial Revision of the Banking Act (Act No. 49 of 2017) obliging banks to conclude electronic payment, agency agreements between banks, and Electronic Payment Service Providers ("EPSPs"), the JBA established the Study Group for the Promotion of Open APIs as a discussion venue for practitioners with the JBA as secretariat and with members comprised of banks, business operations and lawyers. Predicated on the discussions held by the study group about sample provisions for the agreements to be concluded between banks and EPSPs, in December 2018, the Open API Review Committee compiled the "Sample Clauses for API Use Agreements pursuant to the Banking Act (First Edition)."

④ Promotion of Efforts to Digitize Bills and Checks Functions

Surrounding the digitization of bills and checks functions, the "Study Group on the Promotion of the Digitization of Bills and Checks Functions" was established and started deliberations in December 2017, with the JBA as secretariat, based on the nationwide transition to electronic bills and checks set out in the government's Future Investment Strategy 2017 in order to enhance Japan's productivity, reduce social costs, and as a further step for dealing with labor shortages.

As a result, in December 2018, the Review Committee compiled a report, where it proposed to accelerate the digitization of bills and checks functions by proactively advancing measures for the promotion of digitization, based on fair competition and at the judgment of individual financial institutions and related organizations, proposing "with a view to complete digitization (of bills and checks related to domestic transactions), a medium-term target for the transition to the digitization of about 60% of the total number of bills in Japan (the aggregate total of bills, checks, and other securities) within five years, so as to further promote the digitization of bills and checks functions."

According to the report, in future, by regularly monitoring the status of digitization, the effects of the various measures will be verified, and the insights gained will be used in considering further measures.

Moreover, after five years (in FY2023) a comparison will be drawn with the medium-term target of the "approximate 60% migration to electronic methods within five years." In addition to assessing the status of digitization promotion, if additional steps are found necessary, measures to be implemented after fiscal 2024 will again be considered accordingly.

⑤ Deliberations on Efficiency Improvements in the Collection and Payment of Taxes and Public Dues

Currently, when paying national or local taxes, etc., it is widespread practice to take printed forms to a bank counter and make payments in cash. However, the handling of forms and cash require significant amounts of time and labor. The streamlining of the collection and payment of taxes and public dues refers to initiatives, by way of digitization of this string of procedures, to eliminate the time and labor requirements weighing on taxpayers, administrative agencies, and financial institutions.

Based on the government-wide exhaustive reduction of the cost of administrative procedures set out in the government's Future Investment Strategy 2017, in order to enable an exchange of opinions between the public and private sectors, in March 2017, with the JBA as secretariat, the "Study Group on Efficiency Improvements in the Collection and Payment of Taxes and Public Dues" was established and – mindful of the overall picture of the current situation – engaged in deliberations on whether the currently existing frameworks offered potential for short-term action from the status quo and what measures were desirable over the medium term (up to about ten years) with reference to new technologies and case examples from other countries, in order to streamline the collection and payment of taxes and public dues. In March 2019, the Study Group compiled its "Research Report of the Study Group on Efficiency Improvements in the Collection and Payment of Taxes and Public Dues."

4 TCFD Recommendations and Research and Action on Low-Carbon Issues



To date, the JBA has promoted and supported the environment related efforts of member banks, by (i) participating in and setting targets under "The Commitment to a Low Carbon Society" and the "Voluntary Action Plan for Establishing a Sound Material-Cycle Society" of the Keidanren, (ii) stating the importance of contributing through banks' main business operations to the resolution of environmental issues in its "Code of Conduct" for corporate officers and employees of member banks, (iii) preparing the "JBA eco map" which aggregates and publicizes member banks' environment related efforts, and (iv) holding events such as the "Eco Wall Newspaper Contest" for elementary school students. Additionally, the JBA has released policy proposal reports concerning member banks' environment project activities and the functions, etc., expected of banks, and implemented environmental finance symposiums and environmental lecture meetings, and such for members.

Furthermore, the situation surrounding climate change has changed dramatically, as exemplified by the recent series of disasters caused by extreme weather, the coming into force of the Paris Agreement, and the publication of the final report of the TCFD*. In light of these developments, in addition to the continuation of ongoing efforts, the JBA will promote and support member banks' new measures to address changes in order to contribute to the achievement of SDGs Goal No. 13 "Climate Action."

* TCFD: Task Force on Climate-related Financial Disclosures

In response to a request from the G20 finance ministers and central bank governors, in December 2015, the Financial Stability Board (FSB) established the private sector-led Task Force on Climate-related Financial Disclosures (TCFD) and initiated deliberations on the approach that the financial sector should take with regard to the problem of climate change. In June 2017, the TCFD issued recommendations aimed at understanding and disclosing the financial consequences of the risks and opportunities that climate change might cause.

① Survey on Efforts Relating to TCFD Recommendations

The Principles for Responsible Investment (PRI), which urge investment behavior that reflects the perspectives of ESG, were proposed in 2006 by the United Nations, occasioning mounting interest in ESG investment. Additionally, with corporations' efforts related to climate change also becoming a factor when making investment decisions, the demand is increasing for corporations to disclose climate-related information. In this setting, in June 2017, the final report of the TCFD was released. Calls for ESG investment and climate change-related information disclosure emerged first in Europe and the U.S., then have since gained momentum also in Japan.

In response to the mounting calls for climate change-related information disclosure, in order to support efforts of member banks, the JBA has researched case examples, of initiatives in the domestic and foreign banking communities relating to TCFD recommendations and has compiled the results in a report entitled "Survey on Lending Policy Formulation and on Efforts Relating to TCFD Recommendations" (March 2019).

② Declaration of Support for TCFD Recommendations

At the SDGs Symposium held on November 27, 2018, the JBA announced its intention to support the recommendations of the TCFD from the viewpoint of promoting member banks' proactive efforts to meet the TCFD recommendations.



③ Categorical Attainment of Targets Under "The Commitment to a Low Carbon Society"

The JBA participated in the "Action Plan on the Environment" of the Keidanren in FY2001, set targets under the "Section on Global Warming Measures" with the goal of reducing carbon dioxide emissions, and conducted follow-up research on full members in order to understand the status of their efforts at environmental problems.

Subsequently, in response to the transformation of the "Section on Global Warming Measures" into "The Commitment to a Low Carbon Society," the JBA (i) set a Phase I target to reduce power consumption units (power consumption/total floor area) in FY2020 by 10.5% compared with FY2009, and (ii) a Phase II target calling for a reduction of 19.0% by FY2030 compared with FY2009.

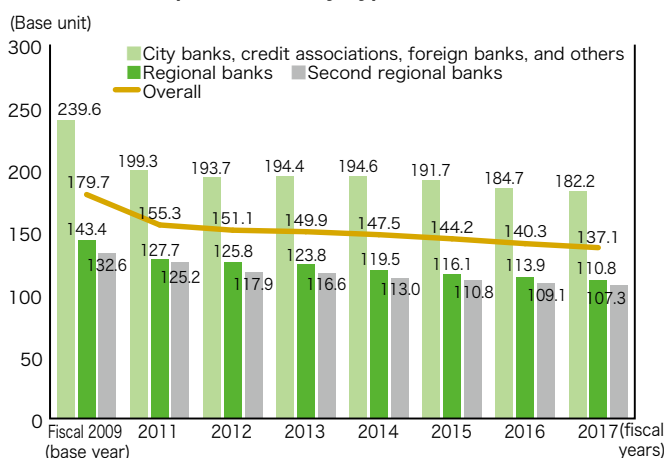
In the FY2018 follow-up survey (on FY2017 result), the results were as follows:

- The power consumption of full members totaled 2,245,098,666 kWh
- With a total building floor area of 16,371,280 m², power consumption unit resulted in 137.1.
- The result amounted to 23.7% reduction compared to FY2009, and 2.3% reduction in comparison with the previous FY2017 result.

The results show that the achieved power consumption unit reductions exceeded the targets for both Phase I and Phase II.

As particularly effective measures, member banks reported cases of upgrades to highly efficient air conditioning systems (air-cooled aggregates) at computer centers, etc., and LED lighting at sales offices. Additionally, the survey found that many banks were using renewable energy sources, that is, photovoltaic and wind power. There were also reports of the usage of storage batteries as well as efforts at small hydropower generation and rainwater utilization. The JBA will continue to conduct follow-up surveys and monitor member banks' efforts.

Power Consumption Units (By Type of Business, Overall)

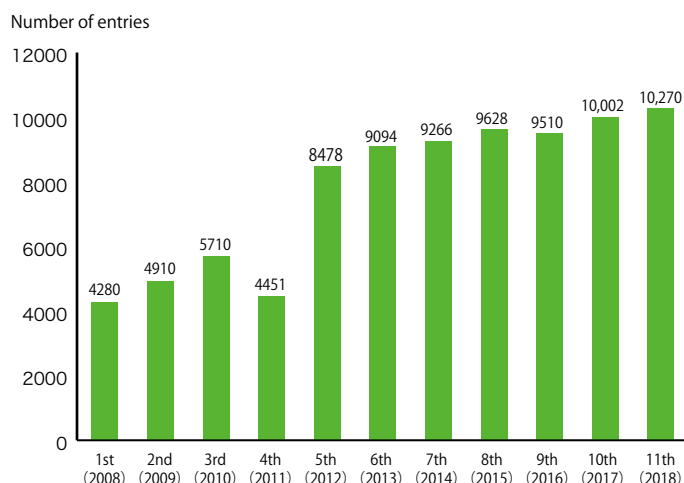


④ The Eco Wall Newspaper Contest

The Eco Wall Newspaper Contest invites submissions of wall newspapers from 1st to 6th graders nationwide with the goal of promoting environmental education efforts and raising environmental awareness. The wall newspapers prepared by elementary school students based on their research of global environmental issues and regional and day-to-day ecology-related activities are evaluated by judges with awards conferred on the best works (previous award-winning works are posted at the JBA website). Launched in FY2008, as of FY2018, this contest has been held 11 times. Although the number of elementary school students nationwide has decreased significantly in the interim, the number of participants and the number of entries have been increasing year after year, with a total of 10,270 entries in 2018 marking the highest number on record. The total number of participants up to the 11th competition was 101,687 (partly estimated).

Hosted for the 11th time this FY, with the theme adjusted by an added subtitle "Let's learn about ecology and the SDGs goals for a better world," the contest took place with an emphasis on SDGs. The award ceremony took place in February 2019.

Number of Entries by Fiscal Year



Eco Wall Newspaper Contest Cover

5

Measures to Prevent Financial Crime and Money Laundering, and Actions to meet FATF Recommendations



In order to enable all users of banks to conduct their banking business in confidence, the JBA has been proactively engaged in efforts to curb criminal activities, such as financial crime prevention information activities concerning special types of fraud including bank transfer fraud and measures against money laundering as the principal source of funds of organized crime.

These activities are considered to contribute to the promotion of a peaceful and inclusive society, the No. 16 Goal of the SDGs "Peace, Justice and Strong Institutions." In view of its importance, the JBA has identified this goal as one of its key initiatives in relation to SDGs and will promote relevant activities over the medium and long terms.

1 Efforts at Security Measures on Internet Banking

The JBA is aware that the risk of fraudulent deposit withdrawals through internet banking poses a serious threat to bank deposit security and may undermine customers' trust in the banking industry. The JBA has therefore since FY 2011 conducted questionnaire surveys among full members, a number of associate members, and special members, with the aim of understanding the status of internet banking security measures at member banks and in order to promote member banks' efforts by communicating to members banks the survey results.

In FY2018, JBA received responses from 129 banks, and the aggregated results and examples were feed-backed to the member banks.

Given its importance, JBA intends to continue this survey in the future. While the results of this survey are not publicly disclosed due to their nature, the main survey topics in FY2018 were as follows.

- Usage of internet banking
- Losses due to fraudulent money transfers using internet banking
- Status of monitoring for the prevention of losses due to fraud

2 Information Activities for the Eradication of Bank Transfer Fraud, Etc.

JBA has been actively involved in the activities to promote eradication of bank transfer fraud by setting a campaign period each year and sponsoring relevant activities since 2008. However, losses due to bank transfer fraud continue at a high level according to news release by police authorities. In light of this situation, it is expected that JBA engage in activities furthermore to raise awareness and to prevent loss before it happens.

In particular, at the "45th Song Festival - Song Festival 2018" sponsored by the Japanese Singers Association held on November 14, 2018, at the Nakano Sunplaza Hall, the JBA, together with actors Rio Suzuki and Kokoro Terada in official support functions, issued an appeal to the approximately 2,000 guests to be vigilant against bank transfer fraud. Furthermore, the JBA distributed information flyers and pocket tissues to visitors at song concert venues all over the country, in addition to other information activities through radio spots and giveaways distributed at member banks' business premises calling for alertness against bank transfer fraud.



Distribution of flyers at the venue of the NHK Popular Song Concert



At the song festival



Flyer

Pocket tissue

③ Measures to Accommodate the FATF 4th Round of Mutual Evaluations

Measures to prevent money laundering and terrorist financing at financial institutions are urgent issues of growing importance which the international community must address in the face of threats predominantly from terrorism.

The Financial Action Task Force (FATF)* is the originator of the FATF recommendations, established as international standards against money laundering and terrorist financing, whose implementation status is subject to mutual examinations by the FATF participant countries. Japan is scheduled to undergo the FATF 4th round of mutual examination in 2019.

In preparation for the examination, which will be held in 2019, the JBA in order to promote the collaboration between the public and private sectors established in April 2018 the "Public and Private Sectors Liaison Meeting on Advanced Measures against Money Laundering" where information is exchanged at regular intervals. In November 2018, the "AML/CFT Measure Support Division" was established within the JBA organization to support and promote member banks' efforts across the banking community through forward-looking initiatives and the aggregation and sharing of know-how among member banks concerning the maintenance of the AML/CFT measures at member banks.

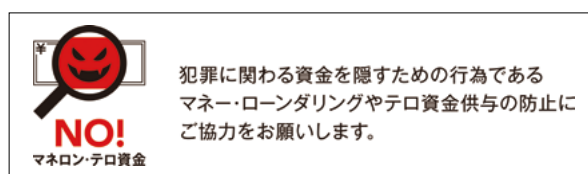
Moreover, in order to comply with the "Guidelines for Anti-Money Laundering and Combating the Financing of Terrorism" formulated and published by the FSA in February 2018, banks are required to take extra verification steps in addition to those required by the "Act on Prevention of Transfer of Criminal Proceeds (Act No. 22 of 2007)" and other laws, depending on the content and status of transactions with the customers. With a purpose to make such additional verification requirements known to customers, JBA implemented a series of public relation activities, such as setting up a special website on the JBA website in June, creating a flyer in September. In March 2019, in addition to advertisement activities on various types of media, JBA created a pictograph visualizing money laundering and terrorism financing countermeasures with a catch phrase requesting customers' cooperation, aiming to generate a sense of solidarity and uniformity with banks' effort.

* FATF: Financial Action Task Force

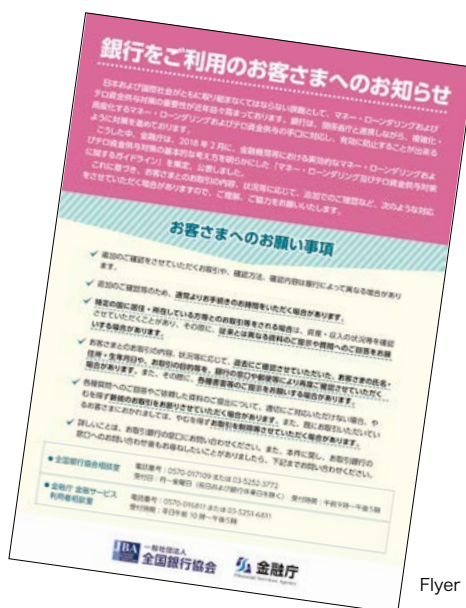
A multilateral framework for promoting the international coordination of money laundering countermeasures established based on the 1989 Grande Arche G7 Summit Economic Declaration. Measures against terrorism financing were added in the wake of the 2001 terrorist attacks on the United States. Members of the FATF comprise 35 countries and regions, including the G7, and two international organizations.



Special site



Pictograph and catch phrase advocating for measures against money laundering and terrorism financing



Flyer

7 Measures Concerning Human Rights



With a view to member banks' human rights education activities, the JBA has from the past been engaged in sponsoring lectures and formulating human rights maxims. These activities are seen to contribute to the attainment of Goal No. 5 of the SDGs "Gender Equality" and Goal No. 10 "Reduced Inequalities." In light of the importance of these goals, the JBA treats these human rights-related efforts as one of its key initiatives, which will be promoted over the medium and long terms.

① Lectures on Human Rights and the Issues of Discrimination against Social Minorities

For the purposes of member banks' human rights education activities, since 1981 the JBA has held lectures held twice annually by specialists on human rights and the issues of discrimination against social minorities based on descent, establishing opportunities for a keener awareness of human rights issues and for the provision of information on questions surrounding human rights. To date, 46 lectures have been held on topics such as the issues of discrimination against social minorities based on descent and human rights issues in industry and banking, as well as newly emerging issues including harassment, LGBT, and discrimination of persons with disabilities.

In FY2018, the following lectures were held.

- On November 27, 2018, at the SDGs Symposium themed "Approaches to Challenges in the SDGs - From the Perspective of Human Rights and Gender Equality", a panel discussion was held on the SDGs approach to human rights and efforts at banks, etc. (see page 25).
- On February 22, 2019, the JBA invited Ms. Noriko Miyamoto of the Keiseikai Institute of Gerontology to give a lecture on the topic of "Communication with the Elderly - From the Perspective of Geriatric Psychology" (see page 30).

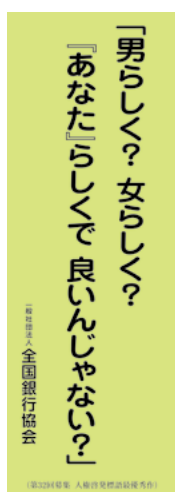


At the lecture

② Efforts Relating to the Formulation of Human Rights Maxims

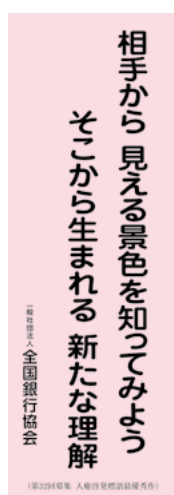
In order to raise the human rights awareness of member banks' employees, as part of the activities surrounding instruction in human rights and the issues of discrimination against social minorities, since 1987 the JBA has been inviting member banks' employees to submit maxims relating to human rights education activities with close to 100,000 submissions each year.

In FY2018, the 32nd round of solicitation for human rights education activities maxims brought 91,407 proposals. Out of this number, 40 entries were selected for awards (two grand prizes, eight awards of excellence, and thirty high-quality awards).



Sumitomo Mitsui Trust Bank, Limited
Life Advisory Department
Mr. Jun Kamatani

* Affiliations are stated as of the time of submissions



Saitama Resona Bank, Limited
Nanasato Branch
Ms. Ayako Masukawa



The 32nd round of solicitation for human rights education activities maxims - Award ceremony

③ Launch of "Human Rights News"

Responding to the request from member banks to provide human rights related information periodically, JBA decided to issue "Human Rights News" beginning in FY2018 to support member banks' human rights education activities by providing information on human rights.

- Letter from the Chairperson of the Public Committee of the JBA
 - Introduction of member banks' efforts
 - Human rights topic (Professor Hiroko Akizuki (Asia University) "Sustainable Development Goals (SDGs) and Human Rights")
 - Human rights related laws and regulations
- It is planned to publish three issues each year on an ongoing basis.



Human Rights News

④ Publication of Human Rights Training Booklet

For the proactive advancement of human rights training and information activities for new hires of member banks, the JBA has since 2003 each year revised and issued a publication entitled "For the Protection of Everyone's Human Rights" (Editorial supervision: Center for Human Rights Education and Training), as a human rights training text that takes up a wide range of newly emerging and corporate activity-related human rights issues.

The editorial content comprises articles such as "The significance of companies' engagement in human rights - The relationship between companies and human rights," "Human rights issues surrounding companies - Banking and human rights" (concerning human rights of foreigners, persons with disabilities, and the elderly, etc.), and "Human rights and respect for individuality at the workplace" (concerning harassment, discrimination against women, and LGBT issues, etc.).

In FY2018, the training booklet extended its coverage to the "United Nations and Sustainable Development Goals (SDGs)" and "ESG", describing relationship between human rights and SDGs and identifying which SDGs are relevant to human rights. Moreover, an explanation was added that based on the revision of the JBA Code of Conduct in March 2018, "Respect for Human Rights" was newly included as an independent item especially in the Code of Conduct. Further included is (i) text prohibiting acts in violation of human rights against technical interns based on the enforcement of "The Act on Proper Implementation of Technical Intern Training and Protection of Technical Intern Trainees (Act No. 89 of 2016)"; (ii) text entitled "Usage of banking services by high-aged seniors" concerning trends in financial gerontology based on the recent growth in the high-age demographic, and (iii) text based on recent international developments with regard to "Sexual Discrimination" and "Harassment by Job Status" ("SOGI" (short for Sexual Orientation and Gender Identity), among other additions. The FY2018 revised edition was issued in December.



Human rights education text

5 Questionnaire Surveys, on Efforts to Accommodate Persons with Disabilities

In order to understand the status of member banks' universal services, the JBA has been conducting questionnaire surveys on full members every year since FY2004 regarding their efforts to accommodate persons with disabilities.

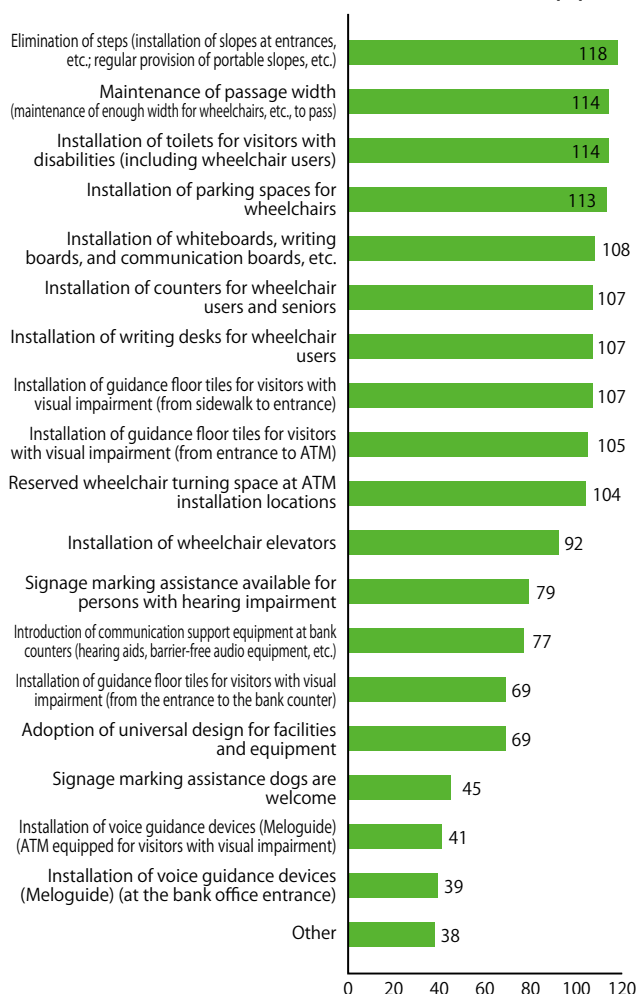
In FY2018, the JBA conducted a questionnaire survey on full members (119 banks) about the status of their efforts as of the end of March 2018.

Since the survey started in FY2004, member banks' efforts have steadily progressed. For example, the number of installed ATMs for people with visual impairment has reached 89.5% of the total, reflecting an increase of 73.3 points compared with FY2004. In addition, the number of banking premises with ATMs equipped for people with visual impairment has risen to 87.0% of the total, marking a gain of 24.2 points from FY2004.

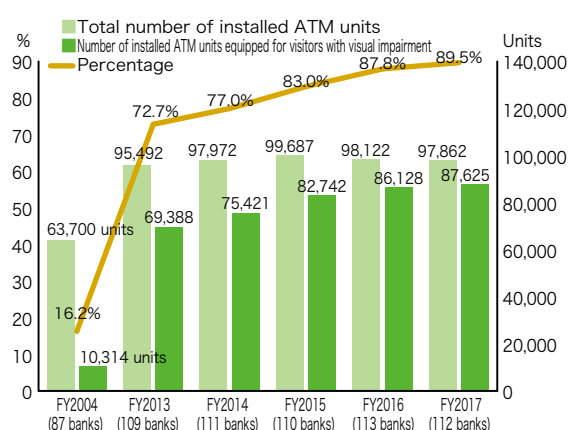
The JBA will continue to conduct questionnaire surveys to support further efforts of member banks.

In other activities, on June 21, 2018, the JBA attended a discussion meeting between representative organizations of people with disabilities and financial institutions hosted by the FSA, with a presentation of case examples of member banks' efforts towards barrier-free banking facilities and a discussion surrounding requests from organizations of people with disabilities. After the discussion meeting, these requests were communicated to member banks.

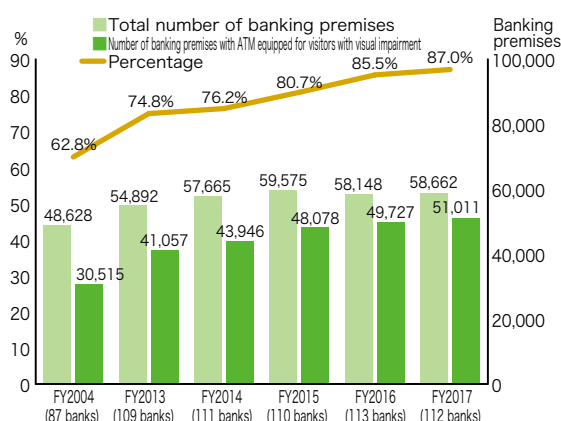
Status of Efforts Towards Barrier-Free Facilities and Equipment



Number of ATM Equipped for Visitors with Visual Impairment (Totals by Fiscal Year)

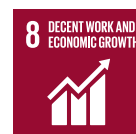


Number of Banking Premises with ATM Equipped for Visitors with Visual Impairment (Including Unmanned Premises)



8

Efforts at Regional Economic Revitalization and Local Invigoration



Efforts at local invigoration are considered to contribute to the achievement of Goal No. 8 of the SDGs "Decent Work and Economic Growth." The JBA has designated local invigoration as one of its key initiatives with regard to SDGs and will over the medium and long terms engage in measures to promote member banks' proactive efforts at regional revitalization.

In FY2018, as part of these endeavors, the JBA conducted a questionnaire survey on case examples of member banks' efforts at local invigoration. The results were communicated to member banks and published on the JBA website, with a view to promoting relevant efforts.

The JBA website <https://www.zenginkyo.or.jp/abstract/efforts/contribution/sousei>



* Case examples from regional banks and second regional banks are available on the following websites of the Regional Banks Association of Japan and The Second Association of Regional Banks.

The Regional Banks Association of Japan website

Local invigoration <https://www.chiginkyo.or.jp>

The Second Association of Regional Banks website

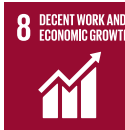
Regional revitalization https://www.dainichiginkyo.or.jp/membership/region_activate.html

Additionally, the JBA participates in the "Local Invigoration SDGs Public and Private Sectors Partnership Platform" (reorganized to the Promotion Council for the "FutureCity" Initiative) established in August 2018 by the Cabinet Office, Office for the Promotion of Overcoming Population Decline and Vitalizing Local Economy in Japan, and through this platform provides information to member banks.



9

Wider Access to Finance and Financial Services for the Elderly and Other Users



In light of the fact that more people live to a very high age, promoting wider access to finance and financial services for the elderly and other users is seen to contribute to the attainment of Goal No. 8 of the SDGs "Decent Work and Economic Growth," which targets the expansion of financial services, etc.

In October 2018, the JBA added "Wider access to finance and financial services for the elderly and other users" to its key initiatives of SDGs. The JBA will continue to promote and expand these activities based on the recognition that the importance of this goal will keep growing in the future.

1 Implementation of Training Classes for Support Staff for Customers Suffering Dementia

With the aim of increasing the number of dementia supporters in the banking community, the JBA has been sponsoring dementia supporter training classes at member banks, etc., each year since FY2007 with the cooperation of the National Caravan-Mate Coordinating Committee. "Dementia supporters" refer to persons with a correct understanding of dementia and with empathy for dementia sufferers and their families.

At the "6th Liaison Conference of Ministries Engaged in Community Development to Accommodate the Needs of Dementia Sufferers and High-Age Seniors," under the overall strategy for the promotion of relief measures for dementia sufferers (so-called "New Orange Plan"), the target for the number of dementia supporters was revised up to 12 million to be reached by the end of FY2020. Against this background and aided by the increased information available about dementia supporters, efforts to raise their number have proliferated across the financial industry, to the effect that dementia supporter training classes are sponsored not only by the JBA but also by individual member banks.

In FY2018, at the dementia supporter training class held on November 2, participants were able to deepen their understanding of dementia through lectures and group discussions about how to approach dementia sufferers visiting bank premises.



At a dementia supporter training class

2 Lectures on Related Topics

For the seminar held on February 22, 2019, on "Human rights and the issues of discrimination against social minorities based on descent," in consideration that the provision of financial services to seniors has been a significant issue for the financial industry, the JBA invited Ms. Noriko Miyamoto of the Keiseikai Institute of Gerontology to give a lecture on the topic of "Communication with the Elderly - From the Perspective of Geriatric Psychology."

3 Distribution of Financial Literacy Teaching Materials for Seniors

In light of the fact that more people live to a very high age, the JBA has been implementing financial and economic education measures for the elderly as a precaution against financial crime and to prevent problems associated with sales of financial products.

Specifically, JBA decided to focus on two most important subject areas to be addressed; one was financial crime prevention and the other was explanation of the types, characteristics, and risks of financial products and services. The following teaching materials were distributed in FY2018.

- Introduction to Financial Knowledge Series (An Introduction to Inheritance - A Guidebook) (2,673 copies)
- Financial Crime Safety Check (4,206 copies)
- For Your Peace of Mind - Information on Financial Products (1,754 copies)



④ Participation in the Financial System Council (Working Group on Financial Markets)

The Working Group on Financial Markets (the WG) was established in April 2016 in response to an inquiry from the Minister of Finance entitled "Considerations on various issues regarding markets and exchanges" and published a report on customer-centric business operations, etc., in December 2016. Starting in September 2018, the WG resumed its activities in order to promote discussions centering on the steady formation of assets by households in Japan, including principles surrounding financial services in Japan's aged society. With the JBA participating as an observer, at the 16th session of the WG held on November 5, 2018, Managing Executive Officer Akihito Mochizuki from Mizuho Bank gave a presentation of efforts at Mizuho Bank and the JBA to resolve the issues of the financial industry posed by Japan's high-age society.

Centered on the principles which the WG is expected to draft for the direction that the financial industry is to take and the matters that customers are to take into account, the JBA will continue to follow the discussion and provide member banks with information.

⑤ Action Based on the "Report of the Study Group on Deposits and Savings Management in Adult Guardianship"

The "Base Plan for an Adult Guardianship System Usage Promotion" finalized by Cabinet decision in March 2017 calls for proactive deliberations at finance-related organizations and financial institutions in cooperation with the Supreme Court and the Ministry of Justice, etc., for measures to enable guardians to appropriately manage and exercise rights related to deposit accounts of persons under guardianship, as a new measure to supplement or replace guardianship system support trusts, in order to prevent fraud.

Therefore, in FY2017, the "Study Group on Deposit and Savings Management in Adult Guardianship" held a meeting, in which the JBA participated, for deliberations on the proposed measures.

In the report* compiled by the Study Group in March 2018, as reference for individual financial institutions in the introduction of the contemplated measures, a mechanism thought to be relatively easy to adopt is presented as a model. After consultations held also with the Supreme Court (General Secretariat of Supreme Court, Family Bureau) concerning this model, the JBA compiled points for member banks to consider when offering this model as the "Guardian System Support Deposit" and in February 2019 held a briefing session for member banks.

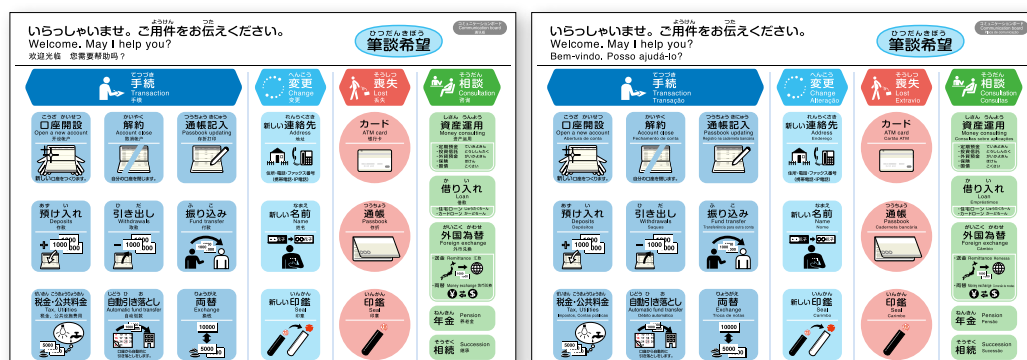
* The report is posted on the website of the Ministry of Health, Labour and Welfare as handout material of the "1st Expert Conference on the Promotion of the Use of the Adult Guardianship System."
(<https://www.mhlw.go.jp/stf/shingi2/0000213332.html>)

⑥ Efforts at a Multi-Lingualized Environment for Foreigners

With the passage of the "Act on the Partial Revision of the Act on Immigration Control and Refugee Recognition and the Act for the Establishment of the Ministry of Justice" (Act No. 102 of 2018) at the 197th Session of the Diet, which expands the window of acceptance of foreign workers, the government and other organizations have been engaged in deliberation of the practical approach to the acceptance of foreigners. To facilitate communication between banks' staff and an expected growing number of resident foreign customers, the banking community has been working on multi-lingual communication boards devised in 2008 and projected for completion early in FY 2019.

* Currently supported languages comprise Japanese, English, Chinese, Korean, and Portuguese. Based on trends in the numbers of foreign visitors to Japan, nine additional languages are under consideration, comprised of Vietnamese, Thai, Khmer (Cambodia), Tagalog (The Philippines), Nepali, Mongolian, Indonesian, Burmese (Myanmar), and Spanish.

Communication board



Chinese

Portuguese

Efforts of Member Banks

1 Financial and Economic Education Initiatives



Sumitomo Mitsui Banking Corporation



SUMITOMO MITSUI
BANKING CORPORATION

Teacher Skills Development Program in Myanmar

Summary and Characteristics of the Initiative

In 2015, Sumitomo Mitsui Banking Corporation signed a memorandum of understanding with the Japan Committee for UNICEF concerning support for a teacher training program promoted by the Myanmar Office of the United Nations Children's Fund ("UNICEF").

Teachers in Myanmar, a multi-ethnic nation, are facing a host of educational problems, such as classes in geographical regions where the native language is not Burmese and where a lack of teachers compels classes to be attended by students of different grades. By offering teachers skill improvement training, such as multilingual methods and ways for dealing with classes comprising multiple grades, this program will greatly contribute to the quality of children's education and to the development of human resources for supporting the country's future development.

In May 2018, in recognition of these activities, the Cabinet Office awarded the Sumitomo Mitsui Banking Corporation the Certificate of Merit of the Medal with Dark Blue Ribbon.

Background to the Implementation of the Initiative

SMBC Group, as part of the "Asia-centric" perspective of its management plan, believes that developing emerging countries' next generation of human resources is also necessary for promoting emerging countries' further economic development. When Sumitomo Mitsui Banking Corporation opened its Yangon Branch in April 2015, it soon became clear that one of the social issues of Myanmar was a low level of investment in education with diminished access to schooling and reduced quality of learning. In particular, it was apparent that minority groups in such terms such ethnicity and language as well as children with disabilities and children living in conflict areas had

minimal access to education and were being left behind. We considered that a low level of education would entail employment difficulties and create a circle of perpetual poverty. This insight eventually led to cooperation with UNICEF to the initiation of this program, with a view to building an environment where children can receive a solid basic education and ultimately take responsibility for the country's economic development and future.

Results of the Initiative

In the interim until fiscal 2017, approximately 4,500 teachers received training and approximately 70,000 students received instruction. In the three years since fiscal 2015, 100,000 children have received improved education.

Issues and Objectives for the Future

Three years have passed since the program started. According to a questionnaire survey for the teachers who took the training, nearly 90 percent said they are using the program in their teaching practice and feel the quality of education has improved. Although the support period was originally scheduled to end in fiscal 2017, in light of the survey results it is now planned to continue with the program and to widen the implementation region.

The improvements in education attained in this initiative aim to reinforce the foundation of national strength by creating infrastructure sufficient for education of equal quality for everyone without regional disparities and to support the country's future economic growth by training people and developing human resources.

For further information

https://www.smfg.co.jp/responsibility/issue/new_generation/emerging/
<https://www.unicef.or.jp/partner/ex1/smbc/>

At a teacher training session



Award of the Certificate of Merit of the Medal with Dark Blue Ribbon

2 Environmental Initiatives



Mitsubishi UFJ Financial Group, Inc.



Mitsubishi UFJ Financial Group

Initiative for Renewable Energy Finance

Summary and Characteristics of the Initiative

MUFG regards global warming and climate change as one of today's foremost environmental and social issues and contributes to the realization of a sustainable environment and society.

Since the early 2000s, MUFG Bank has been working on business financing for renewable energy. Devising measures such as revenue forecasting using statistical methods and dealing with unforeseen events, MUFG has been at the forefront of project finance origination around the world as lead arranger and advisor. Moreover, MUFG has been an issuer of green bonds as loan funds for renewable energy.

Background to the Implementation of the Initiative

Based on the insight that global warming is the cause of climate change brought on by anthropogenic greenhouse gas emissions, the first countermeasures led by the industrialized countries started with the 1997 Kyoto Protocol. The Paris Agreement concluded in 2015 proposes to expand this effort globally, with countries working on emission reductions based on voluntary goals in order to curb the rise in the global average temperature post industrial revolution well below 2°C.

To achieve this 2°C target, it is estimated by the International Energy Agency that compared with today an additional reduction of about 10 gigatons of emissions will be required as of 2030. Another estimate by OECD shows that required investment in low-carbonization measures such as renewable energy amount up to a total of US\$7.5 trillion by 2035. These numbers are based on expectations of policy support, enhanced price competitiveness of renewable energy, and demand expansion in emerging countries, among other factors. Moreover, financing renewable energy is not only contributing to solving the issue of climate change but presents also great business opportunities, in which MUFG plays an active part.

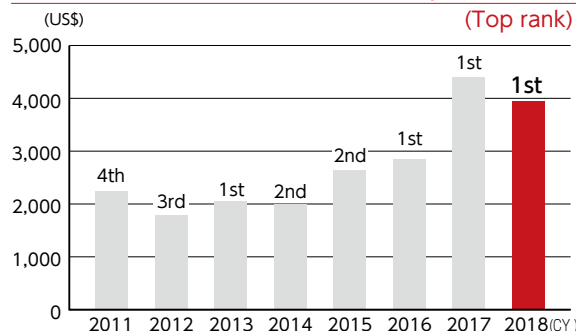
Results of the Initiative

Renewable energy financing counts among the services resulting from MUFG's efforts of at preserving the global environment. Thus, MUFG has in each of the last three years taken the top global position in the lead arranger ranking for renewable energy finance (Bloomberg New Energy Finance), with a total loan origination volume of US \$3.9 billion in 2018. MUFG is proud to be one of the financial institutions with the largest contributions globally to the spread and expansion

of renewable energy operations.

Moreover, as a source of funds for renewable energy lending and green buildings, MUFG continuously issues green bonds, which are taken up by global institutional investors. Mitsubishi UFJ Morgan Stanley Securities occupies the top position* in the green bond league table for domestic public offerings, demonstrating its strength as a comprehensive financial group.

* Lead manager share in green bond domestic public offerings between April 2016 and January 2019 (Mitsubishi UFJ Morgan Stanley Securities, Total)

MUFG's ranking as a finance arranger in the Renewable Energy Sector **US \$3,940million**
(Top rank)


Source: Bloomberg New Energy Finance ASSET FINANCE / Lead arrangers LEAGUE TABLE

Issues and Objectives for the Future

With regard to green bond issuance, MUFG discloses quantified greenhouse gas reduction effects in the form of impact reports. In the future, more strategic and concrete responses to climate change will conceivably be required of financial institutions through efforts directed at the TCFD, along with clear disclosures that are easy to understand externally.

MUFG will continue to consider environmental issues and work for the preservation of the global environment through its core operations in lending and bond issuance / underwriting, and in so doing intends to contribute to sustainable environmental and social development.

For further information

https://www.muftg.jp/dam/ir/presentation/2018/pdf/slides180919_ja.pdf



The San-in Godo Bank, Ltd.



SAN-IN GODO BANK

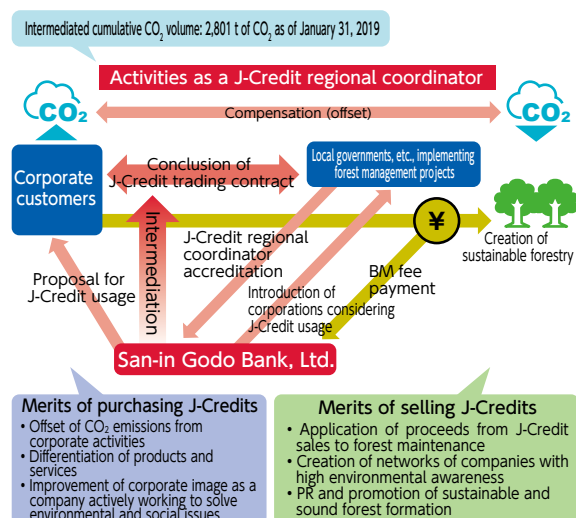
J-Credit Utilization Support

Summary and Characteristics of the Initiative

In proposing the J-Credit (*1) driven carbon offset (*2) to corporate customers, the Bank supports clients' efforts to protect the environment and to prevent global warming, while helping corporate customers to enhance their enterprise value by practicing voluntary carbon offset. In addition, for forest maintenance efforts instituted by local governments, etc., the sales intermediation of J-Credit contributes to the formation of proprietary fund circulation without relying on subsidies, etc.

*1 J-Credit system <https://japancredit.go.jp/>

*2 Carbon offset https://www.env.go.jp/earth/ondanka/mechanism/carbon_offset.html



Background to the Implementation of the Initiative

In September 2009, San-in Godo Bank received from Tottori Prefecture an explanatory outline of its offset / credit system (J-VER) in operation at the time, with a request for advice on how to promote J-VER acquisition and trading in J-VER. In the discussion with Tottori Prefecture, the need was felt to promote a better understanding of the J-VER system as well as better geographical dispersion and quantitative expansion of carbon offset using the J-VER system, along with the need for a mechanism to ensure sustainability. In response, San-in Godo Bank proposed a fee-based business matching arrangement on which the Bank had started to work at the time, and in this way became actively involved in the creation of the "Tottori Prefecture J-VER Regional Coordinator System" (the current "J-Credit Regional Coordinator System").

Results of the Initiative

The "Regional Coordinator System" (the "Program"), which the Bank started together with

Tottori Prefecture, has been adopted also by Nichinan Township in Tottori Prefecture, connecting to the participation of coordinators other than San-in Godo Bank, Ltd. Likewise, the Program was proposed to and has been adopted by Yabu City in Hyogo Prefecture.

The volume of J-Credit sales intermediation of J-Credit companies in Tottori Prefecture has since exceeded 1,000t of CO₂. In recognition of this success, San-in Godo Bank received a Certificate of Achievement from Tottori Prefecture and a joint Letter of Thanks from Nichinan Township and Nichinan Township Forest Association. The intermediation volume at Yabu City as a first coordinator has also exceeded 1,000t of CO₂.

As originally intended, with a view to the diffusion and sales promotion of the J-Credit system, the initiative has contributed to geographic proliferation and volume expansion. Intermediated CO₂ volume: 60 contracts corresponding to 2,801t of CO₂ as of January 31, 2019.

About eight years have passed since the introduction of this system, connecting to sustained sales support and underscoring that the effectiveness of the system is finding recognition also in terms of its sustainability. Additionally, there are also cases where the carbon offset proposition has strengthened customer relationships and connected to new lending transactions.



Certificate of Achievement award from Tottori Prefecture after the J-Credit intermediation volume (including the former J-VER) exceeded 1,000t of CO₂ (with San-in Godo Bank, Ltd. as the only coordinator).



Presentation of a joint Letter of Thanks from Nichinan Township, Tottori Prefecture, and the Nichinan Township Forestry Association for the Bank's active support for J-Credit sales (with San-in Godo Bank, Ltd. as the only coordinator).

Issues and Objectives for the Future

San-in Godo Bank believes in the necessity to continue with the activities to date in order to further increase the circulation of funds for forest maintenance and to promote the utilization of J-Credit by companies working on carbon offset, not just as a CSR measure but as a business strategy leading to sales and profit improvement. For example, J-Credit can conceivably be used as a means of differentiation for a company's products and as a tool for developing new customers with a high environmental awareness.

In addition, San-in Godo Bank intends to utilize its accumulated know-how in support of local governments, etc., with a view to new J-Credit creation and as an effort to attain SDGs' objectives such as the protection of forest resources and measures against climate change.



JPMorgan Chase Bank, N.A., Tokyo Branch J.P.Morgan

Plastic Waste Reduction Initiative

Summary and Characteristics of the Initiative

JPMorgan Chase has been engaged in an array of efforts surrounding the globally promoted "3R Initiative"* and related environmental considerations, among them efforts to abolish the use of plastic products in its offices with a view to reducing plastic waste.

* 3R Initiative

An initiative aiming to promote reduction, reuse, recycling (3R) with the aim of balancing environment and economy through the effective use of resources.

Background to the Implementation of the Initiative

In 2017, JPMorgan Chase committed to facilitate US\$200 billion in clean financing by 2025 and to source renewable energy for 100% of its global power needs by 2020, with the aims of environmental awareness enhancement and the development of a sustainable society. While carrying out various initiatives globally, JPMorgan Chase committed itself to focus on the proactive use of recycled paper and the reduction of non-paper waste as part of the environmental measures at the Bank's branches in each country and region. In response, with the aim of reducing plastic waste, the Tokyo Branch conducted a review of the plastic products used at its offices.

Results of the Initiative

The use of disposable plastic products in the client area was discontinued. Specifically, plastic straws for visitors were replaced with paper straws, biodegradable straws were introduced, and PET-bottled mineral water was replaced with glass-bottled products, among other steps through which the Bank contributes to the reduction of plastic waste. Additionally, the use of disposable plastic cups in the office area was abolished, resulting in a reduction of around 500,000 plastic cups annually.

Issues and Objectives for the Future

In addition to current efforts, measures will be considered based on the 3R Initiative to cut down on the use of paper products and energy with a view to CO₂ reduction.

JPMorgan Chase ESG Report

<https://www.jpmorganchase.com/corporate/Corporate-Responsibility/document/jpmc-cr-esg-report-2017.pdf>

JPMorgan Chase Environmental and Social Policy Framework

<https://www.jpmorganchase.com/corporate/Corporate-Responsibility/document/jpmc-environmental-and-social-policy-framework.pdf>



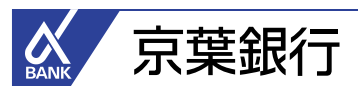
Paper straws and biodegradable straws



Glass-bottled drinking water



The Keiyo Bank, Ltd.



The 7-Colored Rainbow from Chiba to the Future - The Chiba University - Keiyo Bank Eco Project -

Summary and Characteristics of the Initiative

The Chiba University-Keiyo Bank Eco Project aims to provide people from all walks of life with opportunities to participate in environmental conservation activities.

Given that regional financial institutions are expected to promote wide-ranging collaboration in their communities by leveraging their networks across business, government, academia, and finance, Keiyo Bank has been engaged in this project in collaboration with Chiba University, Chiba Prefecture, local governments, corporate customers, and environmental protection organizations.

As specific activities, Keiyo Bank supports the participation of students in domestic and international conferences, provides a place for environmental information dissemination, and offers consulting service for corporate customers toward the acquisition of the "Eco Action 21" environmental certification in cooperation with students of Chiba University.

Additionally, Keiyo Bank operates seven environmental contribution programs, which were put into place based on students' suggestions. One of them, the "Children's Eco Festival," lets children have fun learning about the environment through activities that include Japanese paper making and environment quizzes. Furthermore, in the "Urban Mining Excavation Project," Keiyo Bank has set up a collection box for small household appliances at its Chiba City branch to raise awareness of resource reuse. And in the "Chiba Clean Action," Keiyo Bank conducts environmental volunteer activities such as beach clean-up initiatives to improve environmental awareness and provide opportunities for environmental activities.

Background to the Implementation of the Initiative

Keiyo Bank and Chiba University in 2012 concluded a comprehensive cooperative agreement, offering various kinds of added value to local residents and actively working on the development and revitalization of local communities and the regional economy.

This project was launched in July 2017 with the intention of contributing to the reduction of environmental impact and raising environmental awareness in the region, jointly between Keiyo Bank as a regional financial institution which traditionally has been working on contributing to the community, and the Chiba University Environmental ISO Student Committee, which since its inception in 2003 has been working on fostering environmental awareness within the university and in the community.

Results of the Initiative

In appreciation of these efforts, the project was honored with the Special Award "Principles for Financial Action for the 21st Century" (The Steering Committee Chairman's Award).

By helping students attend environmental conferences in Japan and overseas, and by providing opportunities to make presentations, etc., Keiyo Bank contributed to the promotion of a sustainable environment.

The "Children's Eco Festival," hosted as an environmental education and information event for children, attracted the participation of a hundred families.

As part of efforts to improve awareness of the reuse of resources, Keiyo Bank has set up a collection box for small household appliance at its branch in Chiba City.

In cooperation with an NPO engaged in environmental conservation activities centered on Tateyama Okinoshima, Keiyo Bank participates in environmental initiatives that include an eelgrass regeneration project. The Bank also cooperated in the International Coastal Cleanup to tackle the problem of marine debris.

Issues and Objectives for the Future

In addition to brushing up its planning, the Bank will also pursue activities leading to results in "Eco Action 21" acquisition consulting, etc., which was in a preparatory stage at the time.

For further information

https://www.keiyo-bank.co.jp/ir/eco_project/index.html



Urban Mining
Excavation
Project



Chiba Clean
Action

3 Gender Equality Promotion Initiative



Saitama Resona Bank, Limited



埼玉りそな銀行

Sakurasou Project

Summary and Characteristics of the Initiative

This initiative started in 2015 with the goal of becoming a Bank which provides services, as seen by female employees, surpassing the expectations of female bank customers. Based on the concept of valuing authenticity in day-to-day living and the pursuit of personal dreams, and in so doing creating the future of Saitama Prefecture, female employees of Saitama Resona Bank each year form project teams and make recommendations to the management team in order to achieve a specific targeted goal.

Background to the Implementation of the Initiative

While Japan at the national level has been facing progressive overall population decline, demographic ageing, and a continuously shrinking labor pool, the "Saitama Version of the Womenomics Project" launched by Saitama Prefecture proposes to cover the decrease in the working-age population by raising the participation of women and senior citizens in economic activities. Saitama Resona Bank aims to be a bank that is trusted by the people of Saitama Prefecture and develops with the Saitama local community. This aspiration has connected to the

launch of the Sakurasou Project to contribute to the development of Saitama Prefecture.

Results of the Initiative

The Sakurasou Project successfully realized the following programs.

Consultation booths with kids' space

The Bank set up spaces furnished with floor mats and children's toys next to banking consultation booths, so that customers with children can have time for banking consultation undisturbed and with peace of mind.

Seminars for female customers

Seminars on topics such as wine, beauty, and health are held at the seminar room of the Bank's Seven Days Plaza.

Issues and Objectives for the Future

Saitama Resona Bank will keep engaged in efforts to contribute to the advancement of Saitama Prefecture through the implementation of policy recommendations based on SDGs with a view to attaining the SDGs established by the United Nations in 2015, in particular the goals "5. Gender equality" and "8. Decent work and economic growth."



Consultation booth with kids' space



Women's seminar





The Gunma Bank, Ltd. Gunma Bank

Women's Career Promotion Initiative

Summary and Characteristics of the Initiative

Formation of a Female Team for Female Employee Issues (since April 2015)

This team is engaged in ongoing efforts to identify issues considered relevant by female employees and proposing solutions. The current 15-member team continues its activities in the fourth year.

Personnel system revision (June 2016)

The Bank abolished the rank and file job category, which had restrictions on the type of work and the highest attainable positions. A personnel system was created that allows all employees, including women, to aspire to senior positions such as division and branch managers, etc.

Integrated follow-up system for maternity leave and child-raising leave

In order to ensure the smooth reinstatement to work after a maternity leave and child-raising leave, a system was established for career interviews prior to a leave, work reinstatement support seminars, and access to notifications, etc., from a leave taker's home environment.

Transformation of perceptions

Given the need for male employees to change their perceptions of paternal leave, the Bank established a target for the percentage of paternal leave takers. Bank internal appreciation has been improving and paternal leave taking is steadily taking hold, based on measures such as reporting presumed leave dates to the personnel department and by letting the leave taking reflect on branches' performance assessment.

Role model visualization

Interviews with male and female managerial staff members who can serve as role models for successful work-life balancing, etc., are published on the intranet and in internal newsletters.

Overtime reduction

Beginning in October 2015, the Bank launched an initiative to promote "smart working" allowing employees to return home earlier. Additionally, various types of allowances and flexible work modes were introduced, including an allowance available if reinstatement to work occurs before or when a child is one and a half years old, a leave system for infertility treatment, a system for taking annual paid vacation in units of one hour,

and regulations for telecommuting.

Background to the Implementation of the Initiative

Growing awareness for issues such as a shortage of female executives and an insufficient pool of candidates, as well as the absence of a women-centered internal organization, etc., led to the visible strengthening of efforts beginning in 2014.

In an action plan (established in March 2016) based on the Act on the Promotion of Female Participation and Career Advancement in the Workplace, the Bank set numerical targets.

1. A 60 percent increase in female managers by the end of March 2019 (compared with the end of March 2016)
2. A paternity leave rate of at least 80 percent to be achieved in the three years up to the end of March 2019

Results of the Initiative

Over 100 employees have transitioned from routine office work to more qualified tasks in internal and external operations, with a widening of the scope of duties of female employees.

- The percentage of female executives has steadily increased from 6.0 percent at the end of March 2016 to 9.9 percent at the end of September 2018.
- The percentage of paternal leave takers stood at 100 percent at the end of September 2018.

Issues and Objectives for the Future

Expansion of the field of activities of the Female Team for Female Employee Issues

An expansion of proposals in matters related to management, products and services is under considerations.

Appointments to higher corporate officer positions

Appointing female employees, etc., to higher-ranking positions is an issue for consideration.

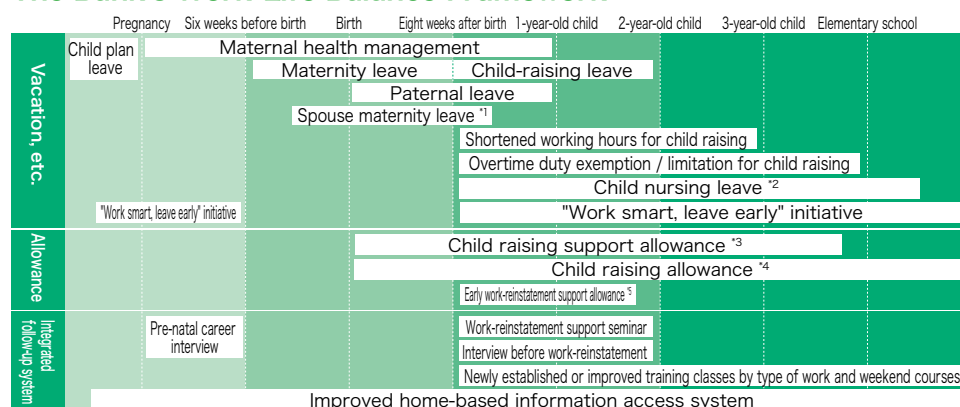
For further information

<https://www.gunmabank.co.jp/about/csr/joseikatsuyaku/>



Announcement of propositions by the Female Team for Female Employee Issues

The Bank's Work-Life Balance Framework



Leave periods - Supplemental information

- *1. Spouse maternity leave: Available from one month before the expected date of birth to three months after the date of birth
- *2. Child nursing leave: Available for children up to the fourth grade of elementary school
- *3. Child raising support allowance: Beginning with the third child, paid in installments over five years
- *4. Child care allowance: Paid for children under 20 years old (excluding supervisors)
- *5. Early work-reinstatement support allowance: Paid from the month of work-reinstatement until the child is one and a half years old. (Excluded are employees with shortened working hours for child raising.)



Mizuho Financial Group, Inc.

Strengthening Efforts for the Observance of Human Rights

Summary and Characteristics of the Initiative

In April 2018, Mizuho Financial Group revised its Code of Conduct, their basic policy for ethics in corporate activities, in light of changes in the environment surrounding human rights, such as the widening of the scope of observance of human rights and the scope of corporate responsibility. Along with this step, the group strengthened its efforts for the observance of human rights through business activities, including the establishment of a human rights policy as a specific standard for the observance of human rights for all employees to abide by.

Background to the Implementation of the Initiative

In recent years, with the advancing globalization of business activities, human rights issues in various countries and regions have been attracting growing attention.

In 2011, the United Nations endorsed the Guiding Principles on Business and Human Rights, which clearly state companies' duty to observe human rights. Specifically, a company's scope of responsibility extends not only to its own activities and those of its subsidiaries, but to all business activities including the value chains of customers and suppliers ("Business Partners") connected through business relationships.

It was made clear in the Guiding Principles that a company which continues a business relationship cognizant and condoning of a Business Partner's human rights violations is considered guilty of complicity.

Moreover, companies have come under growing scrutiny not only from civic society including mass media and NGOs but also from investors and other stakeholders who increasingly worry over human rights-related risk.

Mizuho Financial Group has maintained a proactive stance on human rights issues historically with regard to its own operations and employees. However, in light of these changes in the public perception and rising expectations of society, the group has revised its Code of Corporate Conduct and established a specific human rights policy.

Results of the Initiative

Mizuho Financial Group has categorized the major human rights issues related to the financial industry, and human rights issues common to all types of business according to business activities, identified gaps relative to the current status of efforts, and clarified issues to be treated with priority. Specifically, it was clarified in their Code of Corporate Conduct and their Human Rights Policy that the observance of human rights relates not only to employees but concerns the entire value chain including customers and suppliers.

Furthermore, in connection with the provision of financing and investment, in order to prevent or reduce the risk of complicity and aiding of customer-side human rights violations, the group strengthened its responsible investment and financing system, including the establishment of guidelines for specific sectors that require additional due diligence when underwriting new projects.

Issues and Objectives for the Future

It is essential for all executives and employees to be aware of and to act in the knowledge that all business activities in which Mizuho Financial Group chooses to be involved have the potential to negatively affect human rights. Through the dissemination of this revision of the group's rules and regulations, Mizuho aims to fulfill its duty of observance of human rights as a globally operating enterprise by promoting the appreciation, dissemination and implementation of duties related to human rights by its corporate officers and employees.

For further information

<https://www.mizuho-fg.co.jp/csr/human/respect/index.html>

Review process of human rights guidelines

Mizuho Financial Group's human rights policy has been formulated and resolved following the steps below.

Benchmark analysis

- Research and analyze the status of initiatives such as human rights policy, in-house management systems, information disclosure, and complaints handling arrangements of leading companies and peers based on guiding principles on business and human rights and international guidance in the financial industry

Identification and evaluation of human rights issues

- Identify and organize in accordance with business activities the human rights issues of financial institutions based on international guidance and cases where financial institutions were called to account
- Evaluate the probability and severity of each issue and create a human rights map

Review and compilation of the current status of efforts - Drafting of human rights policy

- For each issue, share awareness at relevant internal group briefing sessions and identify gaps with the current status of efforts using international guidance and leading companies as benchmarks
- After identifying the issues to be prioritized, draft human rights policy based on the current status of efforts and the evaluation of human rights issues

Stakeholder dialogue

- Through discussions with outside experts familiar with human rights issues, the group received opinions and advice on drafting human rights policy and human rights issues, etc., that should be prioritized

Formulation of human rights policy and its implementation

- Based on the opinion of experts and relevant departments of the group in Japan and overseas, finalize the policy draft, obtain approval from the board of directors, then revise related regulations and strengthen regulations' management framework

Major human rights issues of financial institutions

Mizuho Financial Group has identified major rights issues specific to financial industry compared to those common to all industries based on international guidance and cases where financial industries were called to account. These are organized by business activities as follows:

Provision of financial services	Customer privacy Access to financial services	Discriminatory language in information dissemination Impact on communities
	Customers' human rights issues that may be abetted through or related to business relations Impact on communities Issues related to employees	Indigenous peoples' rights
Employment	Working conditions and environmental issues Employee privacy	Freedom of association Discrimination against employees
Procurement	Issues related to employees of suppliers	Social impact related to procurement behavior

5 Senior Citizens Support Initiatives



Sumitomo Mitsui Trust Bank, Limited SuMi TRUST SUMITOMO MITSUI TRUST BANK

"With You" Activities for Addressing Dementia

Summary and Characteristics of the Initiative

The Bank identifies dementia issues relevant to financial institutions and comprehensively discusses day-to-day operations and asset management related on those issues through bringing together the expertise of medical, legal, financial and other professionals.

The Bank is working together also with regional financial institutions on dementia issues that should be addressed by the financial industry as a whole.

Background to the Implementation of the Initiative

Estimates are predicting the emergence of a super-aged society with over seven million dementia sufferers by the year 2025. Dementia causes impaired memory and judgment. However, traditional financial institutions are not sufficiently equipped to adequate operation flows on asset management in accordance with the intents of dementia sufferers. For financial institutions, the asset administration and management for dementia sufferers have become important issues to be addressed for their pleasant daily life and asset formation.

Results of the Initiative

1. Field survey on dementia issues

The Bank conducted an in-house survey at all branches regarding dementia related problems in daily operations. It showed that various issues arise at almost all branches.

2. Training support staff for dementia suffering customers

By holding workshops for support staff on dementia suffering customers at all branches, the staff are able to gain knowledge about day-to-day operations for dementia suffering customers through workshops. Additionally, branches are cooperating closely with the local support centers by holding joint study sessions in order to be prepared to deal with dementia related issues when they arise.

3. Issuance of "Practical Guide" for supporting dementia suffering customers
The Bank published "Practical Guide for Dementia Friendly Financial Services", which identifies the dementia issues encountered by financial institutions and compiles appropriate measures.

The publication benefited from the cooperation of the doctors, lawyers, social workers, and financial institutions, etc., who participated in the Industry-Academia-Government Joint Project called "COLTEM Project" led by Kyoto Prefectural University of Medicine. At the Bank, support staff for dementia customers read this guide to strengthen their understanding of dementia.

4. Information activity at the financial industry through the "Principles for Financial Action for the 21st Century"

At the "Principles for Financial Action for the 21st Century - Sustainable Community Support -Working Group", which is chaired by the Bank, the symposium was held themed on the role of financial institutions related on dementia in local communities. In addition, in day-to-day operations for dementia suffering customers was also important theme in this symposium. Participants had further advanced discussion on future issues and steps to be taken.

Issues and Objectives for the Future

Assets owned by dementia sufferers are estimated to total as much as 50 trillion yen. The Bank has been promoting the development of products and services that support the asset management of customers suffering from dementia, such as Guardianship System Support Trusts and Security Trusts. In addition, the Bank published the "Senior Generation Support Report" with an overview of the functions of the various schemes and products, intended as an aid for customers to use to their best advantage.

A Digest Report for Seniors - Considering the Problems of Dementia
<https://www.smth.jp/csr/report/2017/all5.pdf>



Financial Service Guide



Symposium

6 Poverty and Welfare Initiative



The Iyo Bank, Ltd.



Iyo Bank Social Welfare Fund (Public Interest Incorporated Foundation) [Iyogin Scholarship Benefit Project]

Summary and Characteristics of the Initiative

The Iyogin Scholarship Benefit Project offers higher-education scholarships free of charge to senior high school students (including post junior high courses) from homes with a single parent or no parent. Many graduates advance to higher education and employment in Ehime Prefecture and elsewhere, and have successful careers in their industry.

Background to the implementation of the initiative

The "Iyo Bank Social Welfare Fund Foundation" was established in 1976 (changed in 2012 to a public interest incorporated foundation) with the aim of contributing to the development of local communities and the improvement of welfare by providing necessary support for the enhancement of social welfare in Ehime Prefecture and the development of human resources to sustain the next generation.

Results of the Initiative

Since the start of the scholarship grant program in April 1978, a total of approximately 416 million yen in scholarship funds has been awarded to a total of 848 scholarship students.

In March 2018, in commemoration of the 140th anniversary of the Bank's founding, the number of scholarship students and the scholarship grant amount were increased as an expression of gratitude to the people of the region to sustain

the coming generation.

The scholarship grant period comprises three years of high school enrollment, etc., with 40 scholarship students per school year (for a total of 120 students up to the third grade) and a monthly scholarship grant amount of 20,000 yen per person (a total of 720,000 yen for three years).

Issues and Objectives for the Future

In addition to the "Iyogin Scholarship Benefit Project," the Foundation aims to improve social welfare in the community through an "Employment Incentive Program" geared at children in children's social welfare facilities. Additional programs are the "Book Purchase Subsidy Program" for senior high schools and the "Equipment Support Program" for social welfare facilities.

In order to meet the expectations of the people of the community, Iyo Bank remains committed to the region in gratitude and works to attain the Bank's mission as a regional financial institution to create the tomorrows for this prosperous and vibrant region, and in so doing strives for the advancement of the community and the enhancement of social welfare.

Iyo Bank Website URL

<https://www.iyobank.co.jp/about/csr/welfare/fukusikikin.html>

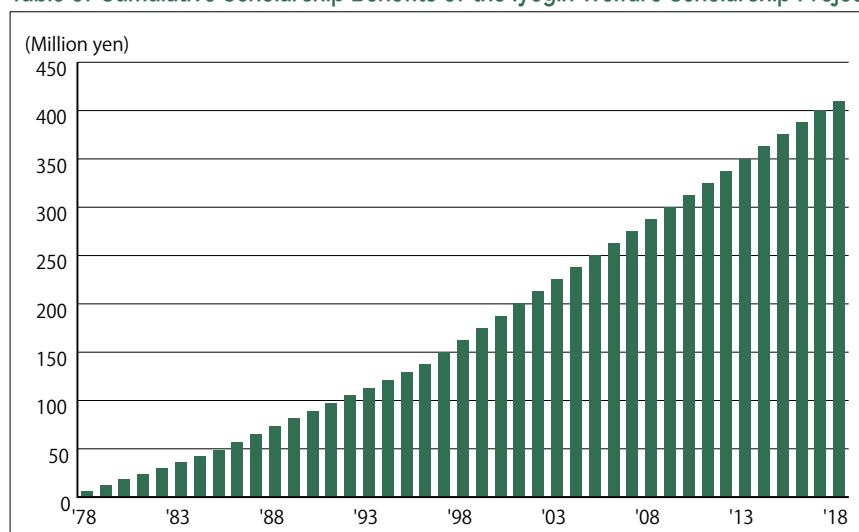
Shared Site URL

<http://www.disclo-koeki.org/02b/00358/>



Iyo Bank Social Welfare Fund (Public Interest Incorporated Foundation)
"Equipment Support Program"
Sanae Farm Takako Presentation
Ceremony
(September 20, 2018)

Table of Cumulative Scholarship Benefits of the Iyogin Welfare Scholarship Project





The Tokyo Star Bank, Limited



Financial Education Initiative to Resolve Child Poverty - Star Bank Money Training -

Summary and Characteristics of the Initiative

As an effort to resolve the vicious circle of child poverty, Tokyo Star Bank holds classes in financial education for children living in financially difficult circumstances.

Based on the Financial Literacy Map*, this program communicates comprehensive learning points in a simple and entertaining way and is ready for practical use in everyday life. The program is held in seminar form in cooperation with child support NPOs such as the NPO Kids' Door and the "COMPASSnavi" Young Peoples' Independence Support Agency Foundation, which is supporting child nursing homes.

The program focuses on and conveys basic learning points such as the importance of money, prudent spending and saving, working and earning, and risks in relations to money.

Taking fully into account the circumstances and needs of families experiencing poverty and of children in child nursing homes, the program uses easy-to-understand slides and incorporates quiz formats and tasks. It is designed to promote comprehension and stimulation and to elicit a maximum of responses from participants while giving children confidence and motivation.

* The Financial Literacy Map describes by age group the specific "Minimum level of financial literacy that should be attained" according to the "Finance and Economic Education Study Group Report" (Released by the Financial Services Agency, April 2013).

Background to the Implementation of the Initiative

Currently one out of seven children lives in poverty and approximately 45,000 children live in social care because they are unable to live with their parents due to various reasons including child abuse. In particular, the "intergenerational linkage of poverty" has become a problem due to its complex disadvantages such as low academic background, loneliness, and poor health, etc., with no escape from poverty also in adulthood.

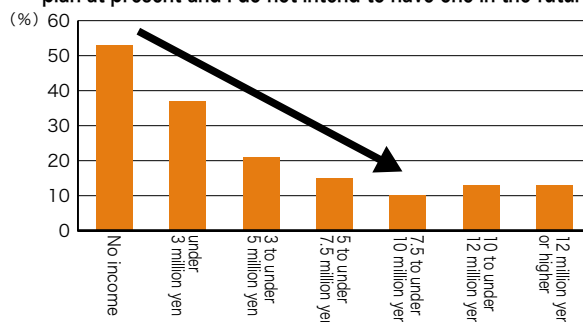
* Source: The Current State of Social Care (December 2017, Ministry of Health, Labour and Welfare)

Based on discussions with people from various NPOs and child nursing home, Tokyo Star Bank adopted a working hypothesis that "financial literacy" could be an important clue to breaking the circle of poverty between generations. The reason

is that in poor families, parents' lack of financial knowledge and awareness affect also their children, and it is feared that this linkage may have an effect on children's future. Moreover, from the survey a positive correlation is apparent between low income and a low awareness of a household's finances.



Percentage of respondents who answered "I do not have a life plan at present and I do not intend to have one in the future"



Source: Prepared based on the Opinion Poll on the Financial Behavior of Households (2016 The Central Council for Financial Services Information)

Results of the Initiative

Although the content of the program is rather dry, participants ranging from elementary school to senior high school students, proving program hosts' fears groundless, displayed maximum curiosity and concluded the program with a strengthened resolve to save, purchase with reason, and avoid financial trouble, etc.

Moreover, the program was effective also as an information program for people with child support issues. To date, financial education as a solution to child poverty has not received much attention. However, people in the field who perceive children's lack of financial awareness feel that the activities of Tokyo Star Bank bring the problem out into the open and mark a successful step toward promoting financial education.

Issues and Objectives for the Future

Direct support from Tokyo Star Bank (visiting lecture, etc.) cannot by itself address all children living in financially difficult circumstances. In the future, Tokyo Star Bank will increase the number of activities suited for wider distribution, such as articles in free-of-charge media available for child nursing home to use for appropriate day-to-day money education as well as arrangements for NPO volunteers to perform as instructors.

Many banks are hosting excellent financial education programs in schools and as public offerings. If financial institutions in large numbers were to conduct financial education for children living in financially difficult circumstances, it should take the poverty problem one step closer to its resolution. Tokyo Star Bank hopes to share information and to provide other companies with content based on the needs and circumstances of NPOs and those of children. Tokyo Star Bank welcomes inquiries from other banks interested in this initiative (Contact information can be found at the URL stated below).

For further information

<http://www.tokyostarbank.co.jp/profile/about/csr/kintore/index.html>

7 ESG Financing and Regional Structural Initiative



The Toho Bank, Ltd.



すべてを地域のために

東邦銀行

ESG / SDGs Contribution-Type Loans and Support-Type Private Placement Bonds

Summary and Characteristics of the Initiative

"ESG/SDGs Contribution-Type Loans and Support-Type Private Placement Bonds" were established on July 24, 2018 with the aim of providing financing support to customers who are working to attain goals relevant to the "SDGs".

A distinctive feature of this product is that it can contribute to improving customers' corporate image by having Toho Bank evaluate and publicize customers' efforts at ESG and SDGs.

Moreover, in terms of financing support, Toho Bank strives to aid customers' efforts by offering interest rates on "ESG / SDGs Contribution-Type Loans" and "ESG / SDGs Support-Type Private Placement Bonds" that are respectively 0.2% and 0.1% reduced compared with the Bank's regular interest rates.

Background to the Implementation of the Initiative

Toho Bank is strengthening its ESG efforts to help solve regional issues and to aid the formation of sustainable local communities. It is thought that the key to further promoting efforts surrounding ESG considerations is SDGs.

Given that customers too are increasingly interested in ESG and SDGs, Toho Bank, as a leading bank in Fukushima Prefecture, has initiated offering this product in order to support from the financing side the formation of sustainable local communities and the resolution of social issues addressed by SDGs. Moreover, along with promoting the concepts of ESG and SDGs among the customers of Toho Bank, a further objective is to help customers widen the scope of business opportunities through the Bank's recognition of customers' points of excellence beyond financial metrics.

Results of the Initiative

As the first ESG / SDGs contribution type loan, this product was used on July 31, 2018 by a local paper manufacturer. In accordance with its new medium-term business plan, the customer had decided to change its boiler fuel from conventional heavy oil to liquefied natural gas in a bid to reduce CO₂ emissions. In addition to the financing function, the public announcement of the paper manufacturer's global warming initiative created additional enterprise value for the customer.

Toho Bank believes that this product proposition will contribute to maintaining and improving Toho Bank's and customers' enterprise values. In addition, efforts surrounding SDGs provide opportunities for capturing new business. As of the end of November 2018, customers had raised funds through a combined seventeen ESG / SDGs Contribution-Type Loans and Support-Type Private Placement Bonds with a total value of 1.3 billion yen.

Issues and Objectives for the Future

A condition for achieving the objectives of the SDGs is the understanding of all stakeholders, but full appreciation of SDGs has yet to develop. Given that local banks have also a social function of supporting the financial systems of their locations, Toho Bank intends to play its part in driving the formation of sustainable communities and the growth of the local economy.

Toho Bank will work to advocate for and promote "ESG / SDGs Contribution-Type Loans and Support-Type Private Placement Bonds" among its customers, aiming to help create sustainable local communities and business models based on synergy effects between Toho Bank and its customers in their efforts at attaining the objectives of SDGs.





The Shizuoka Bank, Ltd.



静岡銀行

Regional Revitalization Initiatives

Summary and Characteristics of the Initiative

In fiscal year 2016, as an event for local elementary school students, Shizuoka Bank initiated the "Shizuoka Kids Academy" for learning about Shizuoka Prefecture's local history, culture, and industry. By November 2018, this event had taken place eleven times at various locations in Shizuoka Prefecture, with the objectives of stimulating through such learning children's appreciation for the attractiveness of their native environment and with a view to raising human resources for the region. More recently, this initiative has come to be also co-hosted with local companies.

Since 2013, Shizuoka Bank sponsors each year the "Shizugin Entrepreneur Awards," a business contest intended to reward entrepreneurs engaged in innovative and creative business propositions* that will support the future of the regional economy. To date, the contest has been held six times, awarding 44 out of a total 892 entrants. The Bank extended to successful entrants 125 new loans with a total value of 3 billion yen and invested a total of 200 million yen in 10 successful entrants, with branches and headquarters keeping in contact to help bring the new business launches to fruition.



Shizuoka Kids Academy



Shizugin Entrepreneur Awards

* Previous successful entrants

Fiscal year 2017 <https://www.shizuokabank.co.jp/pdf.php?id=3126>

Fiscal year 2016 <https://www.shizuokabank.co.jp/pdf.php?id=2806>

Fiscal year 2015 <https://www.shizuokabank.co.jp/pdf.php?id=2523>

In June 2016, Shizuoka Bank concluded a cooperation agreement with Bank of Yokohama for the promotion of tourism in the Fuji, Hakone, and Izu areas, and jointly with the public administration and the Chamber of Commerce formed the "Kanagawa / Shizuoka Prefecture Local Development Liaison Committee." Moreover, in October 2018 the liaison committee welcomed accession of three banks including Yamanashi Chuo Bank, three prefectures (including Yamanashi), and the respective chamber of commerce, for a total of nine organizations. The liaison committee has since taken specific measures to contribute to the promotion of tourism, such as the creation of tourist maps without prefectural boundaries and improvements in local public bodies' frameworks for accommodating foreign tourists.

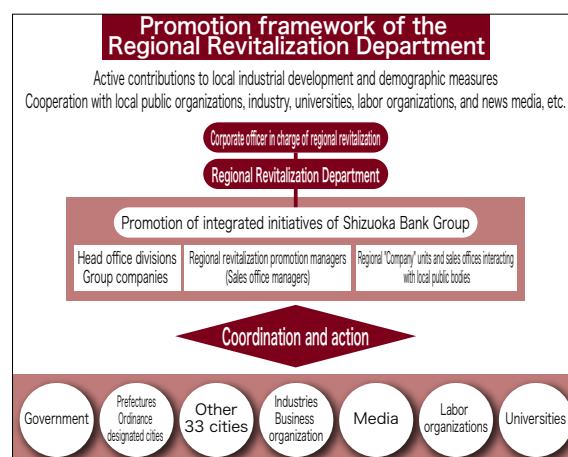
Background to the Implementation of the Initiative

In July 2015, Shizuoka Bank newly established a "Regional Revitalization Department" to actively participate in local development promoted by the

government and to contribute to the revitalization of the region.

Centered on the Regional Revitalization Department, deliberations are held on measures coordinated with the Bank's head office divisions and group companies with details placed at the sales office level into the charge of all sales office managers as promoters.

Shizuoka Bank will in close cooperation with local public organizations, industry, economic organizations, universities, and labor organizations continue to participate in local development efforts aiming to revitalize the region.



Results of the Initiative

As of October 2018, agreements on local development have been signed with 35 municipalities in the prefecture, including two ordinance designated cities (Shizuoka City and Hamamatsu City), which work jointly with Shizuoka Bank for regional revitalization.

The efforts of Shizuoka Bank at local development have been commended for two consecutive years by the Secretariat of the "Headquarters for Overcoming Population Decline and Vitalizing Local Economy" (Cabinet Secretariat) as an example of excellent practice in the characteristic efforts of financial institutions, etc., in contributing to local development. Incidentally, Shizuoka Bank is the only awardee to receive this commendation in two consecutive years for two projects.

Issues and Objectives for the Future

Shizuoka Bank will continue to work closely with local public bodies in inviting corporations to the region, promoting regional development projects, and supporting municipal planning projects, while strengthening functions that contribute to regional revitalization, such as the activation of tourism and support for the agricultural sector.

For further information

<https://www.shizuokabank.co.jp/ir/disclosure/index.html>

8 SDGs Internal Promotion Initiative



Shiga Bank, Ltd.

SHIGA BANK

The SDGs Internal Promotion Initiative

Summary and Characteristics of the Initiative

Shiga Bank maintains a group-wide CSR Committee, which oversees CSR initiatives including SDGs, consisting of full-time corporate officers, divisions heads, and group company presidents. In addition, the Bank has established a CRS office within General Planning Department which conducts research, planning, and information dissemination on SDGs.

In November 2017, Shiga Bank announced the "Shigagin SDGs Declaration," pledging to introduce SDGs into its corporate activity and to work for the realization of a sustainable society and launched new CSR management initiatives.

As communication tools, SDGs badges were distributed to section managers level or higher, and business cards were printed displaying the seventeen SDGs icons in an effort to spread and broaden the appeal of SDGs to the Bank's business partners and customers.

For promoting SDGs in the Bank internally, an expert study session themed on the Paris Agreement and green finance was held initially for members of the CSR Committee (November 2016). This was followed by measures geared at employees, comprised of special features on SDGs in the bank-internal newsletter (twice), the dissemination of "SDGs News" (11 times), and seminars for staff members on the topic of "Practical application methods for SDGs in small and medium-sized enterprises" (December 2018, with around 200 participants).

In December 2018, the Bank was awarded the "Special Award (SDGs Partnership Award)" of the "2nd Japan SDGs Award" in recognition of the early management introduction of SDGs by the Bank as a node of regional finance.

Background to the Implementation of the Initiative

Shiga Bank, based in Shiga Prefecture, has been practicing CSR management aimed at co-prosperity with the regional community, the global environment, and its employees, based on principles inspired by the Omi merchants' "Sanpo yoshi"

SDGs are consistent with the concept of the "Sanpo yoshi" and highly compatible with Shiga Bank's CSR management. They are also seen as beneficial to promoting the co-creation of value with business partners and other stakeholders.

To this end, in recognition that it is critically important for all corporate officers and employees to deepen their understanding of SDGs and to have the ability to explain the underlying concepts to stakeholders, the Bank has been working to promote SDGs internally.

Efforts related to SDGs are prominently treated also in Annual Reports and CSR Reports, and the Bank is working to advocate for SDGs internally and externally through information activities geared at business partners, etc.

Results of the Initiative

The Bank has been able to realize a diversity of measures involving the application of SDGs.

February 2018: Establishment of the "SDGs Prize" under the "New Business Promotion Grant Shigagin Nonohana Prize".

March 2018: Initiation of sales of the "New Business Support Financing (SDGs Plan)".

May 2018: Launch of a SDGs-themed business forum.

July 2018: Hosting of the Eco Business Matching Fair (SDGs icon utilization).

September 2018: Recasting of CSR Private Placement Bonds as SDGs Private Placement Bonds.

Implementation of LGBT Mortgage Loan Support.

October 2018: Opening of the "Shiga SDGs x Innovation Hub".

Issues and Objectives for the Future

Deliberations are under way surrounding the integration of SDGs into the Bank's management strategies and the use of the PDCA Cycle as a tool for the communication with stakeholders.

In order to build sustainable business models, a sustainable community needs to be realized first. To this end, the Bank intends to use SDGs as a guidepost for action connecting to the transformation of the community and of Shiga Bank oneself.

Shigagin SDGs Declaration

<https://www.shigagin.com/about/sdgs.html>

Annual Report 2018 (SDGs Special Feature)

https://www.shigagin.com/pdf/investor_bank_2018_06-07.pdf

CSR Report 2018

<https://www.shigagin.com/csr/report/>

- Bank Internal Report 2018 - Autumn Issue (Special feature: Initiatives through Core Operations)

- Bank Internal Report 2018 - Spring Issue (Special feature: SDGs Explained)



- About the Shigagin SDGs Declaration At the press meeting



Banking Trends and Global Currents Surrounding SDGs in 2018

The Japan Research Institute, Limited
Counselor

Eiichiro Adachi



Eiichiro Adachi
Graduated Hitotsubashi University, Faculty of Economics in 1986. Joined Japan Research Institute in 1990. Appointed counselor after positions in the Corporate Strategy Research Department and the Technology Research Department. Engaged in industrial surveys and corporate evaluations mainly from the perspective of corporate social responsibility. Deputy chairman of the national preparation committee for ISO TC322.



Trends at Japan's Policy Authorities

In 2018, SDGs emerged as a key term widely used in Japan's banking industry. Leaving the details until later in the text of this report, it should be noted that with regard to activities aimed at contributing to the resolution of social issues by banks, the Financial Services Agency has issued an administrative document entitled "Financial Administration and SDGs" and that the ESG Finance Roundtable, headed by the Ministry of the Environment, has issued a proposal document with the sub-heading "Toward becoming a big power in ESG finance."

In "Financial Administration and SDGs" issued in June, it is held that "SDGs are essentially objectives which individual economic entities such as companies, investors, and financial institutions should address independently" but "if such activities are prevented and external diseconomies occur, authorities must press for the realization of an optimal equilibrium of the entire economy." In specific terms, regarding the TCFD Report, it is held that "concerning financial institutions, (omission) the FSA too will further advance necessary dialogues on matters such as whether risks and opportunities related to climate change, etc., are properly assessed," and with regard to "shared value creation" pursuant by regional financial institutions together with their customers "the FSA will continue to promote activities such as lending and business support based on the business evaluations made by regional financial institutions." The inclusion of this language is noteworthy, for the following reasons.

These pronouncements can be understood to signify, with regard to the former, that "Risks and opportunities related to climate change" are matters to be considered also by Japan's banking industry (These matters relate to SDG target 12.6 "Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle"), and with regard to the latter, that among customers of local financial institutions there are few "companies that balance the resolution of social problems and the pursuit of their own business operations" and that encouragement from regional financial institutions for this kind of company will connect to the promotion of SDGs (These matters relate to SDG target 8.3 "Promote development-oriented policies that support production activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small and medium-sized enterprises including through access to financial services").

The proposal document with the subheading "Toward becoming a big power in ESG finance" issued in July says in its preamble: "Specifically because the Paris Agreement and the SDGs aim at decarbonizing society and at a strategic shift towards a sustainable society, in recognition that

there lies Japan's competitiveness and a source of new growth, it is found necessary to achieve ESG financing based on global trends through financial institutions, along with further nurturing the magnitude of the social impact of ESG investment, which has been advancing at an accelerating speed in the field of direct finance, as well as in collaboration with regional financial institutions and local governments, etc., in indirect finance. To this end, it is recommended that also the country take necessary measures simultaneously with financial institutions playing their part."

The main text stating: "The financial industry where people, goods, and money tend to cluster plays an important role in the spread of SDGs and ESG finance, eventually leading to the simultaneous pursuit of sustainability and economic growth," can be understood as a further confirmation that financial institutions, as the core of indirect finance, are expected to take charge.

Perceptions at Japan's Financial Industry

In the "SDGs / ESG Questionnaire Survey" posed by the Japanese Bankers Association to its member banks, among total respondents (118 banks), 66 percent said they are either involved in SDGs / ESG related transactions or although not currently involved plan to get involved, which can be understood as the preparedness to respond voluntarily and proactively to policymakers' expectations at the banking industry.

Banks in Japan have been traditionally aware of their public nature and have been continuously involved in social contribution activities such as donations and volunteer activities performed by bank personnel. In addition, since 15 years ago, the awareness of corporate social responsibility (CSR) has been strengthening with regard to the influence of organizational decisions and activities on society and the environment and in the context of organizational responsibility through transparent and ethical behavior. This has been associated with the widening of various policies and measures and efforts at their attainment. It is not considered good policy for companies to appear indifferent to the loss of sound conditions at the global and community levels. Originating from this perspective, Corporate Social Responsibility (CSR) discusses the "norms" for relationships with society, with the corporation as the subject. Likewise, "environment, society, and governance (ESG)" discusses the points of observation in the analysis and assessment of a company's CSR, with investors and asset management companies as the subjects. Lastly, "sustainable development goals (SDGs)" discuss the measures necessary for desired conditions to be attained by year 2030, with society as the subject. In other words, these are terms that point in the same direction (vectors) and are similar in nature and do not require an entirely new approach.

Although a minor point, in the "SDGs / ESG

Questionnaire Survey" of the Japanese Bankers Association, it would have been more accurate to inquire about "Efforts conducted with particular awareness of contributing to the attainment of SDGs and accommodating ESG investment." On the other hand, as can be seen from a free-form response, noting: "We are still at the stage of dealing with CSR perspectives, but are aware that SDGs / ESG should be addressed in the future," as much as CSR and SDGs / ESG may be terms pointing in the same direction (vector), the perception that the latter has a higher hurdle to take is correct. The UN document encompassing the 17 Sustainable Development Goals (SDGs) and 169 global targets is entitled "the 2030 Agenda for Sustainable Development," preceded by "Transforming our world." Moreover, the paragraph "Issues to be faced" clearly states: "We are meeting at a time of immense challenges to sustainable development."

Transforming means a change of shape from A to B, not a partial change. What is called for is "a complete change of our ways to date of doing things." If one dwells on the context, "Efforts conducted with particular awareness of contributing to the attainment of SDGs and accommodating ESG investment" means a call for us, in areas where organizational decisions and activities on society and the environment have outsized impact, to aspire to change our ways to date of doing things. What happens if this is applied to banks?

Suggestions from the US SASB

There is a non-profit organization called the Sustainable Accounting Standards Board (SASB) in the United States. This group has been working to create a guide that can be used for disclosing in the financial reports submitted to the Securities and Exchange Commission the extent of the impact of non-financial factors at play at the reporting entity. As private sector-led guidance, on November 7, 2018, environmental and social non-financial disclosure standards for 77 industries across 11 sectors were officially published by the SASB.

Among them, the information disclosure standards for the "Commercial banking" industry make for interesting reading. The five suggested areas of disclosure comprise 1. Data security, 2. Financial inclusion and capacity building, 3. Integration of environmental, social, and governance risk factors into credit risk analysis, 4. Business ethics and 5. Systemic risk management. Although it may seem surprising, environmental impacts such as carbon dioxide emissions associated with the bank's business activities are not among the recommended disclosure items. The reason is that the business activities of financial industries such as banks cause less greenhouse gas (GHG) emission and a lower environmental load than manufacturing industries.

Of particular interest is the third item, the

integration of ESG risk factors into credit risk analysis. Although banks through their lending function can be complicit in their borrowers' creating of conditions harmful to the global environment and society, they can also promote efforts to stop such conditions, even though the effect may be small. This is one of the areas seen to have the biggest impact on society and the environment. Essentially it means whether or not financing decisions are judged based on the contribution to SDGs attainment and ESG. It means nothing less than the call for banks to adopt new ways.

Problem Perceptions of the Financial Stability Board (FSB)

The information disclosure standards for the "Commercial Banks" industry prepared by the SASB note that "Financial institutions should, based on scenario analysis or models, describe the risk profiles arising to their loan exposure portfolios from future changes in ESG trends." This proposition is rooted in the concept of scenario analysis put forth in the Report of the Task Force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board (FSB).

The TCFD was established by the Financial Stability Board in December 2015 based on the awareness that the various effects of climate change could upset the stability of the financial system. In June 2017, the Board publicized proposals such as "(1) Disclose the organization's governance around climate related risks and opportunities; (2) Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material; (3) Disclose how the organization identifies, assesses, and manages climate-related risks; and (4) Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material."

On September 18, 2018, the TCFD released its "TCFD: 2018 Status Report." Based on AI-driven reviews of the public documents of 1,750 global companies and visual reviews of public documents of a further 200 companies, it was found that "Operating companies lead in the disclosure of indicators and targets, and the financial sector leads in disclosure on inclusion in integrated risk management."

Behind the fact that overseas banks have been leading in the issuance of TCFD reports, the role of the United Nations Environment Programme (UNEP) Finance Initiative plays a major part. In this initiative, in accordance with the propositions of the TCFD, in July 2017 a pilot project was organized and continuously studied with the aim to evaluate climate-related risks and opportunities and enable information disclosure. On April 24, 2018, a guidance document for banks was jointly released, calling on banks worldwide to adopt a harmonized approach. Sixteen overseas banks

participated in the pilot project, which managed to issue in succession also their individual TCFD reports.

Institutionalization of the European Union's "Sustainable Finance"

The movement directed at the codification of "Sustainable Finance" in the European Union, a development surrounding SDGs that emerged in 2018 in the financial industry overseas, should not be overlooked. Internationally this movement is often referred to as "Sustainable Finance," relating to financial activities with a special focus on achieving contributions to SDGs and accommodating ESG investment.

In September 2015, the European Union decided to designate long-term investment and sustainable investment as one of the pillars of its strategy for capital market strengthening with a view to financial system stabilization. Subsequently, in a policy document to promote capital market reform, the establishment of an expert roundtable was announced. In December 2016 a "High-Level Expert Group Discussion on Sustainable Finance" was established at the European Commission. Its final report was published on January 31, 2018, as the conclusion of the discourse.

The report makes the following recommendations.

1. Establish and maintain a common sustainability taxonomy at the EU level
2. Clarify investor duties to better embrace long-term horizon and sustainability preferences
3. Upgrade disclosure rules (in particular, coordination of non-financial reporting directives and TCFD)
4. Promote retail strategy on sustainable finance (investment advice, ecolabel and SRI minimum standards)
5. Develop and implement official European sustainability standards and labels (such as green bonds)
6. Support sustainable infrastructure projects through the establishment of a specialized agency
7. Integrate sustainability perspectives on the governance of financial institutions and supervisory authorities
8. Include sustainability in the supervisory mandate of the ESAs and extend the horizon of risk monitoring

In response, the European Commission in March immediately adopted a "Sustainable Financial Action Plan" and announced intentions toward a codification of "Sustainable Finance." In May, a package of legal bills was released. Among them, of particular relevance to banks is the "Draft Rules on the Establishment of Frameworks for the Promotion of Sustainable Investment." This corresponds to item 1 of the report of the expert meeting - the establishment of a common EU sustainability / taxonomy - and defines "initiatives that contribute to sustainability." Assuming that a complete taxonomy of this kind is prepared, it means that all financial activities can be classified

as positive or negative for "sustainability." Although labeled "Investment promotion framework" in the bills package, once a framework is established, it will be readily used for judging whether a given loan does or does not contribute to sustainability.

The first draft of this taxonomy was announced on December 7, 2018. Public comment proceedings have ended. The first draft treats five industries (agriculture/forestry/fisheries, manufacturing, electricity/gas, transportation, construction/real estate) and identifies "economic activities that contribute to sustainability" from the following perspectives:

1. Alleviation of climate change
2. Adaptation to climate change
3. Sustainable use and protection of water and marine resources
4. Transition to a recycling economy, waste control, recycling
5. Pollution prevention management
6. Protection of healthy ecosystems

In the future, conceivably there will be guidance that it is desirable for investments to be made in projects and companies engaged in these economic activities.

Climate Change Issues and Supervision of Financial Industry

Another noteworthy pronouncement in the final report of the European Commission's High-Level Expert Group Discussion on Sustainable Finance is this: "The HLEG also urges the Commission to consider greater proportionality in applying the Basel III framework to different banks." This is a roundabout way of saying that the hurdle posed by the capital adequacy requirements of banks should be adjusted in accordance with the degree of banks' "financing contributing to sustainability."

Reportedly, this part of the report was widely met with reservation on grounds that it was "not realistic." The Basel III framework has already been launched and even assuming plans for "Basel IV" in order to accommodate additional proposals, it is expected that it will take almost 10 years until an agreement is reached. For the European Commission alone to require banks to accept an EU-specific approach in the operation of Basel III is considered problematic. Even so, it is worth keeping in mind that it would not be the first time that an idea born overseas upsets a conventional wisdom held by the banking industry.

For a similar concept, China is a case in point. In 2017 "the extent of efforts at investment to contribute to solving environmental issues" was included into China's Macro Prudential Assessment Framework (MPA). According to the MPA, each bank is given a score based on the status of its quarterly balance sheets and the implementation status of its lending policy. The lower the score, the lower the assumed quality of capital, and the higher the reserve requirement imposed by China's central bank, the People's Bank of China. The components of the score include the equity ratio, off-balance sheet lending,

and the bad debt ratio, etc., to which the amount of investments in projects for energy conservation and CO₂ emission reduction has been added. In China, banks' stance on climate change related lending has already been incorporated into the supervisory control system.

The "Prudential Regulation Authority (PRA)" subordinate to the Bank of England (BOE) checks the soundness of financial institutions in Britain. On October 15, 2018, the PRA announced draft guidelines requiring banks and insurance companies to disclose risk information relating to their responses to climate change, and started hearing opinions. The draft proposes that financial risk from climate change should be treated as a management issue and also calls for board involvement and a system of clearly defined responsibilities. On the same day, the Financial Conduct Authority (FCA) compiled a discussion point paper entitled "Climate change and green finance" with a list of issues relevant to financial supervision, and launched an open call for opinions from financial institutions, companies, consumers, scholars, and NGOs. This tendency for banks' stance on climate change to be treated as a focal point of supervisory attention will likely continue in the future.

Conclusion

In 2018, Japan's banking industry followed suit in seeing mounting momentum to voluntarily and actively promote "efforts with particular awareness of contributing to the attainment of SDGs and accommodating ESG investment." However, looking at the international situation, expectations for banks to "make lending decisions from the perspectives of achieving contributions to SDGs and ESG" are very high, and situations have been known where banks attempt to act in anticipation of such expectations. Moreover, overseas the movement to codify "Sustainable Finance" and banks' stance on climate change are becoming focal points also for the purposes of financial supervision.

The International Organization for Standardization (ISO), holding that incongruities in these movements between countries and regions may cause inefficiencies, decided in September 2018 to set up a technical committee (TC 322) covering "Sustainable Finance". With the British Standards Institution in charge of the secretariat function, studies are scheduled to start in March 2019.

Another concern is a wider gap that may open in the levels of domestic and foreign awareness and efforts. At the very least, it is worth emphasizing that it is important to be sensitive to foreign and international trends, while respecting the stance of banks in Japan, which champions voluntary action within the range of individual potentials.

